AUDIT REPORT

ON

THE ACCOUNTS OF

FEDERAL GOVERNMENT - (CIVIL)

AUDIT YEAR 2021-22

AUDITOR GENERAL OF PAKISTAN

TABLE OF CONTENTS

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 2020-21. 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 audit findings of serious nature and systemic issues valuing more than Rs. 5 million. The sectoral analysis of Federal Government is included to review financial management and fiscal discipline. Thematic Audit, a new concept, has been introduced and also made part of this report. 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. 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].

(Muhammad Ajmal Gondal)
Auditor General of Pakistan

Dated:

EXECUTIVE SUMMARY

Directorate General Audit, Federal Government (DGA-FG) 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. This Directorate General is located in Islamabad headed by a Director General with four sub-offices, one each at Lahore, Karachi, Peshawar and Quetta.

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 to analyze the financial management of the Federal Government by reviewing budget estimates, Appropriation Accounts and Financial Statements for the financial year 2020-21. Thematic Audit, a new concept, has been introduced and also made part of this report. The DGA (FG) has human resource of 133 officers and staff with 33,250 person days. The annual budget allocated to the Directorate General for the Audit Year 2021-22 is Rs.232.436 million.

The report is finalized after reviews of Internal and External Quality Control Committee meetings.

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 2,110 formations of 61 different PAOs of the Federal Government. In Audit Year 2021-22 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 279, including 04 Thematic Audits, formations of 43 PAOs/Ministries having a total expenditure of Rs.446.775 billion for the financial year 2020-21. In terms of percentage, the audit coverage (Compliance Audit) was 19.51% of the auditable expenditure.

In addition to this compliance audit report, DGA-FG conducted 03 Certification Audits and 18 Foreign Aided Project (FAP) Audits.

Recoveries at the instance of Audit

During January, 2021 to December, 2021, an amount of Rs.7.544 billion was recovered and verified on the pointation of Audit, whereas last year, the amount recovered and verified was Rs.4.506 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 2021-22 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. On pointation of Audit, Internal Security Allowance is now being paid with monthly salary of Paksitan Rangers (Sindh) instead of payment in cash through Accountant General, Sindh.

ii. National Accountability Bureau agreed to amend the procedure and terms and conditions of appointments of lawyers and experts.

Key audit findings

i. There were 7 cases of misappropriation and embezzlement of public money and fictitious payments amounting to Rs.45,030.78 million[1].

ii. There were 55 cases of recovery amounting to Rs.1,237,873.29 million[2].

---

[1] Para No. 7.5.3, 11.5.1, 19.5.26, 19.5.75, 20.5.16, 20.5.17, 20.5.18

[2] Para No. 2.5.3, 2.5.4, 3.5.2, 3.5.3, 4.5.4, 4.5.12, 5.5.5, 12.5.5, 12.5.6, 13.5.4, 13.5.6, 13.5.17, 13.5.18, 13.5.36, 13.5.45, 18.5.6, 19.5.20, 19.5.62, 19.5.66, 19.5.67, 19.5.69, 19.5.74, 19.5.85, 20.5.3, 20.5.4, 20.5.7, 20.5.9, 20.5.10, 20.5.12, 20.5.21, 20.5.22, 20.5.23, 20.5.43, 20.5.52, 20.5.53, 20.5.56, 20.5.68, 20.5.69, 20.5.73, 20.5.76, 21.5.6, 22.5.10, 23.5.15, 23.5.17, 23.5.21, 24.5.9. 25.5.1, 25.5.8, 27.5.4, 27.5.7, 27.5.8, 27.5.9, 31.5.4, 31.5.8, 31.5.14

iii. There were 32 instances of non-production of record amounting to Rs.8,209.19 million[3].

iv. There were 109 cases of weak internal controls amounting to Rs.49,342.60 million[4].

v. There were 39 cases pertaining to weak financial management amounting to Rs.126,589.718 million[5].

vi. Audit paras for the Audit Year 2021-22 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. 4.5.9, 4.5.10, 6.5.24, 8.5.6, 10.5.3, 12.5.4, 13.5.5, 13.5.11, 13.5.12, 13.5.33, 13.5.41, 13.5.44, 18.5.1, 19.5.19, 19.5.22, 19.5.32, 19.5.45, 19.5.54, 19.5.84, 20.5.24, 23.5.10, 23.5.3, 23.5.31, 23.5.4, 23.5.8, 23.5.9, 31.5.11, 21.5.3, 21.5.4, 26.5.1,27.5.6, 28.5.1

[4]Para No. 4.5.14, 6.5.12, 6.5.13, 6.5.15, 6.5.16, 6.5.17, 6.5.18, 6.5.20, 6.5.22, 6.5.6, 6.5.7, 7.5.1, 9.5.16, 9.5.17, 9.5.19, 9.5.4, 9.5.6, 9.5.7, 11.5.2, 13.5.2, 13.5.22, 13.5.23, 13.5.26, 13.5.9, 14.5.3, 14.5.8, 17.5.2, 18.5.3, 18.5.4, 19.5.13, 19.5.15, 19.5.17, 19.5.23, 19.5.3, 19.5.35, 19.5.4,19.5.5, 19.5.55, 19.5.58, 19.5.59, 19.5.60, 19.5.61, 19.5.63, 19.5.64, 19.5.65, 19.5.68, 19.5.70, 19.5.83, 19.5.9, 19.5.91, 20.5.11, 20.5.13, 20.5.15, 20.5.26, 20.5.27, 20.5.28, 20.5.37, 20.5.38, 20.5.39, 20.5.40, 20.5.42, 20.5.46, 20.5.47, 20.5.48, 20.5.49, 20.5.50, 20.5.51, 20.5.71, 20.5.72, 20.5.77, 20.5.78, 22.5.1, 22.5.2, 22.5.3, 22.5.6, 22.5.9, 23.5.11, 23.5.14, 23.5.15, 23.5.2, 23.5.20, 23.5.25, 23.5.29, 23.5.5, 23.5.7, 31.5.15, 31.5.16, 31.5.17, 24.5.13, 24.5.14, 24.5.15, 24.5.18, 24.5.19, 24.5.2, 21.5.14, 25.5.10, 27.5.3, 27.5.5, 28.5.10, 28.5.2, 28.5.5, 28.5.6, 28.5.7, 28.5.8, 28.5.9, 29.5.2, 32.5.3, 32.5.7, 32.5.8

[5]Para No. 3.5.1, 4.5.11, 6.5.8, 7.5.2, 9.5.11, 9.5.3, 9.5.5, 10.5.2, 12.5.3, 13.5.19, 13.5.3, 13.5.43, 14.5.4, 14.5.7, 15.5.1, 18.5.10, 18.5.5, 19.5.14, 19.5.16, 19.5.28, 19.5.33, 19.5.56, 19.5.95, 19.5.97, 20.5.19, 20.5.20, 20.5.29, 20.5.70, 22.5.11, 22.5.5, 22.5.8, 23.5.12, 30.5.1, 31.5.3, 24.5.20, 24.5.8, 32.5.2, 32.5.4, 32.5.6

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 2020-21. 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 2020-21 the Federal Government had certain financial management issues which include:

i. Unnecessary allocation of supplementary grants leading to blocking of public funds.
ii. Demand of budget without need assessment leading to surrendering
iii. Lapse of funds due to non-surrendering of funds in time

As per Appropriation Accounts for the financial year 2020-21 there was a total provision of Rs. 21,847.656 billion however Federal government surrendered Rs. 1,702.057 billion (7.79% of the original allocation). After surrender the final Federal Budget was Rs.21,727.526 billion and actual expenditure was Rs.25,966.213 billion which was Rs.4,238.687 billion (19.40% in-excess) over and above the final allocation.6Detail of charged and voted expenditure is as under:

[6] Financial Statements of Federal Government 2020-21

(Rupees in billion)

Expenditure	No. of Grants	Original	Supplementary Grant		Surrender	Final Grant	Actual Expenditure	Excess / Saving	Excess / Saving
Type		Grant	Printed	Not Printed	(-)				%
Charged	**14**	**14,730.153**	**0.510**	**0.339**	**(524.773)**	**13,948.300**	**18,499.648**	**4,551.347**	**30.90%**
Voted:	**221**	**7,117.504**	**914.242**	**924.736**	**(1,177.283)**	**7,779.226**	**7,466.567**	**(312.660)**	**-4.39%**
Current	*141*	4,297.009	802.833	692.562	(621.827)	5,170.574	5,092.415	(78.159)	
Development	*80*	2,820.495	111.409	232.175	(555.456)	2,608.652	2,374.151	(234.501)	
Grand Total	**235**	**21,847.656**	**914.752**	**925.075**	**(1,702.057)**	**21,727.526**	**25,966.213**	**4,238.687**	**19.40%**

The excess expenditure of 19.40%, when compared with previous year's excess of 0.66% indicates towards improper 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 the previous year by proper fiscal management but for the current year laxity is evident as there was a 19.40% of excess over and above the allocated budget. Trend of expenditure in comparison to the allocated budget is tabulated hereunder.

(Rupees in billion)

Year	Total Appropriation	Actual Expenditure	Excess / (Savings)	% (saving) / Excess
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%
2020-21	21,727.526	25,966.213	4,238.687	19.40%

Overall appropriation figures revealed that Federal Government granted Supplementary Grants of Rs. 927.960 billion out of which Rs. 440.269 billion was not approved by the Parliament.

In 17 grants there was zero expenditure against Supplementary Grants of Rs.239.30 billion and in 79 Grants, against the supplementary grant of Rs.8,14.96 billion, the amount of Rs.65.23 billion could not be utilized. Similarly, in 9 Supplementary grants amounting to Rs.9.97 billion the amount of Rs.13.82 billion (138.62%) was spent in excess of the Supplementary Grants[7]. The detail is summed

[7] Appropriation Account of the Federal Government 2020-21

up in the **Figure-I**.

Un-neccessary Supplementary Grants **(17 Grants)**	• Original Budget Rs. 865.68 Billion, SG Rs. 93.28 Billion • Actual Expenditure Rs. 533.11 Billion • Savings w.r.t. Original Grant Rs. 332.57 Billion resulting in Rs. 239.30 Billion of Un-necessary SG
Excessive Supplementary Grants **(79 Grants)**	• Original Budget Rs. 1,954.39 Billion, SG Rs. 814.96 Billion • Actual Expenditure Rs. 2,744.12 Billion • Excess w.r.t Original Grant Rs. 749.727 Billion, instead of Rs. 814.96 Billion only Rs. 749.726 should have been demanded but SG of Rs. 814.96 was obtained resulting excess of Rs. 65.23 Billion
Insufficient Supplementary Grants **(9 Grants)**	• Original Budget Rs. 133.67 Billion, SG Rs. 9.97 Billion • Actual Expenditure Rs. 147.50 Billion • Excess w.r.t Original Grant Rs. 13.82 billion resulting in Rs. 3.85 billion of insufficient SG

Figure-IVariation of SGs from Actual Requirements

Last year there was a slight increase in share of total expenditure on current and development grants after a continuous decline showing reduced resource allocation on development and current expenditure negatively affecting the growth of the economy. This year also as of last year government's spending on current and development grants showing a slight increase as composition of expenditure as shown in **Figure-II**:

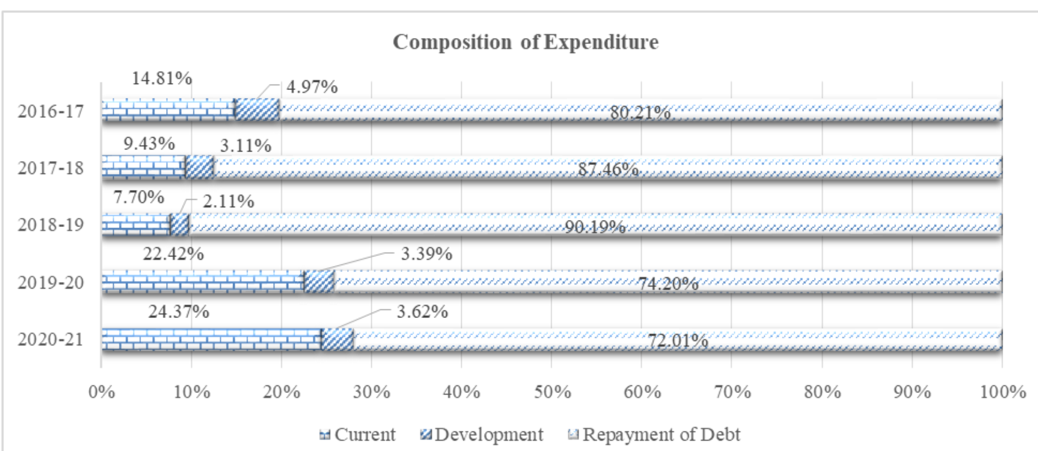


Figure-II – Current, Development and Repayment of Debt expenditrue as % of Total Expenditure

Flow of expenditure: As per financial statements of the Federal Governemnt, for the financial year 2020-21, the total expenditure is Rs. 21,837.24 billion.

(Rs. in billion)

Economic Functions	Expenditure 2020-21	% of Total Expenditure
General Public Service:		
a. Repayment of Debt	*15,725.16*	*72.01%*
b. Interest Payment	*2,761.03*	*12.64%*
Total Debt Servicing (a + b)	***18,486.19***	***84.65%***
c. Other than Debt	*2,421.58*	*11.09%*
01 - Total General Public Service (a + b + c)	**20,907.77**	**95.74%**
02 - Defense Affairs & Services (in Fed. Audit Jurisdiction)	5.98	0.03%
03 - Public Order and Safety Affairs	187.95	0.86%
04 - Economic Affairs	262.01	1.20%
05 - Environment Protection	6.38	0.03%
06 - Housing and Community Amenities	8.59	0.04%
07 – Health	51.21	0.23%
08 - Recreation, Culture and Religion	11.68	0.05%
09 - Education Affairs and Services	124.58	0.57%
10 - Social Protection	271.09	1.24%
Total	**21,837.24**	**100%**

As evident from the table above a high percentage of this expenditure i.e. 95.74% is expended on General Public Service which includes 84.65% (Rs.18,486.19 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 decrease in domestic floating debt from Rs.14.13 trillion to Rs.13.81 trillions. However, this year there was a reasonable dip in receipt of Domestic-floating debt that declined to Rs.13.81 trillion as compared to last year receipt of Rs.14.13 trillion. Domestic permanent debt also decreased to Rs.0.96 trillion as compared to Rs.1.23 trillion last year and Foreign-Debt decreased from Rs.1.36 trillion to Rs.0.96 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.

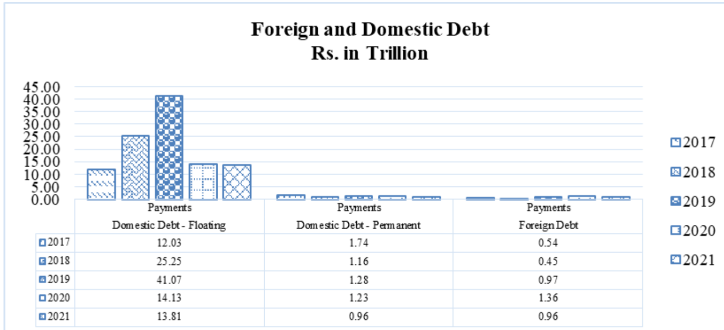


Figure-III- Debt Receipts 2016-17 to 2020-21

The retiring of debt shows that this year Federal Government paid off Rs.13.81 trillion of floating debt, Rs.0.96 trillion of Domestic permanent debt as well as Rs.0.96 trillion of foreign debt. Trend of retiring of debt for the last 5 year is shown in the figure-IV below.

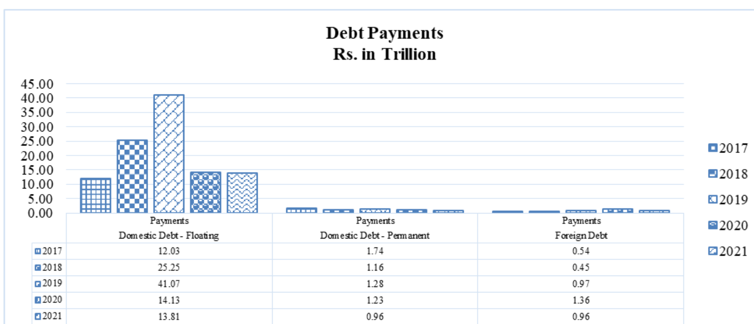


Figure-IV- Debt Payments 2016-17 to 2020-21

Composition of total Receipts: To meet its expenditures, Federal Government mainly relied on borrowings in the shape of public debt which contributed Rs. 19,965.38 billion (84.60%) of total receipt. There is less reliance on borrowings as compared to last year when public debt to the tune of Rs.19,432.39 billion (85.59%) 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	**3,722.509**	**3,726.44**	**3,472.10**	**-250.41**
Taxation	2,207.383	2,099.19	2,057.58	-149.80
Non-taxation	1,515.126	1,627.25	1,414.52	-100.61
Capital–Receipts	**13,625.87**	**14,052.78**	**20,128.03**	**6,502.16**
Domestic debt	11,278.79	11,616.96	17,725.67	6,446.88
Foreign debt	2,199.92	2,251.70	2,239.71	39.79
Recoveries of loans & advances	147.17	184.12	162.65	15.48
TOTAL RECEIPTS	**17,348.38**	**17,779.22**	**23,600.13**	**6,251.75**

The total Tax receipts for the fianancial year 2020-21 are Rs. 3,472.10 billion in comparison to last year's Rs. 4,209.696 billion. Provincial share under NFC Award amounting to Rs.2,644.627 billion was transferred to provinces leaving behind Rs. 2,057.582 billion for the Federal Governemnt. This was Rs. 149.80 billion less than the original target of Rs.2,207.383 billion though Rs. 727.526 billion more than the last year's collection of Rs.1,479.857 billion.

Composition of tax receipts: In 2020-21 there was a nominal growth in Sales Tax, Federal Excise and Income Tax receipts, Customs duty and others increased to Rs. 2,057.582 billion from Rs. 1,479.850 billion when compared with previous financial year 2019-20[8]. The same is reflected in the Figure-V:

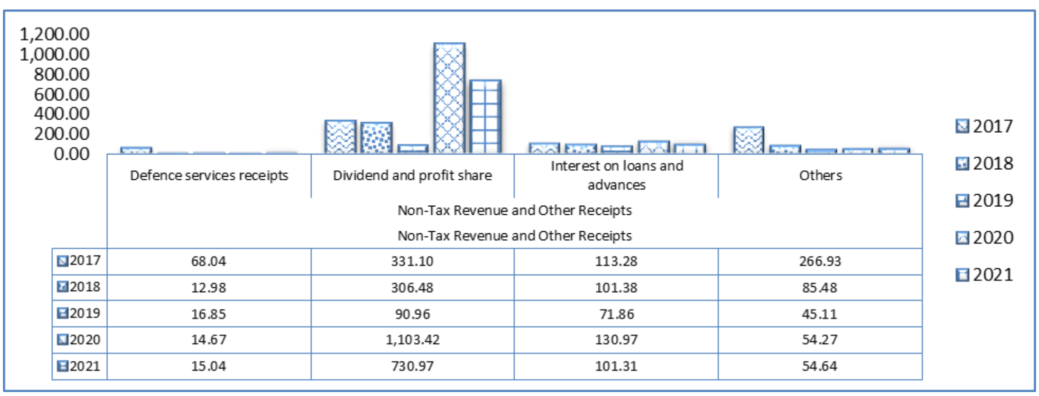


Figure-V -5 year trend in Tax Receipts of the Federal Government

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

[8] Financial Statements of Federal Government 2020-21

opportunity.9 Last year amount booked as tax expenditure was Rs. 1,314.273 billion which was 37.85% of the tax receipt.

Non-tax receipts: Federal Government is experiencing a decline in the receipts on account of Defence Services and other non-tax receipts.

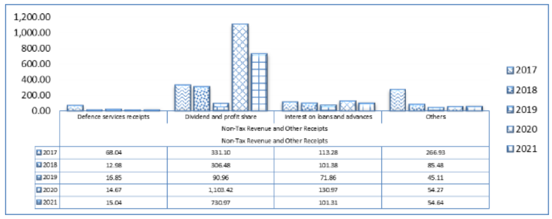


Figure-VI -Non-Tax Receipts of the Federal Government in FY 2020-21

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 Issuance of Supplementary Grants without approval of National Assembly - Rs.440,269.926 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.

---

[9] Economic Survey of Pakistan 2020-21, Annex-II (Page-340)

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 2020-2021, it was observed that the Supplementary Grants of Rs.440.269 billion were not printed during financial year 2020-2021. Detail of total Supplementary Grants allowed by the Finance Division and the Supplementary Grants printed in the Supplementary Schedule of Authorized expenditure were as under:

(Rupees)

S. No.	Particulars	Amount
1.	Total Supplementary Grants as per Manuscript of Appropriation Accounts for 2020-2021	927,960,027,000
2.	Supplementary Grants printed in Supplementary Schedule of Authorized Expenditure	487,690,101,000
3.	Supplementary Grants not printed in Supplementary Schedule of Authorized Expenditure	440,269,926,000

Audit further observed that Supplementary Grants of Rs.440.269 billion were not printed which was 47.44% of the total Supplementary Grants.

Audit is of the view that Supplementary Grants of Rs.440.269 billion were not authorized by the Parliament as these supplementary grants were not tabled before the National Assembly for approval/authentication.

Management replied that Supplementary Grants of Rs.440.270 billion obtained from 8th May, 2021 to 30th June, 2021 shall be submitted to the Parliament in the budget session of Financial Year 2022-2023.

Reply of the management is not satisfactory as according to Supreme Court Judgement, Supplementary Grants is to be placed before National Assembly during same Financial Year.

Audit recommends to probe the matter to improve the system of financial management and un-approvedSupplementary Grants be got approved from the National Assembly as required under the rules.

1.2.2 Excess expenditure over allocation - Rs. 4,773,461.051million

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.

Article 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 2020-2021, it was noticed that the Ministries/Divisions incurred expenditure as under:

Head of Expenditure	Voted		Charged	Total Rs.
	Current Exp	Development Exp	Charged Exp	
A01-Employees Related Expenses	6,334,468,876	41,708,404	-	6,376,177,280
A03-Operating Expenses	114,700,338	-	-	114,700,338
A04-Employees Retirement Benefits	1,340,127	-	-	1,340,127
A05-Grants, Subsidies and Write off Loans	6,603,876	-	-	6,603,876
A06-Transfers	58,566,305	-	-	58,566,305
A08-Loans and Advances	-	81,915,828,626	-	81,915,828,626
A09-Physical Assets	2,895,121	-	-	2,895,121

A10-Principal Repayments of Loans	-	-	4,684,984,939,456	4,684,984,939,456
Grand Total Rs.	**6,518,574,643**	**81,957,537,030**	**4,684,984,939,456**	**4,773,461,051,129**

Audit observed that:

i. The expenditure of Rs.4,773,461.051million was incurred in excess of Final Grants without any Supplementary Grant.

ii. State Bank of Pakistan was not authorized to allow expenditure over and above the Final Grant(s) in the absence of Supplementary Grants.

Audit is of the view that incurring expenditure in excess of Final Grants was irregular and against the provision of CGA Ordinance and Provision of the Constitution. Further proper working was not made during preparation of budget.

Management replied that the excess expenditure mainly pertains to the repayment of debt, foreign loans directly disbursed by the donors to the provinces and autonomous bodies and pay and allowances. Due to COVID situation, the Federal Government has to borrow debt in excess of estimates and resultantly the repayment was also in excess of budget estimates.

The reply of the management is not satisfactory. It was the responsibility of the management to look into the matter and Supplementary Grants be obtained for the excess expenditure which was not made by the management.

Audit recommends to probe the matter to improve the system of financial management and excess expenditure be got approved from the National Assembly as required under the rules.

1.2.3 Lapse of funds –Rs. 289,080.946 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) 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 2020-2021, it was noticed that the Parliament approved/allocated budget for Ministries/Division/Departments under Current and Development Grants.

Audit observed that there were savings of Rs. 289,080.946 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)

Type of Grant	Total Nos. of grants	No. of Grants	Final Budget	Actual Expenditure	Amount (Lapsed)
Current Grants	147	87	504,176,948,818	52,712,859,690	51,464,089,128
Development Grants	44	28	94,110,515,306	66,417,081,593	127,693,433,713
Charged Grants	14	6	2,873,165,427,123	2,763,242,004,099	109,923,423,024
Total Savings			3,571,452,891,247	3,282,371,945,382	289,080,945,865

Audit is of the view that;

i. Non-surrendering of savings resulted in lapse of funds.

ii. Neither these funds were utilized by the Ministries/Divisions themselves nor could be utilized by other Ministries/Division who required more funds for their use. This was violation of financial rules.

iii. This indicated that there existed no internal controls to watch the flow of expenditure in most of the Ministries/Divisions.

Management replied that it is quite difficult for budgetary units to foresee/anticipate savings with 100% accuracy.

Reply of the management is not satisfactory.

Audit recommends that the internal controls of Ministry of Finance, other Ministries and Divisions need to be strengthened in order to ensure financial discipline as per rules.

1.2.4 Demand of budget without need assessment leading to surrendering - Rs.1,020,554.836million

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 2020-2021, it was noticed that an amount of Rs. 1,020,554.836 million was surrendered from Current, Development and Charged Grants. Summary of surrender are as under:

(Rs. in million)

S No.	Type of Grant	Surrendered amount
1.	Current	310,629.400
2	Development	185,152.123
3	Charged	524,773.313
Total Rs.		**1,020,554.836**

Audit observed that the departments failed to utilize the budget and also failed to economize the budget while framing the budget estimates. Further department failed to forseebudget demand as required under the rules. It was also observed that in Thirteen (13) Current Grants, there was 100% surrender & in 66 (Sixty-six) Development IDs 100% budget was surrendered.

Audit is of the view that;

i. There existed no proper controls/checks in the Ministries/Divisions/Departments to assess actual requirement before demanding the budget for subsequent utilization.

ii. This indicated that there were no best practices being followed to avoid unnecessary demand.

iii. Appropriate system did not exist in the Ministry of Finance to avoid unnecessary demand of budget by the Ministries/ Divisions/department.

iv. This action created undue pressure on the National Exchequer/ Federal Budget for the financial year 2020-2021.

Management replied that it is a normal procedure to allocate funds in a grant/Cost centers as a lump sum provision to meet the additional requirements arising during the currency of Financial Year. In such cases funds are surrendered from one grant to obtain technical supplementary grant in another grant for spending. During Financial Year (2020-21), surrendered amount of Rs. 528.877 billion was utilized as TSG in various grants. Surrender of Rs.524.20 billion under charged portion was made as a result of rescheduling of foreign debt during the currency of Financial Year as relief for Covid-19 situation.

Reply of the management is not satisfactory.

Audit recommends that matter needs investigation at appropriate level and proper controls/checks in the Ministries/Divisions/Departments be adopted to assess actual requirement before demanding the budget for subsequent utilization.

1.2.5 Expenditure without final grant – Rs. 80.725 million

Risk Categorization: High

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 202--2021, it was noticed that an expenditure of Rs.80.725 million was incurred under 17 PAO. Detail is attached in Annexure-D.

Audit observed that the expenditure of Rs.80.725 million was incurred without any Final Grant due to which the Public Exchequer sustained extra burden.

Implication:

Audit is of the view that management incurred expenditure without any budget/grant in violation of rules.

Management Response:

Management replied that excess expenditure mainly pertain to Pay and Allowances for which budget check is not applied. The budget has not been implemented on payments made through HR module.

Audit Comments:

Reply of the management is not satisfactory as it was the responsibility of the AGPR to control the excess expenditure where no budget was allotted. Audit recommends that matter needs investigation at appropriate level.

1.2.6 Lapse due to non-surrendering of Final Budget of 28 Grants - Rs. 32,343.566 million

Risk Categorization: High

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.

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 2020-2021, it was noticed that the Parliament approved/allocated budget for Ministries/Division/Departments under Development Grants.

Audit observed that there were savings of Rs**.** 32,343,565,879 under different Ministries/Divisions/Departments. 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)

Total Grants	Final Budget	Actual Expenditure	Amount (lapsed)
28	**32,343,565,879**	Nil	**32,343,565,879**

Implication:

Audit is of the view that;

i. Non-surrendering of savings resulted in lapse of funds

ii. Single penny was not expended

iii. Neither these funds were utilized by the Ministries/Divisions themselves nor could be utilized by other Ministries/Division who required more funds for their use. This was violation of financial rules.

iv. This indicated that there existed no internal controls to watch the flow of expenditure in the Ministries/Divisions.

Management Response:

Management replied that the savings that are anticipated and foreseen can be surrendered. It is quite difficult to anticipate savings with zero balance difference before final grant and actual expenditure well before closing of accounts. Savings of minor amounts have been included in the OS. The major amount of Rs.29.9/-

billion relates to lump sum provision made for various Divisions/Departments on account of COVID-19 Responsive and other natural calamities.

Audit Comments:

Reply of the management is not satisfactory as without any expenditure in 28 Grants all budget was surrendered. Audit recommends that matter needs investigation at appropriate level and proper system be devised to control over the demand of budget.

1.2.7 Civil Works expenditure not charged to Capital Account – Rs.29,131,072million

Risk Categorization: High

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 2020-2021, it was noticed that the following expenditure was charged to Object-Head A-12-Civil Works under Current Grants and Development Grants. Summary is as under: Detail is attached as under:

(Rupees)

S. #	Description	No. of Grants	Actual Expenditure
1.	Current Expenditure	7	338,552,189
2.	Development Expenditure	24	28,781,763,611
3.	Charged	1	10,755,755
Total Rs.			**29,131,071,555**

Audit observed that;

i. 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.

ii. Placing of funds under object head A-12-Civil Work in different grants was violation of rules.

In Budget Book Vol-V (Development Expenditure Page 4411) for the year 2020-2021, Grant No.187-Capital Outlay on Civil Works under Ministry of Housing and Works is included. This Grant is meant for charging Civil Works expenditure charged on Capital Account.

Implication:

Audit is of the view that;

i. The budget and expenditure of Rs. 29,131,072 million was not included in Grant No.187 Capital Outlay on Civil Works being the relevant Grant for booking of said expenditure.
ii. Due to non-booking of Civil Work expenditure as Capital Expenditure books of accounts did not presents true and fair disclosure/presentation of expenditure.
iii. This was violation of financial rules.

Management Response:

Management replied that the issue pertains to allocation of budget estimates of Civil Works under various grants as Revenue Expenditure. The payments are made as per budget allocation approved from Parliament.

Audit Comments:

Reply of the management is not satisfactory as it was the responsibility of the Finance Division to allocate the budget in appropriate Grant. Audit recommends that all the civil expenditure be charged to the Civil Grant as required under the rules.

1.2.8 Unjustified demand of Supplementary Grants creating undue pressure on the National Exchequer – Rs.863,074million.

Risk Categorization: High

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.

Para 98(1)(iv) of GFR Vol-I states that if such savings are not available, it should be seen whether special economies can be effected under other sub-heads. If funds cannot be provided by either of these methods, it will have to be considered whether the excess should be met by postponement of expenditure or whether an application for a supplementary grant should be made. In either case, application will have to be made to the Ministry of Finance through the Administrative Department concerned and the course recommended by the latter stated. Normally, an application for a supplementary grant will not be entertained by Government unless the anticipated excess is due to a cause beyond the control of the authority concerned and funds cannot be found by any legitimate postponement of expenditure for which provision already exists. All application for supplementary grants should be accompanied by a full explanation of the reason for the excess and of the impossibility of providing funds to meet it.

During Certification Audit of Manuscripts of Appropriation Accounts and Financial Statements of Federal Government for the year 2020-21, an analysis was performed to check the cases of acquisition of Supplementary Grants despite availability of savings within the Grants and non-utilization/lapse of fund under different object-heads during the financial year. A summary of comparison of Supplementary Grants with Unutilized budget is given in the table below;

(Rupees)

Type of Grant	Supplementary Grant	Unutilized Amount (Surrender + savings)	% age
Current	747,697,131,000	365,293,225,360	49%
Development	114,527,824,000	345,281,557,300	301%
Charged	849,045,000	659,181,433,398	77638%
Total Rs.	**863,074,000,000**	**1,369,756,216,058**	**159%**

Audit observed that the Ministries/Divisions did not analyze the availability of savings and surrendered within their Grants prior to demanding Supplementary Grants.

Implication:

Audit is of the view that;

i. Proper controls/checks in the Ministries/Division to assess savings and surrender under different object-heads prior to demanding Supplementary Grants were not in-placed.

ii. This action created undue pressure on the National Exchequer/ Federal Budget.

Management Response:

Management replied that the supplementary grants are allowed under Article 84 of the constitution and provision made in PFM Act and GFR are also observed. Savings identified in are grant to meet essential requirement in other grants are utilized by issuing surrender orders and obtaining Technical Supplementary Grants as re-appropriation cannot be made from one grant to another grant out of Rs.863.074/- billion funds ofRs. 528.877/- were met through TSG having no impact on the budget allocation made in the schedule of authorized expenditure. Moreover, savings and surrender provide relief to the National exchequer and not the burden.

Audit Comments:

Reply of the management is not satisfactory. Audit recommends that proper controls/checks in the Ministries/Division to assess savings and surrender under different object-heads prior to demanding Supplementary Grants be devised.

1.2.9 Lapse of funds in assignment accounts –Rs. 1,734.681 million

Risk Categorization: High

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 2020-2021, it was noticed that the Parliament approved/allocated budget for Ministries/Division/Departments under different assignment accounts opened with National Pakistan of Pakistan.

Audit observed that there were savings of Rs.1,734.681 million in assignment accounts opened with National Bank of Pakistan and expenditure were booked in AGPR. The PAOs were required to surrender these savings in time to avoid lapse of funds but it was not done. Details are as under:

(Rupees)

No. of Accounts	Final Budget	Actual Expenditure	Amount (Lapsed)
32	**8,753,227,000**	**7,018,545,581**	**1,734,681,419**

Implication:

Audit is of the view that;

i. Non-surrendering of savings resulted in lapse of funds.

ii. Neither these funds were utilized by the Ministries/Divisions/ Department themselves nor could be utilized by other Ministries/Division/Department who required more funds for their use. This was violation of financial rules.

iii. This indicated that there existed no internal controls to watch the flow of expenditure in most of the Ministries/Divisions.

Management Response:

Management replied that Savings mentioned in this para are of normal nature. Concerned departments are required to explain the exact reasons of savings to the audit and PAC.

Audit Comments:

Reply of the management is not satisfactory. Audit recommends that proper controlsbe devised to control the lapse of funds.

Central Directorate of National Savings

1.2.10 Lapse of funds Rs. 48.538 million

Para 95 of GFR VOL-I states that all anticipated saving 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 meet excess under some other unit or units which definitely foreseen at the time. However, saving occurring from funds provided after 15th May shall be surrendered to Government immediately they are foreseen but not later than 30th June each Year.

During Certification Audit of Manuscript of Appropriation Accounts of CDNS, Islamabad for the year 2020-2021 following budget, expenditure and savings/excess was noticed:

(Rupees)

Head of Account	Final Budget	Expenditure	(Savings)/ Excess
A01-Employee Related Expenses	1,872,789,000	1,845,209,051	(27,579,949)
A03-Operating Expenses	1,625,947,000	1,607,581,510	(18,365,490)
A04-Employee Retirement Benefits	12,058,000	11,601,609	(456,391)
A05-Grants & Subsidies	102,082,000	101,538,101	(543,899)
A09-Physical Assets	97,595,000	96,115,573	(1,479,427)
A13-Repair & Maintenance	21,926,000	21,812,756	(113,244)
Total Rs.	**3,732,397,000**	**3,683,858,600**	**(48,538,400)**

Audit observed that an amount of Rs. 48.538 million was neither utilized nor surrendered therefore, this amount lapsed.

Audit further observed that management received an amount of Rs.93 million as Supplementary Grant for Disparity Reduction Allowance whereas management incurred expenditure amounting to Rs. 79.43 million, an amount of Rs.13.569 million lapsed due to non-utilization of Supplementary Grant.

Audit is of the view that controls were not in place resulting in lapse of funds.

Management replied that the recruitment of 100 National Savings Officers was under process at Federal Public Service Commission, out of which 50 National Savings Officers were expected to join in 2020-21 but the recruitment process could not be finalized due to which there are savings under the head of account A01-Employee Related Expenses. Further, it is apprised that funds were retained under head of account A03-Operating Expenses for procurement of critical AML & CFT module, but due to unavoidable circumstances the vendor could not timely deliver the AML & CFT module to CDNS.

Reply of the management is not satisfactory as the management failed to surrender the amount timely. Further, management also failed to utilize the Supplementary Grant issued by the Finance Division.

Audit recommends observance of financial rules in true spirit to avoid lapse of funds.

Pakistan Mint

1.2.11 Blockage of funds resulting in lapse - Rs.18.208 million

Risk Categorization: High

Para 95 of GFR VOL-I states that all anticipated saving should be surrendered to Government immediately, when foreseen, but not later than 15th May of each year in any case, unless they are required meet excess under some other unit or units. However, saving occurring from funds provided after 15th May shall be surrendered to Government immediately they are foreseen but not later than 30th June each Year.

During Certification Audit of Manuscript of Appropriation Accounts of Pakistan Mint, Lahore for the Year 2020-21, savings ranging from 14% to 58% were noted in the following object heads.

(Rupees)

Detail Object Desc	Final Budget	Re-Appropriation (+)	Expenditure	Lapsed	Saving %
A03942-Cost of other stores	41,550,000	13,500,000	29,217,665	12,332,335	29.68%
A03970-others	1,478,000	730,000	1,266,337	211,663	14.32%
A09701-Purchase of Furniture and Fixture	1,290,000	355,000	980,150	309,850	24.02%
A13101-Machinery and Equipment***(Repairs)***	3,480,000	0	2,523,460	956,540	27.49%
A13301-Office Buildings***(Repairs)***	3,447,000	175,000	2,095,454	1,351,546	39.21%
A13302-Residential Buildings***(Repairs)***	5,247,000	1,975,000	2,200,779	3,046,221	58.06%
Total				**18,208,155**	

Audit observed that Rs. 18.208 million were not surrendered in time resulting in lapse of funds. Audit also observed that an amount of Rs.12.332 million also lapsed under the Head of account Cost of Other Stores despite re-appropriation of 13.500 million to "Cost of Stores" i.e. lapsed amount was 91% out of the re-appropriated amount. Furthermore, an amount of Rs.1.975 million was re-appropriated to Repairs of Residential buildings and lapsed amount was Rs.3.046 i.e. 154% of the re-appropriated amount.

Audit is of the view that proper controls were not in place to watch the budgeting and its usage in the Pakistan Mint to avoid lapse of funds.

Management replied that Chief Accounts Office has no role in the budget preparation, controlling, re-appropriation, surrender and its execution; it is the responsibility of Pakistan Mint. However, Chief Accounts Office will keep an eye on the matter and intimate the concerned in order to avoid the irregularity in future.

Reply does not address the audit observation where in it has been observed that lapse of funds resulted due to lack of vigilanceby the Chief Accounts Office regarding utilization of funds.

Audit recommends introduction of proper controls on budgeting of Pakistan Mint. Provision of budget more than the actual requirement is unjustified and should be avoided in future.

1.2.12 Shortcomings in presentation of claims by Pakistan Mint

Section 5 (b) of Controller General of Accounts Ordinance, 2001 provides that to authorize payments and withdrawals from the Consolidated Fund and Public Accounts of the Federal and Provincial Governments against approved budgetary provisions after pre-audited checks as the Auditor-General may, from time to time, prescribe.

Para 4.2.7.4 of APPM provides that the audit function involves: scrutinizing of the claim voucher to identify possible fraud and irregularities that a reasonable person would be expected to discover.

During Certification Audit of Manuscript of Appropriation Accounts of the Pakistan Mint, Lahore for the year 2020-21, it was observed that the management of Pakistan Mint, Lahore submitted claims of GP Fund, Loans and Advances, residential hiring/ceilings, purchase of physical assets etc. for pre-audit and approval of Chief Accounts Office.

It was observed that noticeable number of bills/vouchers lacked the required documents and some mistakes on the part of the management of Pakistan Mint such as:

i. Copies of cheques were not attached with the vouchers.
ii. The cheque numbers were not recorded on the vouchers
iii. Variations in the name and spellings of the employees written on the cheques, where attached, and GP Fund forms
iv. Acknowledgement receipts from the vendors/employees not taken.
v. Undated sanctions.
vi. Ownership proof in case of claims relating to rent for residential hiring.
vii. GP Funds were calculated with double subscriptions inserted for the months of June each year.

Audit is of the view that all presentation of bills with these shortcomings is reflection of lapse on the part of the Management of Pakistan Mint. Furthermore, passing of claims with the above stated shortcoming also reflects negligence on the part of Chief Accounts Office.

Management replied that necessary instructions have been issued to Mint management vide letter No. CAO/Mint/2021-22/223 dated 29-09-2021.

Audit recommends inquiry to fix responsibility. Furthermore, proper mechanism be adopted to ensure that all the necessary documents are attached with the vouchers before processing/finalization of bills/vouchers.

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 2020-21) Rs. in million	Revenue/Receipt Audited (FY 2020-21) Rs. in million
1	Formations	20	12	15,289.005	-
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 Division for the financial year 2020-21 was Rs.8,005.06 million, out of which the Division expended an amount of Rs.8,231.06 million. The Division had 2 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

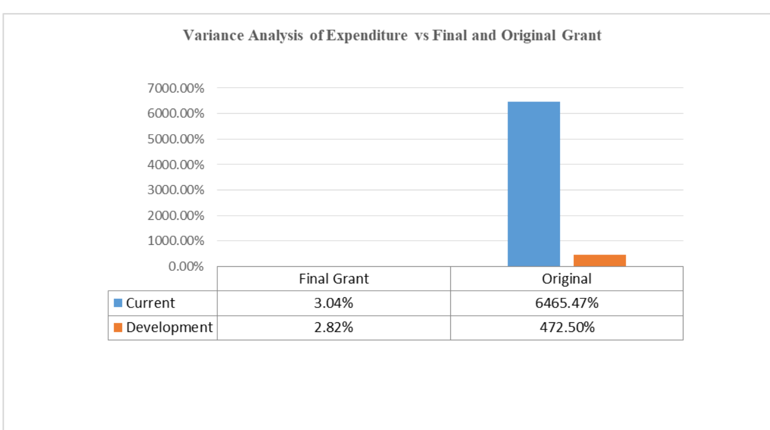
Grant No.	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
15	Current	103.76	10.00	0.00	113.76	111.81	-1.95	-1.71%
16	Current	13.09	10,115.00	-1,840.00	7,332.01	7,560.07	228.06	3.11%
Sub-Total Current		**116.85**	**10,125.00**	**-1,840.00**	**7,445.78**	**7,671.89**	**226.11**	**3.04%**
149	Development	1,320.88	10,115.00	-761.60	559.28	559.17	-0.11	-0.02%
	Total	**1,437.73**	**20,240.00**	**-2,601.60**	**8,005.06**	**8,231.06**	**226.00**	**2.82%**

Audit noted that there was an overall excess of Rs.226 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 excess of 3.04% with respect to Original grant which reduced to savings of 0.02% w.r.t Final Grant in case of development expenditure.



2.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.761.48 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*	419.967
C	*Management of account with commercial banks*	-
D	*Recovery*	341.513
E	*Internal Control*	-
4	Value for money and service delivery	-
5	Others	-

2.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2011-12	1	0	0	1	-
2013-14	1	1	0	1	-
2015-16	1	1	1	0	100
2017-18	1	1	0	1	-
2018-19	2	2	0	2	-
2019-20	9	0	0	9	-
2020-21	2	0	0	2	-
Total	**17**	**5**	**1**	**16**	20

2.5 AUDIT PARAS

Aviation Division (Main)

2.5.1 Irregular payment of law charges - Rs. 275.000 million

Rules 14(1)(g) of the Rules of Business, 1973 states that the Law, Justice and Human Rights Division shall be consulted before the appointment of a legal adviser in any Division or any office or corporation under its administrative control and the Law, Justice and Human Rights Division will make its recommendations after consultation with the Attorney General.

Serial No. 9 (23) of Annex-I of Finance Division O.M. No. F.3(2)Exp-III/2006 dated 13.09.2006 states that the Ministries/Divisions are empowered to incur expenditure on Law Charges in consultation with law Division.

The management of Aviation Division released Rs. 275 million to PIACL for onward payment of fee and other legal charges to lawyers, Attorneys who have been engaged by Pakistan International Airline investment Ltd (PIA-IL) for contesting cases/appeals in connection with Roosevelt Hotel, USA and Hotel Scribed Paris, France in B-VI Court.

Audit observed as under:

i. Para-5 of the minutes of meeting held under chairmanship of Deputy Chairman Planning Commission dated 15.02.2021 in which Chairman suggested that it would be more appropriate if the matter regarding payments to lawyers for Roosevelt Hotel and Hotel Scribed may be referred to Law and Justice Division for advice but the matter was not referred to Law & Justice Division for advice.

ii. Secretary Finance while signing the report added his views vide para-3 of Summary for ECC of the Cabinet with regard to financial challenges to Hotel Roosevelt New York stated that "Since the National Accountability Bureau (NAB) has initiated an enquiry into this matter; I am of the view that the Bureau must be consulted prior to making any further payment" but the matter was not referred to NAB before making payment.

iii. Finance Division in its Summary dated 10.08.2021 stated that Aviation Division/PIAIL will submit utilization report of the requisite funding support duly verified by the external Auditor of the entity but the same was not provided to audit.

Audit is of the view that the amount was released to PIA without consulting with Law & Justice Division and NAB which is held irregular.

The management replied that Secretary Law was member of the committee who approved the proceedings and letter was written to NAB for advice on the matter, but no reply was received from NAB.

The reply was not acceptable as matter was not submitted to Ministry of Law and Justice for seeking advice, no letter is available on record which may ascertain that advice of NAB was sought on the matter and audited statement for external audit with regard to expenditure was also not provided.

No DAC was convened till finalization of this report.

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

Airport Security Force Foundation, Karachi

2.5.2 Payment of advertisement charges in cash and non-deduction of taxes - Rs. 144.967 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.

Section153 (1)(a)(iii)oftheIncomeTaxOrdinance,2001statesthat,tax will be deducted from person making payment to electronic & print media for advertising services attherate 12% in case of non-filer.

First Schedule of Sindh Sales Tax on Services Act, 2011 requires to pay SST @13% on Services provided or rendered by persons engaged in advertisement on T.V.

The management of ASF Foundation, Karachi incurred expenditure of Rs. 112.323 million and Rs. 32.644 million on advertisement in print media and electronic media through M/s. Cross Check Communication to promote ASF housing schemes during the year 2016-17 as per detail given below:

(Rupees)

S. No.	Print Media	Electronic media	Total
1	22,566,530	10,077,717	32,644,248
2	62,330,031	49,992,101	32,644,248
Total	**84,896,561**	**60,069,818**	**144,966,379**

Audit observed as under:

i. Payment of Rs. 144.967 million was made to M/s Cross Check without obtaining supporting vouchers/invoices of the print media out of which Rs. 97.154 million was paid in cash to M/s.

Cross Check instead of crossed cheques in order to avoid deduction of taxes.

ii. Income tax of Rs. 2,174,509 was deducted @ 1.5% but neither proof of filer was available nor any sales tax invoice was submitted / produced by the firm concerned to prove itself as filer. As such income tax @ 12% Rs. 17,396,073 being non-filer was required to be deducted at source,but the same was not done which resulted in less deduction of Rs. 15,221,564.

iii. Sindh sales tax @ 13% Rs.7.809 million was not deducted from the payment made to contractor on account of electronic media.

Audit is of the view that the expenditure incurred on advertisement is treated as irregular and non-recovery of taxes has deprived the government of its due receipts.

Neither management replied nor was DAC convened.

Audit recommends thatthe record of Rs. 144.967 million be produced to audit. Further thematterregarding cash payment amounting to 97.154 million be inquired and responsibility be fixed, besides recovery of income tax and sales tax.

2.5.3 Unjustified hiring of vehicles and non-recovery of tax - Rs. 8.513 million

First Schedule of Sindh Sales Tax on Services Act, 2011 states that services provided or rendered by persons engaged in rent a car and automobile service or businesses are liable to pay SST @10%.

The management of ASF Foundation, Karachi paid Rs. 8.513 million to M/s. Kohat Motors on account of hiring of 07 vehicles during the year 2019-20.

Audit observed that expenditure on hiring of vehicles was incurred in presence of 29 vehicles of Foundation without any justification. Moreover, vehicles of the Foundation were allotted to officers without making any policy / rules / regulations / entitlement etc. Sales tax @ 10% at source was not deducted from the payment of M/s Kohat MotorsAudit is of view that hiring of vehicles in presence of 29 vehicles of Foundation without making policy / rules / regulations / entitlement is unjustified and non-deducting of tax is irregular.

Neither management replied nor was DAC convened.

Audit recommends that matter be inquired and responsibility be fixed for the irregularity besides recovery of sales tax.

2.5.4 Irregular carrying of printing works without open competition and non-recovery of Income Tax - Rs. 5.300 million

Rule 17(iii) of the Bylaws of Foundation states that procurement more than Rs. 200,000 shall be made through open competitive bidding.

Section153 (1)(a)(iii)oftheIncomeTaxOrdinance,2001statesthat,tax will be deducted from person making payment to electronic & print media for advertising services attherate 12% in case of non-filer.

The management of ASF Foundation, Karachi paid Rs. 5.300 million to M/s M.H. Printers on account of printing of brochures during the year 2015-16.

Audit observed that:

i. Printing work was awarded to M/s. M.H. Printers without open competition.

ii. Income tax @ 12% Rs. 636,000 was also not deducted from the payment of the contractor.

Audit is of view that the printing work was carried out in violation of the bylaws and non-deduction of tax is irregular.

Neither management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for the irregularity besides recovery of income tax from the contractor.

CHAPTER 3

CABINET DIVISION

3.1 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-2020-21) Rs. in million	Revenue / Receipt Audited (FY 2020-21) Rs. in million
1	Formations	59	6	12,803.129	-
2	Assignment Accounts (Excluding FAP)	4	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	3	3	2,285.000	-
4	Foreign Aided Project (FAP)	-	-	-	-

3.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Cabinet Division for the financial year 2020-21 was Rs.29,611.01 million, out of which the Division expended an amount of Rs.29,232.31 million. The Division had 4 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

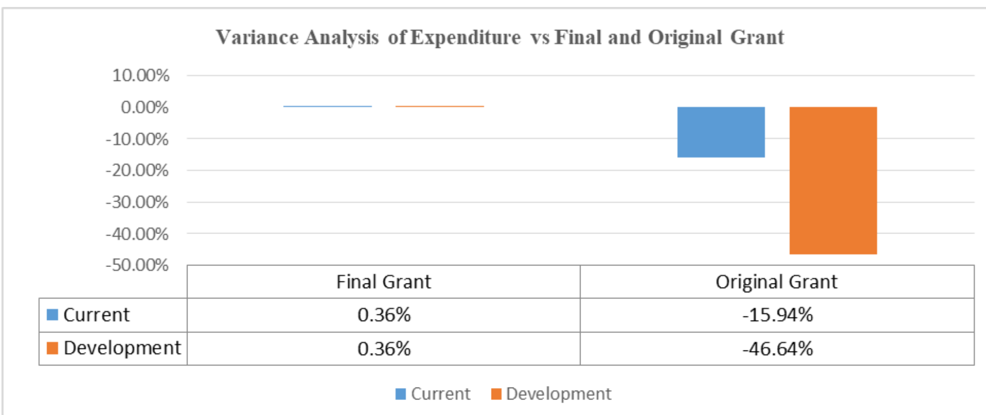
Grant No.	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
1	Current	274.28	-	-111.88	162.40	154.98	7.43	4.57%
2	Current	1,089.77	67.36	-101.30	1,055.83	946.59	109.23	10.35%
3	Current	564.65	200.00	-110.00	654.65	492.19	162.46	24.82%
4	Current	30,371.81	333.44	-30,215.77	489.48	487.65	1.83	0.37%
Sub Total Current		**32,300.51**	**600.80**	**-30.538.95**	**2,362.36**	**2,081.41**	**280.95**	**11.89%**
148	Development	50,882.18	800.00	-24,433.52	27,248.65	27,150.91	97.75	0.36%
Total		**83,182.68**	**1,400.80**	**-54,972.47**	**29,611.01**	**29,232.31**	**378.70**	**1.28%**

Audit noted that there was an overall excess of Rs.378.70 million, which was due to excess in Current grants and developments 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 excess of 11.89% with respect to Original grant which reduced to excess of 0.36% w.r.t Final Grant in case of development expenditure.



3.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.25,999.527 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*	25,983

D	*Recovery*	14.477
E	*Internal Control*	-
4	Value for money and service delivery	2.05
5	Others	-

3.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	1	1	1	0	100
2012-13	3	0	0	3	-
2013-14	4	4	4	0	100
2014-15	9	2	2	7	100
2015-16	2	2	2	0	100
2016-17	22	0	0	22	-
2018-19	25	0	0	25	-
2019-20	15	0	0	15	-
2020-21	2	0	0	2	-
Total	**83**	**9**	**9**	**74**	100

3.5 AUDIT PARAS

Abandoned Properties Organization

3.5.1 Non deposit of sale proceeds of abandoned property in the Federal Consolidated Fund – Rs.25,983 million.

Section 29(2) of the Abandoned Properties (Taking Over and Management) Act 1975 added vide Finance Act 2019 which came into force on 01.07.2019, states that the sale proceeds of abandoned property, including the amounts already received, shall be deposited in the Federal Consolidated Fund (FCF).

The sale proceeds of abandoned properties amounting to Rs. 25,983 million was lying with the Abandoned Properties Organization Islamabad as on 15.02.2021.

Audit observed that the management of the APO did not deposit the sale proceeds of abandoned property in the Federal Consolidated Fund despite lapse of financial year 2019-20 in violation of Finance Act, 2019.

Audit is of the view that non-deposit of sale proceeds of abandoned property is in contravention to the Section 29(2) of the Abandoned Properties (Taking Over and Management) Act 1975 added vide Finance Act, 2019 which deprived the Government from its due receipt on due date.

Neither the management replied nor was DAC convened.

Audit recommends that the sale proceeds may be deposited into Government Treasury besides fixing of responsibility.

3.5.2 Loss due to non-recovery of rent– Rs.11.642 million

Section 21 of the Abandoned Properties (Taking Over and Management) Act, 1975 states that when any person is in default in making payment of any amount payable to administrator under this Act, or in pursuance of any rule, regulation or agreement made or entered into there under, the Administrator may recover the amount along with interest there on at such rate as the Federal Government may notify in the Official Gazette.

The management of APO, Islamabad leased out different houses and shops to the Government employees and private individuals. The Administrator APO got assessed the rent of these houses from Pak PWD.

Audit observed that management realized less rent than the assessed market rate from the allotees/occupants. Details are as under:

House No./Shop	Allotees	Period	Rent assessed by PWD	Monthly rent received	Difference	Total
H. No 10, St No.83 G-6/4 Ibd	Election Commission	01.07.19 to 30.06. 19	200,000	68,364	131,636	1,579,632
H.No 7 St No. 25, F-6/2 IBD	Communication IBD	01.07. 19 to 30.06. 20	250,000	47,709	202,291	2,427,492
H No 2,St No 60 F-7/4 IBD	Islamabad High Court	01.03.14 to 30.06.19	250,000	65,000	185,000	2,220,000
House No 23, Street No 31, Sector F-7/1	Islamabad Police	01.07. 19 to 30.06. 20	300,000	0	3,600,000	3,600,000
House #10 Street #55 Sector F-7/4			100,000	0	1,200,000	1,200,000
5 Shops in Aabpara Maeret			76,375	916500	170,000	614,500
					Total Rs.	**11,641,624**

Audit is of the view that the management extending undue favour to the occupants by leasing of house below the assessed rates, which resulted in loss of Rs 11.642 to the public exchequer.

Neither the management replied nor was DAC convened.

Audit recommends recovery besides fixing of responsibility for the irregularity.

3.5.3 Non-Recovery of cost of constructed Area of Shama House Murree -Rs.2.835 million

Section 8(1) of the Abandoned Properties (Taking Over and Management) Act 1975 states that any amount due to a specified person or payable in respect of any abandoned property or property of which the Administrator has taken possession shall be paid to the Administrator by the person liable to pay the same.

The Shama House Gharial Camp, Murree has been leased out to Haji Abdul Qaseem Bangali, for a term of 99 Years w.ef.11.04.1961 by the Military Lands and Cantonment Department, Ministry of Defense. After creation of Bangladesh, the subject house constructed by the Lessee (Haji Abdul Qaseem Bangali), was classified as Abandoned Property vide APO Notification dated 7.10.1976. The House since its construction is under occupation of the Station Commander, Artillery 12 Division Pak. Army.

Pak. P.W.D Islamabad assessed the cost of constructed portion to Rs. 2,835,000 vide their O.M No.CEN/W-3/1259 dated 26.06.2008.

Audit observed that the management did not recover the cost of constructed area worth Rs.2.835 million of Shama House Murree from Pak Army despite lapse of a period of more than 11 years.

Audit is of the view that non-recovery is a serious lapse on the part of management.

Neither the management replied nor was DAC convened.

Audit recommends recovery besides fixing of responsibility.

3.5.4 Loss due to non-leasing of Houses- Rs 2.050 million (Club)

Section 8(1) of the Abandoned Properties (Taking Over and Management) Act 1975 states that any amount due to a specified person or payable in respect of any abandoned property or property of which the Administrator has taken possession shall be paid to the Administrator by the person liable to pay the same.

Houses No. 01 A and 01 B, Street No. 10 Kohsar Road, Sector F-7/3, Islamabad belong to APO are lying vacant since 26.01.2019 and 11.10.2019 respectively after the expiry of prior lease agreement. Monthly rent of these houses were Rs.47,709 and Rs.57,126 respectively.

Audit observed that non-leasing of these houses by the management resulted in the loss of Rs 2,049,838 up to 31.01.2021.

Audit further observed that these houses were not leased out on the assessed market rates which was Rs 100,000 per month per house.

Audit is of the view that non-leasing of houses was a serious lapse on the part of management and caused loss to public exchequer.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix the responsibility.

CHAPTER 4

COMMERCEDIVISION

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- 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-2020-21)	Revenue / Receipt Audited (FY 2020-21)
1	Formations	15	5	2,794.277	51.609
2	Assignment Accounts (Excluding FAP)	1	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	2	2	280.000	-
4	Foreign Aided Project (FAP)	-	-	-	-

4.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Commerce Division for the financial year 2020-21 was Rs.24,836.43 million, out of which the Division expended an amount of Rs.24,813.14 million. The Division had 3 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

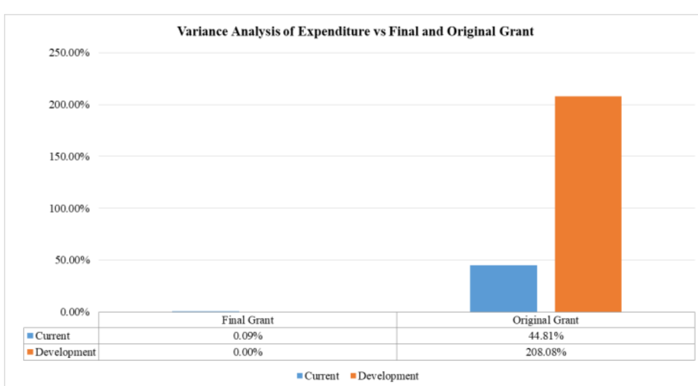
Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
31	Current	621.95	14.00	0.00	635.95	616.92	19.03	2.99%
32	Current	5,780.41	0.00	-91.57	5,688.84	5,549.77	139.07	2.44%
33	Current	10,512.46	8,000.00	-319.68	18,192.78	18,327.59	-134.81	-0.74%
Subtotal Current		**16,914.82**	**8,014.00**	**-411.25**	**24,517.57**	**24,494.29**	**23.28**	**0.09%**
Development		103.50	300.00	-84.64	318.86	318.86	0.00	0.00%
	Total	**17,018.32**	**8,314.00**	**-495.89**	**24,836.43**	**24,813.14**	**23.28**	**0.09%**

Audit noted that there was an overall excess of Rs.23.28 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 excess of 0.09% with respect to Original grant which was reduced to 0.00% w.r.t Final Grant in case of development expenditure.



4.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.4,505.636 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	121.004
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	86.27
B	*Procurement related irregularities*	17.871
C	*Management of account with commercial banks*	2,896.129
D	*Recovery*	29.684
E	*Internal Control*	106.094
4	Value for money and service delivery	1,248.584
5	Others	-

4.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	7	6	3	4	50
2011-12	6	0	0	6	-
2012-13	6	0	0	6	-
2013-14	7	7	2	5	29
2014-15	20	1	0	20	-
2015-16	1	1	0	1	-
2016-17	11	8	1	10	13
2017-18	1	1	0	1	-
2019-20	12	0	0	12	-
2020-21	4	0	0	4	-
Total	**75**	**24**	**6**	**69**	25

4.5 AUDIT PARAS

Export Development Fund, Karachi

4.5.1 Conflict of interest by TDAP because of proposing projects instead of adhering to its objective of monitoring them – Rs. 803.356 million

According to Section 20 of TDAP Act 2013, Powers and functions of the Board.—(1) The Board shall be the supreme decision making body of the Authority having the power to supervise, control, direct and regulate affairs of the Authority and shall have the following functions, namely:—

(a) To establish short, medium and long term critical success factors and key performance indicators for the Authority;

(b) To review performance of the Authority annually including against pre agreed critical success factors and key performance indicators;

(c) To advise the Federal Government in the Ministry of Commerce;

(d) To consider and approve with or without modification any rules and regulations proposed to be made by the Authority under this Act;

(e) to consider and approve with or without modification the budget for each financial year of the Authority and approve expenditure therefrom;

(f) to express its opinion in writing on any policy matter referred to it by the Federal Government or the Authority;

(g) to exercise all such powers and perform all such functions as are conferred or assigned to it under this Act.

The Board of Administrators of EDF approved various projects during the financial year 2020-21 amounting to Rs. 1,319.546 million and the EDF management released the approved amounts.

Audit observed that:

i. Out of total 35 releases (1,319.546 million) during the financial year 2020-21, the TDAP itself was the beneficiary in 10 releases amounting to Rs 803.356 million (61% of the total released amount) as the project proposals were presented by TDAP in the Board.

ii. The outcome of the project in terms of promotion of exports is not known.

iii. The detail of released amount to TDAP during 2020-21 is as under:

Audit is of the view that TDAP has a supervisory/ monitoring role in implementation of the projects and it was a conflict of interest if the TDAP itself propose projects and get those approved from the board.

Neither the management replied nor was the DAC convened.

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

4.5.2 Wastage of money in Karachi Garment City—Rs 427.93 million

As per Section 15 (2) of EDF Act 1999, the expenditure from the Fund shall be made according to the merits and feasibility of projects sponsored and export promotion needs of the exporters, trade promotion offices & trade bodies.

In terms of Rule 9 (6) of Export Development Fund (Financial Procedures for Maintenance of Accounts) Rules, 2006 the Trade Development Authority of Pakistan shall be responsible for internal audit of the amount received from the Ministry of Commerce and shall also be responsible for the monitoring of expenditure incurred from the Fund.

The Finance Committee of EDF in its 19th meeting held on 18.03.2021 approved a sum of Rs. 73.00 million for the lease charges and allied recurring expenditure of M/s Karachi Garment City Company Ltd, Karachi.

Audit observed as under:

i. As per summary budget position of KGCC a sum of Rs. 427.930 million from EDF had been allocated for the project from 2005-06 to 2019-20, while as per para 269/N of the file No.TDAP.13(109)/2016-EDF the KGCC was released Rs. 407.930 million.

ii. The summary statement showed that KGCC earned a total profit of Rs. 48.942 million on investment of EDF approved funds.

iii. The management of EDF did not take any action on the investment made by KGCC and profit earned on the EDF amount in violation of rules.

iv. As per record provided to audit the project has not been completed as yet.

v. Despite payment of Rs. 300.00 million to the Land Utilization Department, Government of Sindh for 300 acres industrial land in 2007, the lease of the said land was not transferred in favor of M/s Karachi Garment City Company Ltd. till date.

vi. Expenditure Statement of the Funds alongwith financial statements, payment vouchers and detail of Bank Accounts and balance available at bank pertaining to the said releases is not available in record provided to audit.

vii. Internal Audit Report / Monitoring Report of the Fund carried out by the EDF as required under EDF (Financial Procedures for maintenance of Accounts) Rules 2006 is not available.

Audit is of the view that the payment released for setting-up the Garment City was unjustified as no tangible development for the establishment of the Garment City has been reported till date.

The management has not submitted replied within given time frame and till finalization of the report.

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

4.5.3 Wasteful expenditure on hiring of consultants and Research Analysts due to non-achievement of intended objectives – Rs 86.277 million

As per Section 15 (2) of EDF Act 1999, the expenditure from the Fund shall be made according to the merits and feasibility of projects sponsored and export promotion needs of the exporters, trade promotion offices & trade bodies.

As per proposal presented before the Board on 22.06.2017, the requirement of research analysts, consultants and legal advisors who would perform the following functions in view of shortage of human resource and lack of desired capacity is as follows:

a. Research and analytical support in identifying market potential, bilateral, regional and global trade trends;

b. Analysis of the latest economic developments and producing studies linking trade with overall economy,

c. Evaluation of existing and preferential tariffs and determination of their implications as well as harmonization of FTA partner Tariff description;

d. Formulation of strategies through sector-wise studies during FTA negotiation and;

e. Formulation and operation of mechanisms for effective inclusion of stakeholders feedback.

The Board of Administrators of the Export Development Fund in its 76thmeeting held on 22.06.2017 under agenda item No.8 after brief deliberation approved a total of PKR 163.800 million (PKR 54.600 million x 3 year) for hiring of Consultants and Research Analysts and endorsed hiring of Legal Advisor for Intellectual Property (IP) Laws keeping in view the exigencies of the issue at hand. The Board directed that; hiring should be done on merit and in compliance with government rules and contracts should be strongly worded to avoid chances of going into litigation and should keep suitable checks on their performance. The funds released for the project are as under:

S.No.	Month	Amount (Rs)
1.	September 2018	27,300,000
2.	May, 2019	30,000,000
3.	April, 2021	15,977,419
4.	August, 2021	13,000,000
Total:		**86,277,419**

Audit observed that:

i. Despite lapse of more than 4 years no progress is evident on performance of the above functions by the Consultants/Advisors from the available record.
ii. The services of the Legal Advisor were being utilized as Counsel in departmental cases of the Ministry of Commerce in different courts.

Audit is of the view that hiring of Consultants/ Advisors was for specific purpose for a period of three years only as approved by the Board but the EDF management without any approval is releasing funds to-date despite no tangible performance.

The management has not submitted reply within given time frame and till finalization of this report.

Audit recommends that responsibility may be fixed for not adhering to the objectives and non-achievement of intended results of the project.

4.5.4 Non-recovery of irregular release of funds for salaries/ recurring expenditure- Rs.27.637 million

As per EDF's Secretariat O.M. No. 5(10)/94-EDF dated 31.01.2009; the Board decided that recurring and operating cost of the institutes would be met by the respective trade association. Thus, providing funds to the training institutes to meet their recurring/operational expenses is the responsibility for the respective trade association. The EDF cannot take this responsibility.

The management of Export Development Fund during period 2019-20 & 2020-21 released funds amounting to Rs. 27.637 million for different institutes. The detail is as under:-

Sr #	Name of Organization	Date	Released Amount (Rs)
1	Gems & Gemological Institute of Pakistan, Peshawar	05.11.2019	2,236,074
2	Footwear Training Institute, Charsadda	12.11.2019	1,700,804
3	Footwear Training Institute, Charsadda	31.03.2020	2,000,000
4	Gems & Gemological Institute of Pakistan, Peshawar	31.03.2020	10,000,000
5	Footwear Training Institute, Charsadda	23.10.2020	1,000,000
6	Footwear Training Institute, Charsadda	23.10.2020	10,700,000
Total:			**27,636,878**

Audit observed that there was no provision for making payments of salaries/recurring expenses of these institues, but management of Export Development Fund violated the standing instructions of the Board in making the releases for salary/recurring expenditure of institutes.

Audit is of the view that utilization of Fund for the recurring expenses of the institutes is violation of the instructions of the Board, thus, audit holds the releases irregular.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for not adhering to the directions of the Board. Moreover, the amounts may be recovered from the concerned institutions.

4.5.5 Wastage of Fund on self-sustainable project, 5th Mega Leather Show 2019 – Rs. 10.496 million

As per GFR 10 (i) 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.

As per Section 15 (2) of EDF Act 1999, the expenditure from the Fund shall be made according to the merits and feasibility of projects sponsored and export promotion needs of the exporters, trade promotion offices & trade bodies.

The Finance Committee of the Export Development Fund in its 14thmeeting held on 11.07.2019 under agenda item No.10 approved the support for the 5th Pakistan Mega Leather Show and the EDF released Rs. 10,496,000 (i.e. 40% of the total cost incurred on the show) as per decision of 22nd Executive Committee meeting.

Audit observed that:

i. The total expenditure on the show was Rs. 26.24 million as per Project Financial Status.
ii. As per initial proposal/ EDF Proforma-I submitted to EDF for the event expected earnings from the sale of stalls for the event was shown as Rs.28.80 million.
iii. The beneficiary did not share the statement of earnings from the sale of stalls with the EDF.

As per above, the Associations (i.e. Pakistan Tanneries Association & Pakistan Footwear Manufacturers Association) had actually been deriving income more than their contributed share as the actual expenditure on the show was less than the expected income. Audit contends that the financial support from Export Development Fund was not required.

The management has not submitted replies within given time frame and till finalization of the report.

Audit recommends that responsibility may be fixed for committing negligence and not adhering with the financial prudence with reference to the utilization of Fund.

4.5.6 Wastage of public money on centralized office and residential accommodation for FBR, beyond the scope- Rs. 8.800 million

Rule 3 of the Export Development Fund (Financial Procedures for maintenance of Accounts) Rules, 2006 states that the Fund shall be administered by the Board and the money shall be utilized for the following purposes and objectives, namely:

i. Establishment of training institutes for export oriented trading and industrial section

ii. Subsidizing of delegations and sale missions going abroad

iii. Establishment of offices abroad of the FPCCI

iv. Subsidizing participation in exhibitions abroad including single country fairs

v. Publicity

vi. Research and development activities for Exporters Association, FPCCI

vii. Market product development by trade associations, FPCCI, CCI and individual exporters

viii. Engagement of consultants

ix. Strengthening of Pakistan Trade Offices abroad

x. Establishment of maintenance of display centres in and outside Pakistan

xi. Support to export services and

xii. Any other activity which is relevant for promotion of exports and approved by the Board

The Executive Committee of the Export Development Fund in its meeting held on 20.08.2020 approved Rs. 8.800 million for procurement of 8 porta cabins for Centralized Office/ Residential Accommodation for Customs Officers/ staff of A&F and E&C to be posted at Angoor Adda (4 cabins), Kharlachi (2 cabins) and Ghulam Khan (2 cabins).

Audit observed that the transfer of funds vide cheque No.B-955347 dated 02.11.2020 in favour of Federal Board of Revenue, Account No.4161726956, NBP Customs HQ, Peshawar was irregular as it was not mentioned in the purposes and functions of the Fund stated above.

Audit is of the view that the above funds were released for an irrelevant activity and objective as given above.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for violation of the Act.

4.5.7 Wasteful expenditure on Pakistan Turkey Trade and Investment Forum - Rs 6.806 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 Executive Committee of the Export Development Fund in its meeting held on 20.08.2020 under agenda item No.6 approved Rs. 6,805,680 as reimbursement based on actual expenditure incurred in conducting Pakistan-Turkey Trade & Investment Forum. The amount was released vide cheque No. B-955342 dated 24.09.2020 in the name of Trade Development Authority of Pakistan, Karachi.

Audit observed that:

i. The event was held in February, 2020 and no prior intimation about the objectives relating to promotion of exports was provided to EDF.

ii. As per working papers, 250-300 Pakistani exporters were to get benefit from the event but no list of the participants was produced to audit.

iii. Another purpose of the visit was to expedite the process of finalizing of Free Trade Agreement (FTA) but no progress on the FTA was produced to audit.

Audit is of the view that the expenditure incurred was not in accordance with the core objectives and functions of EDF.

Neither the management replied nor was DAC convened.

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

4.5.8 Implementation of the projects without appraisal and progress review mechanism.

According to EDF Secretariat O.M No.6(8)2009-EDF dated 22.07.2011 "(ii) A three members committee shall be constituted consisting of the following:

a. Director General, TDAP/ Incharge of respective TDAP Office where the project is located (Head of Committee shall be Regional DG TDAP).

b. Any officer of TDAP nominated by DG/ Incharge of TDAP office (Member)

c. Nominee of the sponsor of the project / beneficiary (Member)

(iii) The above committee shall visit the related project and prepare appraisal report on the progress of the project in order to satisfy the Head of the Committee.

(v) The committee shall periodically review the progress of the report of the project to ensure transparency and efficient utilization of funds.

Board of Administrators of EDF in its 65thmeeting held on 24.04.2014 approved to constitute a Technical Committee to examine and review the projects for their future funding possibility comprising the following members:

i. Secretary TDAP—Chair (or any other officer nominated by CE-TDAP)

ii. Representative of MOC
iii. Representative of FPCCI
iv. Representative of the concerned Ministry, if any;
v. Representative of respective section/ association/ sponsor and;
vi. Any other non-voting member that Committee may like to incorporate for specific purpose.

The Technical Committee was required to prepare one page report on each project and send it to the EDF Secretariat within one month with the following TORs:

i. All approved projects whether un-funded or on-going will be scope of the committee. List and documents of such projects will be shared by the EDF Secretariat.

ii. Examination and justification of each project and its likely contribution in export development.

iii. Confirmation of the utilization of released amount in case of on-going projects.

iv. Recommendations for any further release or not based on its likely contribution and feasibility.

Audit observed that:

i. The Technical Committee convened only two meetings since its constitution in 2014 and outcomes of the meeting were not known.

ii. No reports in the light of TORs were prepared by the Technical Committee nor were any recommendations made.

iii. The Technical Committee is dormant as of today and the projects are being run without review.

iv. The Board did not made any alternate mechanism for evaluation of the projects being funded from EDF and their impact on exports.

Audit is of the view that the Technical Committee has a pivotal role in evaluation of the projects either at proposal level or after start of the project when the funds are released. Furthermore, there should be technical experts in the

Committee to technically evaluate the project in terms of feasibility at initial level and the impact on overall exports whether direct or indirect at different stages of the project as promotion of exports is the core objective of the Export Development Fund.

Neither the management replied nor was the DAC convened.

Audit recommends that responsibility may be fixed on the person(s) responsible for committing negligence on non-appraisal of all projects as per TORs of the Technical Committee.

4.5.9 Non-production of record regarding reconciliation of receipt and expenditure

Section-6(7) chapter Vof Export Development Fund (Financial Procedures for maintenance of Accounts) Rules, 2006 states that the reconciliation of receipts in the Fund and expenditure therefrom will be with the Accountant General of Pakistan Revenue, Islamabad.

The management did not share the detail of receipts in the Fund under the head of account No.3312026-Export Development Fund.

Neither the management replied nor was DAC convened.

Audit recommends that relevant record may be shared with the audit without further delay besides fixing the responsibility for non-provision of record timely.

4.5.10 Non-production of performance report to verify the outcome of the project titled, Strengthening of Research Section of TDAP – Rs. 121.004 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.

As per Section 15 (2) of EDF Act 1999, the expenditure from the Fund shall be made according to the merits and feasibility of projects sponsored and export promotion needs of the exporters, trade promotion offices & trade bodies.

The Finance Committee in its 17th meeting held on 17.09.2020 under additional agenda item No.(i) approved the proposal of TDAP for diversion of unutilized funds from previous project titled “Strengthening of Research Section by TDAP”.

Audit observed that:

i. The previous project of Strengthening of Research Section by TDAP was approved in 76th meeting of the Board of Administrators EDF dated 22.06.2017 with the provision of Rs. 168.200 million from EDF.

ii. As per minutes, the TDAP utilized Rs. 28.035 million (i.e. 17 % of the total release).

iii. Such minimum utilization shows the project was not well planned, executed and unviable, further, no research / performance report was available on record to verify the outcome of the project.

Audit is of the view that diversion of the unutilized funds from unviable projects to the new project with the same name and objectives despite of the fact that no progress had been made in previous project.

Neither the management replied nor was DAC convened.

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

National Tariff Commission

4.5.11 Non deposit of Anti-Dumping Duty into FCF - Rs. 2,896.129 million

Section 52(5) of Anti-Dumping Duties Act, 2015 of National Tariff Commission (NTC), Islamabad states that a refund of anti-dumping duties under this section shall normally take place within twelve months, and in no case later than eighteen months, after the date on which an application for refund complaint is received by the Commission.

Para 26 of GFR Vol-I states that subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts, it is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in Government Account.

The management of National Tariff Commission (NTC), Islamabad collected anti-dumping duty under Anti-Dumping Duties Act, 2015. An amount of Rs. 2,896,129,682 was shown as closing balance as on 30.06.2020.

Audit observed that the management was retaining huge amount in PLA for more than 12 months which is unauthorized.

Neither the management replied nor was DAC convened.

Audit is of the view that retention of funds is violation of Act and deprived the Government for its due receipts.

Audit recommends that the amount be deposited in Federal Consolidated Fund without any delay.

4.5.12 Recovery of less deduction of Income Tax - Rs. 2.047 million

Section 149(1) of the Income Tax Ordinance, 2001 states that every employer paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee's average rate of tax computed at the rates specified in Division I of Part I of the First Schedule on the estimated income of the employee chargeable under the head "Salary" for the tax year in which the payment is made.

The management of National Tariff Commission (NTC), Islamabad was required to deduct annual income tax after incorporating all necessary adjustments including tax rebate from Chairperson/Members and employees of the Commission at applicable rates under Section 149 of Income Tax Ordinance, 2001.

Audit observed as under:

i. The management has deducted less Income Tax amounting to Rs. 2.047 million from Chairperson, Members and employees of NTC against the instructions of FBR.

ii. Various allowances and honorarium was also not incorporated in annual salary for tax purposes.

The management did not reply.

Audit is of the view that less deduction of Income Tax is violation of provisions of the Income Tax Ordinance, 2001 and also deprived the government of its due receipts.

Audit recommends that matter may be inquired, recovery be made from employees/Members, tax be deposited into Government treasury and responsibility be fixed.

4.5.13 Irregular and unauthorized allowing of time scale promotion to 49 employees of the Commission

Section 18 (3) of the National Tariff Commission Act, 2015 states that employees appointed on full time basis shall be provided time scale promotions. For this purpose, the Commission shall make necessary regulations with approval of the Federal Government.

Section 26 of the National Tariff Commission Act, 2015 states that the Commission may, with the prior approval of the Federal Government, and by notification in the official Gazette, make rules for carrying out the purposes of this Act.

The management of NTC, Islamabad promoted 49 employees by allowing them time scale promotion during 2020-21.

Audit observed that time scale promotion was given to 49 employees of NTC without getting approval of regulations from the Federal Government.

Neither the management replied nor was DAC convened.

Audit is of the view that allowing of time scale promotion without approval of the Federal Government was irregular and unauthorized.

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

Faisalabad Garments City Company, Faisalabad

4.5.14 Non-investment of surplus funds - Rs.106.094 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, 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 FGCC, Faisalabad was maintaining a Savings Bank Account No.23356040000153 under title Faisalabad Garment City Company in Zarai Taraqiati Bank Limited at Branch Sahianwala Road, Khurrianwala, Faisalabad with an average balance of Rs.106.094 million during 2020- 21.

Audit observed that the annual expenditure of the entity was Rs 29.5 million whereas an amount of Rs 106.094 million was the average closing balnce for the year. The management did not invest the surplus funds in profitable ventures as per government instructions.

Audit is of the view that non-investment of surplus funds deprived the Company from its due profit/receitps.

Neither the management replied nor was DAC convened.

Audit recommends that the entity to justify non-investment of surplus funds.

4.5.15 Non- obtaining of security against electricity installations Rs.9.071 million

In terms of para 19 (IX) of GFR Vol-I "Provision must be made in contracts for safeguarding Government property entrusted to a contractor".

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

Management of FGCC, Faisalabad constructed factory units at a cost of Rs.390.279 million with a covered area of 367,213.87 Sft for leasing on rent to the manufacturers of garments. Management further incurred an expenditure of Rs.90.706 million for provision of electricity connection to the tenants. The details of expenditure are given below.

Sr. No.	Head of Account	Category A	Category B	Package IV
1	Covered area (Sft.)	232,135.78	135,078.09	470,830.25
2	Construction works cost (Millions)	199.246	132.393	58.640
3	Eclectic Installation and Connection Expenditure (Millions)	**44.216**	**41.953**	**4.537**

Audit observed that management did not insert the clause for obtaining refundable security Rs.9.071 million @ 10% of the electric installations costing Rs.90.706 million to safeguard the Government interest.

Audit is of the view that undue favor was extended to the tenants by non obtaining security.

The management did not convene DAC meeting till finalization of the report.

Audit recommends that inquiry may be held to fix the responsibility besides obtaining the security from the tenants, to secure Government interest.

CHAPTER 5

COMMUNICATION DIVISION

5.1 Introduction

Ministry of Communications functions as a central policy making and administrative authority on Communications and Transport Sector in the country.

The main objectives/functions of the Ministry of Communications are:

- Prioritization of development projects and operational activities according to economic, social and strategic needs of the country
- Provide effective support to the economy
- Promote international competitiveness of our exports and increase operational effectiveness to meet challenges of globalization
- Integrate remote areas of the country into the economic mainstream
- Improve project monitoring and implementation
- Train and improve quality of human resources
- Enhance good governance through incentives and disciplinary action
- Improve values and ethics to build responsive organizations
- Provide safe and smooth travel on National Highways & Motorways
- Provide an efficient, reliable and speedy postal service matching the private sector courier services
- Carry out research on road engineering, building and management
- Modernize post and provide exemplary service to the public
- Open up unexplored areas through expanding national roads networks

The Federal Government has allocated following business to the Ministry as per Schedule-II of Rules of Business, 1973.

1) National planning, research and international aspects of road and road transport

2) National highways and strategic roads; National Highway Council and Authority; Administration of Central Road Fund and Fund for Roads of national importance
3) Mechanically propelled vehicles; Transport Advisory Council; Urban Road Transport Corporation
4) Enemy Property
5) National Highways and Motorway Police

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2020-21)	Revenue / Receipt Audited (FY 2020-21)
1	Formations	15	4	5,936.649	5,267.838
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

5.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Communications Divisionfor the financial year 2020-21 was Rs.11,530.16 million, out of which the Division expended an amount of Rs.10,997.60 million. The Division had 2 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

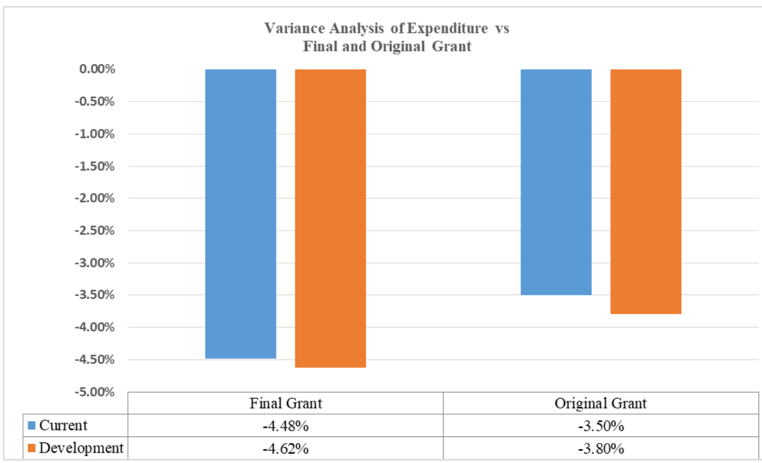
Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
34	Current	201	700	-19	182	175	-7	-4%
35	Current	10,975.58	340.07	-206.53	11,109.11	10,610.32	-498.79	-4.49%
Subtotal		**11,176.81**	**1,040.08**	**-225.72**	**11,291.16**	**10,785.32**	**-505.84**	**-4.48%**
155	Development	254.75	2,405.06	-15.75	239.00	212.28	-26.72	-11.18%
	Total	**11,431.56**	**3,445.13**	**-241.47**	**11,530.16**	**10,997.60**	**-532.56**	**-4.62%**

Audit noted that there was an overall savings of Rs.532.56 million, which was due to saving in Current and 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 3.80% with respect to Original grant which increased to savings of 4.62% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 3.50% of savings in expenditure w.r.t original allocation increased to 4.48% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



5.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.2,139.243million, were raised in this report during the current audit of **Ministry of Communications**. 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*	8.307

S. No	Classification	Amount
E	*Internal Control*	-
4	Value for money and service delivery	1184.94
5	Others	945.996

5.4 Brief comments on the status of compliance with PAC Directives

Name	Years	No. of audit paras	No. of Actionable Points	Full Compliance	Not Complied	% of Compliance
Communication	1997-98	7	7	4	3	57
	2000-01	31	31	30	1	97
	2003-04	15	15	9	6	60
	2005-06	3	3	1	2	33
	2006-07	1	1	0	1	0
	2007-08	2	2	0	2	0
Total		**59**	**59**	**44**	**15**	**75**

5.5 AUDIT PARAS

National Highways and Motorway Police (NH & MP), Headquarter, Islamabad

5.5.1 Short receipt of 50% share of the fine money - Rs. 1,171.974 million

Rule 2(i) of National Highways and Motorway Police (Roads Safety Campaigns, Performance Reward) Rules, 2007 states that "share" means fifty percent of the total fine money, after deduction of collection charges, deposited by the violators of traffic rules and transferred to National Highway and Motorway Police after reconciliation by the National Highway Authority on monthly basis.

Para 26 of GFR Volume-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.

National Highways and Motorway Police (NH&MP) issued tickets to impose fine to the violators of traffic rules. Fine Collection Unit (FCU) of NHA collected Rs. 5,132.137 million. NH&MP is co-signatory with National Highway Authority (NHA). The signatories of this account reconciled Rs. 4,462.713 million after deducting the collection charges of Rs. 669.424 million during the year 2020-21. Detail is as under:

(Rupees)

S. No.	Description	Amount
1.	Fine Imposed	5,132,153,331
2.	Fine Collected	5,132,137,195
3.	Collection Charges	(669,424,268)
4.	Net Collection	4,462,712,926
5.	50% Share of NHA	2,231,356,463
6.	50% Share of NH&MP	2,231,356,463
7.	Share Received by NH&MP from NHA	1,059,381,664
8.	Profit/Interest on Share received from NHA	42,076,112
9.	Short Receipt of Share by NH&MP from NHA	1,171,974,799

Audit observed that NHA transferred Rs. 1,059.381 million to NH&MP instead of Rs. 2,231.356 million which resulted into short transfer of Rs.1,171.974 million.

Audit is of the view that NH&MP did not receive its due share from NHA.

The management replied that matter has been taken with NHA to provide the remaining amount to NHMP.

The management accepted the irregularity.

No DAC was convened till finalization of this report.

Audit recommends that the amount be recovered from NHA.

5.5.2 Grant from welfare fund without approved rates and schemes – Rs 819.895 million

In the light of section 93 of the National Highways safety Ordinance 2000 Notification regarding Roads safety, campaigns, performance Reward fund Rules 2007 were notified on 20th May,2007 and in the light of these Rules National Highway & Motorway Police Regimental & Welfare fund were framed by National Highway and Motorway Police.

National Highways and Motorway Police (NH & MP), Headquarter, Islamabad provided the following welfare measures and schemes and paid an amount of RS. 819,895,340 during 2020-21 on following schemes;

1. Interest free loans
2. Daughter marriage grant
3. Self-marriage grant
4. Scholarships
5. Special Scholarship
6. Financial Assistance
7. Medical Expenditure
8. Maintenance Allowance
9. Eidi
10. Ramzan Package
11. Christmas Payment

Audit observed that these welfare measures were incorporated in a Welfare Policy, which was not approved from the Ministry of Finance. Neither the welfare measure nor the rates were approved. Audit further observed that the funds were disbursed like a charitable fund rather than welfare aimed at benefiting all members of the fund. Audit also observed that contribution from the employees were also fixed in the policy which is not covered under the rules for utilization of road safety fund. Frequent changes in the policy were made without having power to amendments.

Audit is of the view that without the approval of the Policy from the Federal Government and without the approval of rates from Finance Division it has no legality and action taken under this policy is irregular and unauthorized.

Management replied that Road safety and welfare fund rules were approved by the Federal Cabinet and permits the utilization of the specified percentage for welfare measures for NHMP employees and not require approval from any authority including the Finance Division and Inspector General Police is competent to accord sanction out of this fund.

Reply is not satisfactory as rates were not approved by the Finance Division and policy of the scheme was not approved from the Federal Government

Audit recommends that welfare measures, schemes, rules, regulations and rates of welfare measures may be approved from the federal government.

5.5.3 Non-deduction of Income Tax on payment on account of Cash Reward from Reward fund amounting to Rs-65.101 million

Section 12 (e)(iv) of Income Tax Ordinance 2001 states that the amount of any profit in lieu of, or in addition to, salary or wages including from provident or other fund to the extent to which the amount is not repayment of contributions made by the employee to the fund in respect of which the employee was not entitled to the deduction. Income tax at the rate of 10% shall be payable on services rendered

The management of NHMP paid an amount of Rs 651.017 million to 4180 employees of National Highway and Motorway Police working in different zones and HQ Islamabad on account of cash reward.

Audit observed that income tax amounting to Rs.65,101,781 was not deducted from the employees on account of payment of Cash Reward.

Audit is of the view that non-deduction of Income Tax was violation of Income Tax Rules.

Management replied that all allowances which form part of the gross salary are subject to income tax deductions and annual reward being not part of the salary is not subject to income tax deduction as per FBR guidelines

Reply is not satisfactory as reward is just like honorarium and services rendered which is also taxable income

Audit recommends that amount on account of Income tax may be recovered from officers and officials and deposited into Government Treasury, besides seeking clarification from FBR if deemed necessary

5.5.4 Irregular expenditure on account of Death Compensation from Regimental Welfare Fund - Rs 61.00 million

Establishment Division letter dated 04.12.2015 regarding Revision of Assistance Package for families of Government employees who die during service grant up to Rs. 10 million according to following scales

S. No.	BS	Amount Rs. (million)
1.	1-16	3.00
2.	17	5.00
3.	18-19	9.00
4.	20 & above	10.00

Management of National Highways and Motorway Police (NH & MP), Headquarter, Islamabad paid an amount of Rs 61,000,000 as death compensation from Regimental Welfare Fund during FY 2020-21 to those who died during service.

Audit observed that death compensation was granted by NHMP to officers and officials who died during service and they were also paid from routine Government Assistance Packages for those who die in service.

Audit is of the view that the payment from regular government budget and Regimental Welfare Fund was duplication and thereof irregular.

Management replied that in order to ease the suffering of the families of such officers/officials who have lost their lives and Inspector General Police NHMP being competent to sanction expenditure from welfare fund on the recommendations of the regimental and welfare committee. These payments are composed of self generated resources and have no link with Federal Government budget

Reply is not acceptable as amount in Road safety fund is generated from the fine imposed on vehicles on Motorway and National highways, moreover federal Government also compensated for death during service, therefore it is a duplication

Audit recommends that this practice should be stopped and recovery may be made from those who got double payments.

5.5.5 Non-recovery of liquidated damages due to late delivery of vehicles - Rs. 8.307 million

In terms of Clause 10 of the Agreement dated 15.07.2020, “if the supplier fails to deliver the item of specified standard within the specified time period, the supplier shall deposit, without prejudice to other remedies under the contract, liquidated damages i.e. a sum equivalent to 0.5% per week and maximum up to 20%”.

In terms of Clause 4 of the Agreement dated 15.07.2020, “the supplier shall deliver the item at NHMP Lines Headquarters, Street No.6, N.T.R.C. Building, Sector H-8/2, Islamabad by 30th November, 2020”.

Paragraph 4 of Order for the Supply of Vehicles to authorized dealers of Indus Motors in Islamabad dated 15.07.2020 stated that supply of 43 Toyota Hiace

Vans Standard 2500cc Diesel with complementary items strictly in accordance with the approved standard by 30th November, 2020".

The management of National Highways & Motorway Police (NH&MP), Headquarter, Islamabad incurred an expenditure of Rs. 270,470,000 on purchase of 43 Toyota Hiace Vans from M/s G.T Motors, M/s Islamabad Motors, M/s Rawal Motors and Capital Motors, Islamabad during the FY 2020-21.

Audit observed that delivery of vehicles were due on 30.11.2020 but the contractor/supplier did not deliver vehicles within the specified period. The Detail of liquidated damages @ 0.5% on late delivery of 43-Hiace Vans is as under:

(Rupees)

S. No.	Name of Firms	Qty	As per Agreement Date of Delivery	Received on	Delay Days	No of Weeks	Total Amount
1	G.T Motors	12	30.11.2020	25.01.2021	55	7 weeks & 6 days	2,965,285
2	Islamabad Motors	12	30.11.2020	11.01.2021	41	5 weeks & 6 days	1,842,071
3	Rawal Motors	12	30.11.2020	28.12.2021	27	3 weeks & 6 days	1,455,686
4	Capital Motors	7	30.11.2020	05.01.2021	35	7 weeks & 6 days	2,044,250
Total		**43**					**8,307,292**

Audit is of view that non-realization of liquidated damages of Rs 8,307,292 for late supply/delivery of vehicles from the suppliers is clear violation of Agreement and resulted in loss to Public Exchequer.

Management replied that late delivery charges have been imposed on Indus Motor Company and reminders have been issued to pay liquidated damages and reply is awaited from the supplier.

Reply is not satisfactory as management so far failed to recover the liquidated damages despite the lapse of considerable time.

The DAC meeting has not been convened by PAO till finalization of the report.

Audit recommends that Rs 8,307,292 be recovered from suppliers at earliest.

5.5.6 Non-framing of rules of National Highways & Motorway Police

Section 93 of the NH&MP Ordinance 2000 provides that the Inspector General of Police (1) in consultation with the Government, may, by notification in the official Gazette, make rules for carrying into effect the provisions of this Chapter.

(2)Without prejudice to the generality of the foregoing powers, such rules may provide for all or any of the following matters, namely:

a) For the efficient and effective discharge of duties by the force. b) Discipline, apparel, recruitment, induction, promotion, transfer and appointment. c) Procedure for employing experts and entering into contracts with various agencies. d) Procedure for investigation of offences, regulation of traffic and evaluation of facilities, hoardings and route permits.

Sections 17, 38, 40, 64 and 80 also require framing of rules for carrying in to effect the provisions of the NH&MP Ordinance in relation to registration of road vehicles, construction, equipment and maintenance of road vehicles, control of traffic and offences, penalties and procedure.

Audit observed that despite the lapse of 21 years since the promulgation of National Highways Safety Ordinance, 2000, all the requisite rules for carrying out the purposes of the Ordinance have not been framed so far.

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

The management replied that NHMP draft Rules, 2021 are under process in Ministry of Communication, Establishment Division and Ministry of Law and Justice.

Reply is not satisfactory as even after the lapse of 21 years management failed to get the Rules notified. Furthermore, the management has accepted the irregularity.

No DAC was convened till finalization of this report.

Audit recommends framing of rules after approval of the Federal Government at the earliest.

DIG N-5(North Zone), Islamabad

5.5.7 Irregular payment of rent to NHA on account of hiring of office buildings - Rs. 12.966 million

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. The Pak PWD ensured that the requirement of space is calculated by the Ministry/Division/Department in accordance with the prescribed scale laid down for various categories of officers/staff etc.

DIG N-5(North Zone), Islamabad paid rent of Rs. 12.967 million to National Highway Authority (NHA) during 2016-18 for onward payment to the owners of the buildings on account of hiring of 13 office buildings for sector offices. Details are as under:

(Rupees)

S. No	Name of Office/Sector	No. of buildings hired	Amount paid
1	North-I	03	4,399,994
2	North-II	05	4,428,307
3	North-III	05	4,138,318
Total		**13**	**12,966,619**

Audit observed that the buildings were hired by NHA on behalf of Motorway Police without observing the scales of office accommodation fixed by Ministry of Housing of Works and without obtaining the assessment certificate issued by the Pak PWD in violation of the instructions issued by the Government.

Audit is of the view that hiring of buildings without observing government rules and payment to NHA instead of owner is irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that office accommodation be hired by motorway police after observing instructions of Ministry of Housing & Works besides fixing responsibility for past irregularity.

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 2020-21) Rs. in million	Revenue/Receipt Audited (FY 2020-21) Rs. in million
1	Formations	6	2	2,281.376	-
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 2020-21 was Rs.4,874.58 million, out of which the Division expended an amount of Rs.4,463.50 million. The Division had 3 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

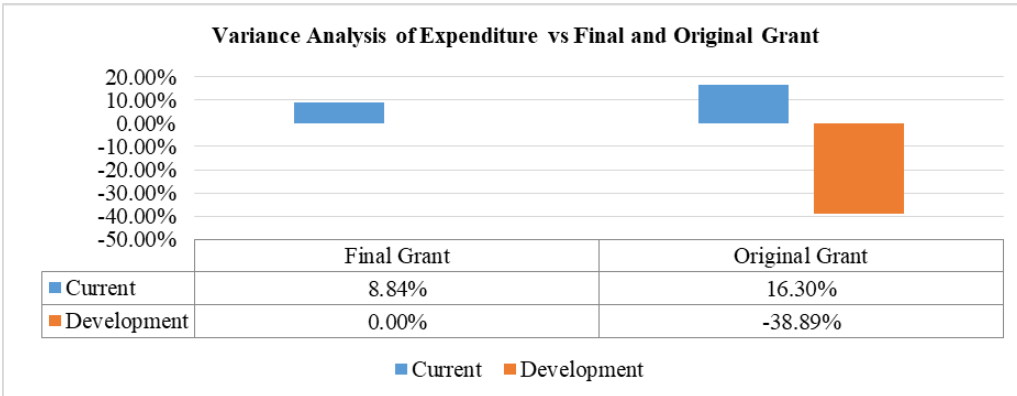
Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
37	Current	527.17	445.00	-7.71	964.46	631.85	332.61	34.49%
38	Current	1,773.82	437.02	0.00	2,210.84	2,210.80	0.03	0.00%
0	Current	1,342.33	130.56	0.00	1,472.88	1,394.43	78.45	5.33%
Subtotal Current		**3,643.32**	**1,012.58**	**-7.71**	**4,648.18**	**4,237.09**	**411.09**	**8.84%**
156	Development	370.50	1,580.15	-144.10	226.40	226.40	0.00	0.00%
Total		**4,013.82**	**2,592.73**	**-151.81**	**4,874.58**	**4,463.50**	**411.09**	**8.43%**

Audit noted that there was an overall saving of Rs.411.09 million, which was due to less expenditure 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 38.89% with respect to Original grant which reduced to 0% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 16.30% of excess in expenditure w.r.t original allocation reduced to 9% of excess in expenditure w.r.t final allocation, as depicted in the graph below:



6.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.2,294.22 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	85.21
2	Reported cases of fraud, embezzlement and Misappropriation	-
3	Irregularities	
A	*HR/Employees related Irregularities*	86.974
B	*Procurement related irregularities*	1241.84
C	*Management of account with commercial banks*	6.064
D	*Recovery*	-
E	*Internal Control*	828.91
4	Value for money and service delivery	-
5	Others	45.225

6.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2011-12	3	0	0	3	-
2012-13	5	0	0	5	-

2013-14	2	0	0	2	-
2014-15	5	0	0	5	-
2016-17	1	0	0	1	-
2017-18	1	1	0	1	-
2019-20	4	0	0	4	-
2020-21	7	0	0	7	-
Total	**28**	**1**	**0**	**28**	-

6.5 AUDIT PARAS

Pakistan Maritime Security Agency (PMSA)

6.5.1 Non-collection or deduction of liquidated damage- Rs 927.657 million (US $ 5.241 million)

Clause 14.7.3 of the Agreement for Acquisition /Construction of six MPVs with Transfer of Technology (ToT) including Kits of Material, Technical Data Packages, Technical Assistance and ILS is made between Ministry of Defence Production and M/s. China Shipbuilding Trading Company, Limited (CSTC) (hereinafter referred to as the "CONTRACTOR") on the second part states that LDs shall be applied on CONTRACTOR in case of late delivery of ship(s) against the delivery date mentioned for each ship in clause 14.1.

Clause 15.2 of the above mentioned agreement states that speed trials shall be conducted on a measured distance in Chinese/Pakistani waters as per the agreed conditions of the sea as well as ship in accordance with specifications at Annex A and B. If maximum speed at normal displacement of 1500 Tons MPV is less than 25.5 Knots, and maximum speed at normal displacement of 600 Tons MPV is less than 26.5 Knots, LDs shall apply for each deficiency in speed on concerned ship.

PMSA along-with Ministry of Defense Production executed a PSDP project titled "Procurement / construction of 06 x Maritime Patrol Vessels" approved by ECNEC on 04.12.2014 with a total cost of US$ 155.250 million (equivalent to Rs. 15,948.6 million).

The management of PMSA Karachi provided statement showing an amount of US $5.241 million on account of late delivery of ships and deficiency in speed, as follows:

S. No	Name of ship	Delay in month	LD charges for delay in US$ in million	Penalty for Deficiency in Speed US$ in million	Total Amount in US $ in million
1	PMSS Kashmir	5 month and 20 days	1.691	0.149	1.840
2	PMSS Kolachi	32 months	2.958	0.443	3.401
Total			**4.649**	**0.592**	**5.241**

The liquidated damages were not recovered from the contractor as per agreement.

Audit is of the view that non-recovery of liquidated damages from the contractor is violation of the agreement.

Neither the management replied nor the DAC was convened.

Audit recommends recovery of liquidated damages at the earliest.

6.5.2 Irregular payment through cash instead of payroll- Rs 86.974 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.

Section 18 (2) (c) of the Pakistan Maritime Security Agency, 1994 states that the Federal Government may, by notification in the official Gazette, make rules for the terms and conditions of service applicable to the civil servants or other persons transferred to the Agency on deputation or on secondment.

PMSA management paid an amount of Rs. 86.974 million under the head of account "A-01236" during the year 2020-21.

Audit observed the amounts were drawn through bills in the name of DDO and paid in cash instead of payroll/cheque.

Audit is of the view that withdrawal of deputation allowance without rule and payment through cash instead of their pay roll was unauthorized.

The management replied that Officers/ CPOs/Sailors of PMSA draw pay & allowances from CNA as per PN Rules & Regulations except Deputation Allowance on the authority of Finance Division letter F.No.1(2)Imp/2016-333 dated 01 July 2016. The matter was previously discussed with CNA w.r.t inclusion of deputation allowance in the monthly pay & allowances of the PMSA personnel. Nevertheless, CNA intimated that there is a software system for disbursing pay & allowances. This software was designed specifically for the disbursing salaries to PN personnel. PMSA personnel are on deputation from Pakistan Navy and draw the same pay & allowances as PN personnel except deputation allowance. Therefore, it is not considered feasible to amend the software system to accommodate small number of PMSA personnel for deputation allowance. Therefore the same is being paid through imprest account which is also submitted to CNA for post audit and booking of expenditure from PMSA recurrent budget.

Reply of the management indicates that these officers and officials are not deputed in PMSA on standard terms and conditions of deputation and they are still serving in PN. In such cases payment of deputation allowance without settlement of terms and conditions of deputation, this allowance is not admissible to the incumbents.

Audit recommends to discontinue the irregular practice forthwith besides switching over to electronic payroll system and making payment in accordance with setteled terms and conditions of deputation.

6.5.3 Whereabouts of the receipts of the seized diesel- Rs 45.225 million

Section 10(2) (i) of the Pakistan Maritime Security Agency, 1994 states that without prejudice to the generality of the provisions of the sub-section 1 the function of the Authority shall be to cooperate with and provide assistance to Customs, Coast Guards and other departments, agencies and authorities in Maritime Zones in the discharge of their duties and functions.

Section 11(1) of the Pakistan Maritime Security Agency, 1994 states that in addition to the powers and functions as officer of the Agency, such officers may perform functions of;

i. Officers of customs as ay be entrusted to them and exercise such powers under the Customs Act, 1969 as may be delegated to them under Section 6 of that Act and

ii. Fishery Officers as may be entrusted to them under the Exclusive Fishery Zone (Regulation of Fishing) Act, 1975, and exercise such powers under the said Act as may be delegated to them under section 14 thereof.

iii. Police Officer, and exercise all the powers conferred on an officer in charge of a Police Station under the Police Act, 1861, and under the Code of Criminal Procedure, 1898

Section 18 (2) (g) of the Pakistan Maritime Security Agency, 1994 states that the Federal Government may, by notification in the official Gazette, make rules for investigation, arrest, custody, trial and punishment of offences.

Pakistan Maritime Security Agency (PMSA) seized 301,500 liter Iranian diesel from 10.09.2020 to 29.03.2021 and Narcotics amounting to Rs 732,589 million in international market. It was stated by the management that these seized items were handed over to custom and ANF authorities.

Audit observed that from the statement it was not cleared whether these items were seized by custom or ANF authorities with the assistance of the PMSA or PMSA itself seized the items and handed over to these authorities. The management also not provided the challan of seized diesel amount in government account.

Audit is of the view that the amount of seized diesel was required to be deposited into government account.

The management replied that the seized goods (narcotics/ diesel) apprehended by PMSA, are handed over to Pakistan Customs/. ANF for further legal proceedings as PMSA does not have powers of prosecution. All apprehended goods and personnel are handed over and respective authorities carry out all challan formalities. Copies of handing/ taking over certificate of the same are enclosed as desired.

Reply is not accepted because PMSA in the case of confiscated Indian fish do not follow the above stated formalities.

Audit recommends that the treatment made by Pakistan Customs to the items handed over to them may be made known to Audit.

6.5.4 Irregular payment of ancillary charges – Rs. 31.040 million

Section 4 of Pakistan Maritime Security Agency Act, 1994 states that subject to overall control and superintendence of the Federal Government, the command and administration of the Agency shall vest in, and exercised by, the

Director-General at its Chief Executive in accordance with the provisions of this Act and the rules and regulations made thereunder.

The management of PMSA paid Rs.31.040 millionas ancillary charges to Directorate of Naval Stores, Supply Services Branch, Naval Headquarters, Islamabad for supply of stores and food items. Details are as under:

S. No	Description	Expenditure	5% Ancillary charges
1	Feeding diet food charges	45,969,421	2,189,020
2	Uniform and protected clothing	7,334,224	349,249
3	POL charges	598,542,000	28,502,000
Total		**651,845,645**	**31,040,269**

Audit observed that the management paid ancillary charges for supply of stores and services to Naval Stores, Supply Services Branch, Naval Headquarters, Islamabad even after promogulation of PMSA Act, 1994 and is performing as independent/autonomous entity.

Audit is of the view that payment of ancillary charges put an extra burden on public exchequer.

The management replied that since 1988, PN was charging 20% departmental charges over and above the cost of stores supplied to PMSA. Case for waiving off departmental charges was taken up with MoD on 16 Sep 2002 in response thereto MOD issued instructions to NHQ to waive of all departmental charges to PMSA. Moreover, PMSA will only pay actual Ex warehouse cost (including all other ancillary charges levied on these services) to PN.Subsequently, NHQ reduced its charges to 5% on 13.01.2013.

Reply of the management was not accepted as the referred letter had no implication after promulgation of the MSA Act, 1994.

Audit recommends to discontinue the irregular practice and PMSA should perform its functions in line with the PMSA Act, 1994.

6.5.5 Mis-procurement of spare parts for air defender – Rs. 29.216 million

Rule 42 (c)(i) of Public Procurement Regularity Auditory (PPRA) states that a procuring may engage in direct contracting if the procurement concerns the acquisition of spare parts or supplementary services from original manufacturer or supplier and only one manufacturer or supplier exists for the required procurement:

The management of Pakistan Maritime Security Agency (PMSA) paid an amount of Rs.29,276,583 to M/s Iqra Orient for repair and maintenance of Defender Aircraft Engine CAE 880788 (Rolls Royce).

Audit observed that the engine manufacturer was Rolls Royce and Asian Pacific Aerospace (APA) Pty Ltd Australia was the Authorized Maintenance Repair and Overhaul Center (AMROC) of M/s Rolls Royce. PMSA repaired the engine through M/s Iqra Orient instead of repairing from the AMROC via direct contracting which could cause less repair charges as compared to M/s Iqra. Audit further observed that M/s Iqra Orient repaired the engine from Asian Pacific Aerospace (APA) Pty Ltd Australia.

Audit is of the view that repair from other than manufacturer or AMROC was irregular.

The management replied that case for "Repair/ Maintenance of Engine No CAE 880788 – Defender Aircraft" was uploaded on PPRA website as well as on print media on 25-09-2019.Three firms participated in the tender. All firms were technically accepted by TS.After commercial opening the lowest bidder, M/s Iqra Orient was awarded the final contract. All procedure adopted as per PPRA rules during processing of the case.Moreover, no authorized rep of OEM is available in Pakistan.

Reply was not accepted as the alternative method of contracting under PPRA rules was not followed and a firm which was neither OEM nor authorized dealer was engaged for this procurement.

Audit recommends to inquire the matter to fix the responsibility.

6.5.6 Doubtful issuance of diesel to PMSS Kashmir during its repair period - Rs 18.562 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.

PMSA’s ship, namely Kashmir was under repair and maintenance at Karachi Shipyard and Engineering Works Ltd during the period 29.07.2020 to 27.08.2020 and 29.09.2020 to 27.10.2020.

Audit observed as under:

i. The log book showed that 77,950 liters amounting to Rs 11,692,500 @ of Rs 150 per liter was consumed by the PMSS Kashmir during the month of October 2020 while the ship was under repair and maintenance of main engine by KS&EW Ltd.

ii. The ship was in sea on 25.10.2020 whereas the work completion certificate of KSEW showed the repair and maintenance on PMSS Kashmir was completed on 27.10.2020 and borne strength was shown as 50 which made expenditure incurred on account of ration doubtful.

iii. During the month of August 2020 the ship utilized 45,801 liter amounting to Rs 6,870,150 diesel while the ship was at KS & EW Ltd for repair of main engine from 29.07.2020 to 27.08.2020. Rental DG also provided shore power during this period to the ship

iv. During the month of October 2020 rental Diesel Generator provided 20 days continues electricity and DGs of the ship should be off during this period.

Audit is of the view that expenditure incurred on account of Fuel, running of rental Diesel Generator, and Ration to PMSS Kashmir during October 2020 when the Ship was at KSEW for repair and maintenance makes the expenditure doubtful.

The management replied that spares for conduct of 2500 hours routine were purchased from KS&EW, and routines conducted. As per contract ship can only utilize rental DG for only 20 x days. Therefore, for remaining 10 x days of the month ship had utilized its own DG for provision of power supply in Oct 20.

Reply of the management was not accepted because movement of the ship in sea without completion of its repair, which makes the transaction doubtful.

The management did not convene the DAC meeting.

Audit recommends that matter be inquired and responsibility be fixed.

6.5.7 Overpayment of electricity charges - Rs 16.292 million

Section 2(j) of the Public Finance Act 2019 states that financial propriety means the compliance of law, rules, regulations, maintaining high standard of prudence, vigilance, due diligence and ensuring value for money while incurring expenditure and collecting government receipts.

Pakistan Maritime Security Agency paid an amount of Rs 34,289,748 on account of shore power to M/s Karachi Shipyard and Engineering Works (KS &EW) Ltd Shore power.

Audit observed that the Karachi Electric (K.E) tariff for the commercial user during the month of July 2020 was Rs 22.57/KwH but KS &EW was charging Rs 43/KwH for the shore power supplied to the PMSA ships. KS &EW supplied 797436 KwH during the year 2020-21. An amount of Rs 16,291,617 as compared to KE was overcharged by KS&EW.

Audit is of the view that payment of excessive charges to KS &EW was unauthorized and held overpaid.

The management replied that as per tariff letter of KS & EW dated 27.05.2019, charges of electricity imposed and same were being followed.

Reply of the management was not accepted as electricity tariff was imposed without approval from electricity regulators.

Audit recommends to recover the overpaid amount and deposit into government account.

6.5.8 Less deposit of auction amount into government treasury – Rs. 6.064 million

Section 11(ii) of Pakistan Maritime Security Agency Act, 1994 states that in addition to the powers and functions as officers of the Agency, such officers may perform functions of Fishery Officers as may be entrusted to them under the Exclusive Fishery Zone (Regulation of Fishing) Act, 1975 (XXXII of 1975), and exercise such powers under the said Act as may be delegated to them under section 14 thereof.

Regulation 9(2) of the Exclusive Fishery Zone (Regulation of Fishing) Act, 1975 states that any fish caught or taken in contravention of the provisions of this Act or the rules, shall be forfeited to the Federal Government.

The management of PMSA auctioned the confiscated fish amounting to Rs. 18,308,196 during the financial year 2020-21.Detail is as under:

S. No	Date of Fish Auction	Auction amount	Amount deposited into government treasury	Amount Less deposited
1	19.09.2020	3,987,736	2,653,018	1,334,718
2	11.11.2020	49,800	28,366	21,434
3	19.11.2020	1,554,229	1,114,468	439,761
4	28.11.2020	70,500	42,235	28,265
5	08.12.2020	535,721	348,933	186,788
6	15.12.2020	348,510	228,502	120,008
7	14.02.2021	902,200	589,475	312,725
8	01.03.2021	757,600	492,592	265,008
9	06.03.2021	152,400	97,108	55,292
10	15.03.2021	2,788,100	1,845,527	942,573
11	22.03.2021	4,367,900	2,944,693	1,423,207
12	24.03.2021	2,214,000	1,495,480	718,520
13	26.04.2021	579,500	363,265	216,235
Total		**18,308,196**	**12,243,662**	**6,064,534**

Audit observed that an amount Rs.6,064,534 was not deposited into government treasury.

Audit is of the view that non-deposit of auction money into government treasury was unauthorized.

The management replied that the amount of Rs 6,064,534 includes auctioneer charges of Rs 1,464,655 and Rs 4,599,879 as reward money i.a.w Finance Division SRO 416(i)/2002 dated 26 June 2002.

Reply of the management is not acceptable as auctioneer charges/reward money was not allowed under PMSA Act, as the amount was requird to be deposited into government treasury.

The management did not convene DAC till finalization of this report.

Audit recommends to deposit the amount into government account.

6.5.9 Doubtful expenditure on account of PMSS Kashmir- Rs 6.218 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.

Pakistan Maritime Security Agency incurred an expenditure of Rs 6.218 million on account of repair and maintenance and provision of spares for conduct of 2500 Hours FMS Routine of Main Engine of PMSS Kashmir. The ship was repair by KS&EW Ltd from 29.07.2020 to 27.08.2020 (Rs 5,136,22) and 29.09.2020 to 27.10.2020 (Rs 1,082,551)

Audit observed that PMSS KASHMIR was commissioned in Pakistan Maritime Security Agency on 20 July 2018 at Guangzhou China. Subsequently, PMSS Kashmir was inducted in Pakistan Maritime Security Agency Fleet on 07 September 2018. Audit requested the management to provide the warranty period and list of spares provided by the manufacturer but the same was not provided.

In the absence of the warranty period and stock of spares provided by the manufacturer repair and supply of spare for the newly commissioned ship cannot be authenticated.

The management replied that PMSS Kashmir was commissioned on 20 July 2018 and warranty period was expired on 19 July 2020. It is pertinent to mentioned that said repair was carried out after expiry of warranty period.

Reply of the management was not accepted as per the management statement repair works was carried out after expiry of the warranty period but the spare parts were purchased before 19.07.2020.

The management did not convene DAC meeting.

Audit recommends to inquire the matter for fixing responsibility.

6.5.10 Irregular expenditure on account of repair and supply of stores-Rs 6.058 million

Clause 9.2 in case the contractor failed to supply the items within stipulated time, liquidated damage shall be calculated at the rate of 2% per month so as liquidated damages in total will not exceed 10% of contract value. The liquidated damages will be imposed only on balance supplies as per this contract.

Pakistan Maritime Security Agency (PMSA) paid an amount of Rs 6,057,504 to M/s One International for procurement of spares (MTU) Main Engines. The contract was signed on 02.06.2020. These spares was provided on 03/07/2020.

PMSS ZHOB MPVs-6HT (600 Tons Maritime Patrol Vessels) was constructed and launched at Karachi Shipyard and Engineering Works, Pakistan and commissioned on 09 August 2018.

Audit observed that these spare parts were purchased before the warranty completion period i.e. 9th August 2020. Installation of these parts and non-availability of these spare parts in the stock provided by the manufacturer was also not available. The firm supplied the items partially and following items were still not supplied till completion of the audit. Installation of the spares was also not provided.

S. No	Name of item	Qty not supplied	Unit price	Total
1	Oil Filter Element	54	15,197	820,638
2	Air Hose	8	92163	737,304
3	Gleaner	30	1295	38,850
4	Cold Cleaner	25	1765	44,124
Total				**1,640,916**

Stores and stocks register of the spares was also not provided.

Audit is of the view that non-provision of the relevant record suspects the whole transaction.

The management replied that Contract No 2015350 dated 02-06-2020 for "Procurement of Spares (MTU) Main Engines – PMSS ZHOB" amounting to Rs 7,977,377 was awarded to M/s One International with EDD of 08-09-2020.Out of 16 x items, firm delivered 12 x Items complete and 01 x partially item on 03-07-2020 vide Delivery Challan No D/OI/030720-0078 dt 03-07-2020 and payment amounting to Rs 6,057,504 for same was released vide Contingent bill and Sanction No 166 dt 31-08-20.The firm delivered remaining 03 x Completed & 01 x Partially items on 24-11-2020 vide Delivery Challan No D/OI/241120-0085 dt 24-11-2020 and balance payment amounting to Rs 1,919,873 for same was released vide Contingent bill and Sanction No 733 dt 17-02 2021.

As the firm has delivered the remaining items 75 days after expiry of EDD.Therefore, LD@ 6% amounting to Rs 98,455 has been imposed on Firm payment vide Contract clause 9.

Reply of the management was not accepted because these items were purchased before the expiry of the warranty period and installation report of these spare parts were also not provided.

The management did not convene the DAC meeting.

Audit recommends to inquire the matter to fix the responsibility.

6.5.11 Non-fulfillment of warranty guarantee by the ship contractor

Clause 4.5.6 of the Agreement for Acquisition /Construction of six MPVs with Transfer of Technology (ToT) including Kits of Material, Technical Data Packages, Technical Assistance and ILS is made between Ministry of Defence Production, Pakistan-Secretariat No. II, Rawalpindi, Pakistan and M/s. China Shipbuilding Trading Company, Limited (CSTC) (hereinafter referred to as the "CONTRACTOR") on the second part states that LDs shall be applied on CONTRACTOR in case of late delivery of ship(s) against the delivery date mentioned for each ship in clause 14.1. states that if the CONTRACTOR fails to issue Warranty Guarantee within the specified period because of circumstances that the CONTRACTOR is responsible for, the PURCHASER reserves the right of cancelling the Contract at the Risk and Expense of the CONTRACTOR. In the event of any material breach of terms of Contract, Warranty Guarantee shall be en-cashed at the discretion of the PURCHASER.

PMSA along-with Ministry of Defense Production executed a PSDP project titled "Procurement / construction of 06 x Maritime Patrol Vessels" approved by ECNEC on 04.12.2014 with a total cost of US$ 155.250 million (equivalent to PKR 15,948.6 million).

Audit observed that a large number of defects were found during the warranty period of the six ships but the contractor did not repair or replaced the items.

Audit is of the view that non fulfillment of the terms and conditions of the contract was irregular.

Audit recommends to carry out the works from the contractor as per terms and conditions of the contract.

Survey of Pakistan

6.5.12 Award of contracts to ineligible bidders for cadastral mapping of state land in DG Khan, Lahore, Bahawalpur & Peshawar Divisions (M/S Tech GIS) – Rs. 125 million

Rule 12(1) of PPRA Rules 2004 states that procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority'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.

Para-8.6 of bidding documents for award of acquiring services for cadastral mapping states that bidders scoring 60% or more marks in the technical evaluation will be technically qualified otherwise considered disqualified.

The project titled ''Cadastral mapping'' with total cost of Rs 1,222 Million was approved by the DDWP 23.07.2020 and subsequently modified on 29.01.2021 with completion date of August, 2021. The objective of the project is identification, demarcation and development of digital cadastre of all land owned by the Federal and Provincial Government including urban area of Lahore, Karachi, Islamabad.

The project was revised during April, 2021 with revised cost of Rs 1994 and changed the implementation strategy to outsourcing the technical work of the project costing Rs 1,262 million to private companies. The date of completion was also revised as 15.11.2021

The management of SoP awarded a contract for cadastral mapping of four (4) Divisions to M/s Tech GIS Pvt Limited during March & April, 2021 as detailed below:-

(Rupees in millions)

Sr	Division	Name of Firm	Rate per sq km	Estimated Area sq km	Estimated Amount
1.	DG Khan	Tech GIS Pvt Limited	7252	5000	36.260
2.	Lahore	Tech GIS Pvt Limited	15195	1500	22.792
3.	Bahawalpur	Tech GIS Pvt Limited	4943	8000	39.550
4	Peshawar	Tech GIS Pvt Limited	15852	1700	26.950
Total					**125.552**

The management of project paid an amount of Rs 13,393,940 to the company during financial year 2020-21.

Audit observed that:

i. The firm does not meet two out of five conditions of eligibility criteria. the firm has zero financial capability as per technical evaluation report and does not have minimum financial capability of Rs 10 Million. Moreover, the firm has not successfully accomplished at least three mapping & surveying projects

ii. The company quoted experience of five project, however, no project has been done by the company as it was registered in 2021. Moreover, the technical bid does not contain any details regarding projects done by the company. Therefore, with this background company should had been awarded zero scores as there was no documentary evidence available in the technical bid nor the company had time to execute any project as it was recently got registered with FBR on 18th January 2021 just three month before final submission of bids to Survey of Pakistan i.e, 08th April, 2021.

iii. On top of it, the bid evaluation committee committed fraud while awarding scores to said company against its own devised criteria. As against the standards of awarding score on the basis of number of completed GIS projects, the company was illegally awarded 400 marks against 3-5 projects, instead of 300 marks as per criterion given in bidding documents.

iv. The said company provided fake documents regarding its financial health by showing them as JV of Bukhari Travel and Tours (Bukhari Travel and Tour Co is a tourism co.)

v. Said company was registered during 2021 and has no experience relating to this project.

vi. To get the firm Tech GIS Pvt Limited technically qualified, full marks i.e 20 instead of 15, for experience were awarded to reach 62 scores meet the minimum threshold of 60% marks to qualify for technical bid. In case of its competitor M/s GIS Services was awarded 300 marks against the experience of 5 GIS projects. Therefore, more marks i.e 400 marks instead of 300 scores for experience, were fraudulently awarded to TechGIS Pvt Limited to enhance its aggregate score from 58% to 62 % to reach the minimum threshold of 60% to qualify for financial bidding.

vii. Tech GIS Pvt Limited was not registered with Survey of Pakistan under Mapping Act, 2014 as required in bidding documents.

Audit contends that fraud was committed while doing technical evaluation of the firm and an ineligible firm was awarded four contracts. Audit further contends that the management of SoP committed negligence and fraud, and thereby awarded a sensitive project of national importance to an ineligible firm.

Audit recommends that the contract agreement with said co. may immediately be cancelled as per their declaration given at the time of technical bid submission i..e Form Tech-1 of the bidding documents (all the information made in this proposal are true and accept that any misinterpretation contained in it may lead to our disqualification).

Neither the management replied nor was DAC convened.

Audit recommends that SoP may blacklist the co. and fix responsibility on the official/officers responsible for fraudulent award of contract of national importance to an ineligible firm. The progress on the recommendations may be shared with audit.

6.5.13 Award of contract to ineligible bidder for cadastral mapping of state land in CDA (M/s Geoinformatic Services)- Rs 35.194 million

Rule 12(1) of PPRA Rules 2004 states that procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority'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.

Para-8.6 of bidding documents for award of acquiring services for cadastral mapping states that bidders scoring 60% or more marks in the technical evaluation will be technically qualified otherwise considered disqualified.

The management of Survey of Pakistan (SoP) is executing a project titled ''Cadastral mapping''. The project was approved by the DDWP on 23.07.2020 and subsequently modified on 29.01.2021 with total cost of Rs1,222 Million and completion date of August, 2021. The objective of the project is to identify, demarcation and developing digital cadastre of all land owned by the Federal and Provincial Government including urban area of Lahore, Karachi, Islamabad.

The project was revised during April, 2021 with revised cost of Rs 1994 and SoP changed its implementation strategy by outsourcing the technical work of the project having a cost Rs 1,262 million to private companies. The date of completion was also revised as 15.11.2021

The management of SoP awarded a contract for cadastral mapping of CDA Sectors to M/s Geoinformatic Services during March & April, 2021 as detailed below:-

Sr	Division	Name of Company	Estimated Cost	Delivery date
1.	CDA Sectors	Geoinformatic Services	10,394,986	15.08.2021

The management of project paid an amount of Rs 10,395,000 to the company during FY 2020-21.

Audit observed that:-

i. The company was awarded 30 marks for certificate of registration with SoP, however, certificate was not available in the bidding documents.
ii. The company has provided a bogus bank statement. The statement relates to another name M/s Apex Traders a General Order Supplier having closing balance of Rs 29,475 as on 31.12.2020.
iii. The website of the firm seems fake as it shows Juan George as Vice President, Sean Hart as Project Leader, Emma Kelly as Creative Director.
iv. The company quoted experience of seventeen projects, however, no project has been done by the company as its STN registration with FBR was 14.09.2021 and date of registration for NTN was 27.11.2018. Furthermore, the experience documents provided by the company were of 2017. Therefore, with this background company should had been awarded zero scores as there was no documentary evidence available in the technical bid nor the company had time to execute any project as it was recently got registered with FBR for STN on 19.09.2021 after award of contract by Survey of Pakistan on 24.03.2021.
v. CVs of company employees show that most of the people are presently working somewhere else. However, the company had fraudulently shown them as their own employee in their technical bid to support their company profile. The details of few of the aforementioned employees is as under:-

Sr#	Name of Employee	Current organization (as per CV)
1.	Ehsan Haroon	British Council
2.	Muhammad Bashir	Terra Matrix
3.	Haseen Ullah	COMSATS
4.	Muhammad waqas	Awais Civil Eng. & Construction
5.	Rawaiz Muhammad	SDPI

vi. The company was awarded 17 out of 20 marks for HR capability during technical evaluation.
vii. The management of SoP awarded another contract being single bidder to Geoinformatic Services during August 2021 for other CDA Sectors and Housing Societies of Islamabad with total cost of Rs 24.800 million

Audit contends that fraud was committed while doing technical evaluation of the firm and an ineligible firm was awarded four contracts. Audit further contends that the management of SoP committed negligence and fraud, and thereby awarded a sensitive project of national importance to an ineligible firm.

Audit recommends that the contract agreement with said co. may immediately be cancelled as per their declaration given at the time of technical bid submission i..e Form Tech-1 of the bidding documents (all the information made in this proposal are true and accept that any misinterpretation contained in it may lead to our disqualification).

Neither the management replied nor was DAC convened.

Audit recommends that SoP may blacklist the co. and fix responsibility on the official/officers responsible for fraudulent award of contract of national importance to an ineligible firm. The progress on the recommendations may be shared with audit.

6.5.14 Award of contract to ineligible bidder for cadastral mapping of state land in Multan, Sargodha, Faisalabad and Sahiwal (M/S GreenAge Services) – Rs 128.329 million

Rule 12(1) of PPRA Rules 2004 states that procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority'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.

Para-8.6 of bidding documents for award of acquiring services for cadastral mapping states that bidders scoring 60% or more marks in the technical evaluation will be technically qualified otherwise considered disqualified.

The management of Survey of Pakistan (SoP) is executing a project titled ''Cadastral mapping''. The project was approved by the DDWP on 23.07.2020 and subsequently modified on 29.01.2021 with total cost of Rs 1,222 Million and completion date of August, 2021. The objective of the project is to identify, demarcation and developing digital cadastre of all land owned by the Federal and Provincial Government including urban area of Lahore, Karachi, Islamabad.

The project was revised during April, 2021 with revised cost of Rs 1994 and SoP changed its implementation strategy by outsourcing the technical work of the project having a cost Rs 1,262 million to private companies. The date of completion was also revised as 15.11.2021

The management of SoP awarded a contract for cadastral mapping of four (4) divisions to M/s Greenage Services during March & April, 2021 as detailed below:-

Rupees in Million

Sr	**Division**	**Name of Firm**	**Rate per sq km**	**Estimated Area sq km**	**Estimated Amount**
1.	Multan	Greenage Services	11,512	2300	26.477
2.	Sargodha	-do-	1,475	3500	40.663
3.	Faisalabad	-do-	15,644	2310	36.138
4.	Sahiwal	-do-	18,556	1350	25.051
					128.329

The management of project paid an amount of Rs 33,990,561 to the company during FY 2020-21.

Audit observed that:-

i. The company was registered with SoP on 22.02.2021
ii. The company was registered with PEC on 29.01.2021 for construction work with field of specialization CE01 – CE04 (Irrigation only)-CE09-CE-10-(four only). It is registered as Other Services in FBR.
iii. The company was registered as an individual with FBR and Sales Tax Registration of the company was 14.03.2021.
iv. The company has bank balance of Rs 21,850 as per balance sheet dated 30.06.2020 provided during bidding process. It is contrary to the financial capability against minimum threshold of Rs 10 million.

Audit contends that a company registered for construction/irrigation related work is ineligible for a sophisticated data driven technical work of Cadastral Mapping.

On parameters of approach and methodology, the evaluation committee found that the methodology of M/s Greenage Services and M/s Tech GIS is same as the charts provided by the firms are identical. However instead of checking the validity and authenticity of firms capabilities, the firms have been awarded 17.5% and 10.5% scores out of weighted percentage of 35% to Greenage Services & TechGIS Pvt Limited, respectively, Moreover, weightag scores on equipment availability has been given 15 out of 15 without having any proof or inspection of the same. Therefore, with material loopholes in procurement process as above make the procurement illegal and in violation of PPRA Rules.

Audit further observed that the company submitted its first batch of bids on 24th February 2021, however, it got registered with FBR for STN on 14th March 2021. It reflects that at the time of submission of bid, the company had not STN. So its consideration on criterion of experience of working on GIS/Mapping relating projects is suppose to be zero. Had it been a relevant work category company, It was required to do GIS/Mapping relating projects and contained documentary evidence in the bidding documents. On contrarily the bidding documents reflect that it has neither the relevant experience, nor register for that category of work, thereby, it is ineligible for award.

Audit contends that fraud was committed while doing technical evaluation of the firm and an ineligible firm was awarded four contracts. Audit further contends that the management of SoP committed negligence and fraud, and thereby awarded a sensitive project of national importance to an ineligible firm.

Audit recommends that the contract agreement with said co. may immediately be cancelled as per their declaration given at the time of technical bid submission i..e Form Tech-1 of the bidding documents (all the information made in this proposal are true and accept that any misinterpretation contained in it may lead to our disqualification).

Neither the management replied nor was DAC convened.

Audit recommends that SoP may blacklist the co. and fix responsibility on the official/officers responsible for fraudulent award of contract of national importance to an ineligible firm.

The progress on the recommendations may be shared with audit.

6.5.15 Non Utilization of services offered by the SUPARCO – Rs 108.433 million

During meeting of DDWP of Project titled "Cadastral Mapping" dated 13.04.2021, DG SUPARCO stated that they are capable for providing 0.3 meter resolution satellite imagery as required in project and suggested to utilize national space assets available in this respect, DG SUPARCO offered services to support this important national project.

The Management of the Project awarded contract for purchase of Areal Photography of Lahore and Karachi from M/s National Radio & Telecommunication Corporation (NRTC) on 20.05.2021 having total cost of Rs 108,433,500. An amount of Rs 44.129 million was incurred during financial year 2020-21.

Audit also observed that:

i. Management of the project has awarded contract to NTRC through tendering process instead of SUPARCO, who already offered its services during DDWP meeting.

ii. NRTC executed the awarded work through Joint Venture with three companies as detailed below:

   a. Multidimensional Innovative Systems & Technology (Pvt) Ltd (MIST)/SUPARCO.

   b. Blitzreig Defence Solution (Pvt) Ltd.

   c. M/s Survey Solution.

iii. SUPARCO was also shown as JV partner in the documents with a company MIST without mentioning their legal partnership status.

iv. Team composition provided by NRTC in technical bid documents shows the list of nine regular officer of SUPARCO out of 16 officers designated in the HR of the project.

Audit contends that actually the work was executed by the staff of SUPRCO through by awarding contract to private companies through NRTC. Audit concludes that satellite imaginary service which was committed by DG SUPARCO and suppose to be done by SUPARCO was outsourced to NRTC and then the work was actually executed by the SUPARCO officers at a cost worth of Rs. 108.43 million. Hence, public money was wasted by charging expense for a task SUPARCO is meant for.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired at appropriate level and responsibility of indirectly execution of the project by SUPARCO/third party may be fixed upon the officer concerned. The report in this regard may be shared with audit.

6.5.16 Non-Conduct of feasibility study and ill planning of cadastral mapping project –Rs 1,222 million

Paragraph 6.4 of Manual for Ministry of Planning, Development and Reform the PC-I should be supported with a feasibility study, survey and investigation and market survey report. For undertaking any such feasibility, a proper request on the PC-II Proforma is to be submitted for approval to the competent forum depending upon the cost of PC-II. Allocation of funds is made on request subject to availability. It is mandatory that all infrastructure projects (or having infrastructure component) costing Rs 500 million or above should be based on a professional feasibility study. The feasibility should be proper and based on current data. Any study older than three years is not accepted by the Planning Commission. As per the directions of the Public Accounts Committee (PAC) all projects costing Rs 50 million to Rs 500 million should be based on feasibility studies prepared by the professionals hired by the ministries, divisions, departments or executing agencies for respective Project Management Units or Planning Cells, etc. This facility can be availed by the ministries or divisions. For the megaprojects, where huge amount for feasibility studies is involved, a separate proposal on PC-II proforma is to be submitted for approval. Based on the data and findings of the feasibility study, PC-I is prepared and submitted for approval by the competent forum. For feasibility study and appointment of Project Director at the initial stage of project, separate provision is provided in the PSDP.

The management of Survey of Pakistan (SoP) is executing a project titled ‘’Cadastral mapping’’. The project was approved by the DDWP on 23.07.2020 and subsequently modified on 29.01.2021 with total cost of Rs 1,222 Million and completion date of August, 2021. The objective of the project is to identify, demarcation and developing digital cadastre of all land owned by the Federal and Provincial Government including urban area of Lahore, Karachi, Islamabad.

The project was revised during April, 2021 with revised cost of Rs 1994 and SoP changed its implementation strategy by outsourcing the technical work of the project having a cost Rs 1,262 million to private companies. The date of completion was also revised as 15.11.2021

Audit observed that:-

i. Feasibility was not conducted before execution of the project and Survey General of Pakistan (SGP) committed that his department posses capability of doing the project successfully. However, during start of implementation phase, it was realized by SGP that the project is beyond their capability. Therefore, PC-I was revised after two months. Had the mandatory feasibility study been done, the project could had been planned better in term of time and cost.
ii. Major portion of technical work of the project amounting to Rs 1262 million was outsourced to private firms.
iii. Cost of the project was enhanced from 1,222 million to Rs 1994 after two months of approval from DDWP.

Audit is of the view that:-

i. The cost of outsourced technical work was more than the amount of original PC-I.
ii. Change in the execution strategy by the SoP trough award of major work to private firms shows incapability of SoP for execution of project.

Neither the management replied nor was DAC convened.

Since the SGP has committed negligence in conducting feasibility study before execution of a project of national importance. The concerned authority may inquire the matter and fix responsibility on the officers concerned and share report with Audit.

6.5.17 Unjustified allocation and payment of Addl Charge to regular employees of SoP from PSDP Budget- Rs 3.719 million

The management of Survey of Pakistan (SoP) is executing a project titled ‘’Cadastral mapping’’. The project was approved by the DDWP on 23.07.2020 and subsequently modified on 29.01.2021 with total cost of Rs 1,222 Million and completion date of August, 2021. The objective of the project is to identify, demarcation and developing digital cadastre of all land owned by the Federal and Provincial Government including urban area of Lahore, Karachi, Islamabad.

The project was revised during April, 2021 with revised cost of Rs 1994 and SoP changed its implementation strategy by outsourcing the technical work of the project having a cost Rs Rs 1,262 million to private companies. The date of completion was also revised as 15.11.2021

The management of SoP incurred an expenditure of Rs 3,719,273 on account of additional charge to the regular officers of of SoP from the project budget during May, 2021.

Audit observed that :

i. During revision of PC-I, SoP claimed that the expected cost of Pay & Allowances was Rs 302 million to Rs 110 million instead of Rs 177 and cost of Rs 5.543 million was included for the additional charge of existing employees. The details are as under-

		Original PC-I		**Revised PC-I**		**Expenditure 2020-21**
Sr	**Post & PPS**	**Nos**	**Cost**	**Nos**	**Cost**	
1.	Project Director PPS-10	1	3	0	0	
2.	Project Coordinator PPS-9	2	4.2	1	1.58	
3.	Dy Director PPS-8	6	9	3	3.38	
4.	Assistant Director PPS-7	8	8.64	8	6.48	
5.	Accounts Officer PPS-7	5	5.4	3	2.43	
6.	Admin Officer PPS-6	5	3.6	5	2.70	
7.	Assistant PPS-5	92	44.16	53	19.08	

8.	Surveyor PPS-4	150	54	52	14.58	
9.	DEO PPS-1	300	11	30	8.1	
10.	Driver PPS-1	6	2	0	0	
11.	Other staff PPS-1	200	32	200	28.8	7.258
12.	**Total**	**775**	**177**	**355**	**87**	**4.664**
13.	Addl Charge	-	-	-	23	5.543
	Total				**110**	**17.465**

ii. Payments include arrears of additional charge from October 2020 to April, 2021 to regular employees of SoP i.e before actual execution of project i.e April, 2021 was unjustified and irregular.

Audit contends that after outsourcing the major technical work of the project, allocation of funds for additional charge of regular employees of SoP was irregular and unauthorised. Furthermore, payments made to the employees for the period before execution of project were also irregular and unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends that amount may be recovered from the employees and recovery report may be share with audit.

6.5.18 Non-existence of Data Protection and Validation framework of the outsourced work by Survey of Pakistan- Rs 1,262 million

The project titled ‘’Cadastral mapping’’ with total cost of Rs 1,222 Million was approved by the DDWP 23.07.2020 and subsequently modified on 29.01.2021 with completion date of August, 2021. The objective of the project is identification, demarcation and development of digital cadastre of all land owned by the Federal and Provincial Government including urban area of Lahore, Karachi, Islamabad.

The project was revised during April, 2021 with revised cost of Rs 1994 and changed the implementation strategy to outsourcing the technical work of the project costing Rs 1,262 million to private companies. The date of completion was also revised as 15.11.2021

During scrutiny of the record and discussion with the management, audit observed that the survey of Pakistan (SoP) does not have any validation and data protection mechanism of the outsourced work.

Audit observed with serious concerns that:

i. How does SoP monitor and ensure the land data incorporated by a firm is correct?
ii. How does SoP would ensure the data (including images) prepared by a firm is not altered during data collection, data processing and data transfer to SoP?
iii. What checks/tools SoP have put in place while transfer of data from its data reservoir to Board of Revenue?
iv. What data protection and validity measures SoP has taken on each level of doing business with data i.e from data collection to final delivery of outcome?

Audit recommends that since the project contains sensitive data of national importance, a framework including all aspects of data validation & data protection on all levels may be designed, implemented and monitored.

Audit is of the view that without doing the needful on this critical aspect of the project, the project outcome may be compromised and could result into wastage of public money.

Neither the management replied nor was DAC convened.

Audit recommends that the aforementioned framework may developed and be shared with audit.

6.5.19 Unjustified expenditure on account of purchase of Air Conditioners – Rs 5.004 million

Para 10(ii) of GFR Volume-I states that the expenditure should not be prima facie more than the occasion demands.

As per summary given at 7(iv) & Annexure-E of modified PC-I of Project titled Cadastral mapping, an amount of Rs 170 million was allocated for operational cost of the project. During the DDWP meeting held on 13.04.2021, SoP suggested to outsource the major portion of work to private firms trough open competitive bidding. The project was revised by increasing the total cost from Rs 1,222 million to Rs 1,994 million. It was highlighted during the meeting that major reason for revision of PC-I was increase in contractual work / outsource head from 76 million to 1262 million.

The management of the project incurred an expenditure of Rs 5.004 from budget head A09802 – Others on account of purchase of air conditioners during financial year 2020-21.

Audit observed that most of the work for mapping has already been outsourced and purchase of Air Conditioners was not justified. Furthermore, the procurement was not made item wise and different capacities of ACs were procured from the overall lowest bidder.

Audit is of the view that procurement of ACs was not justified.

Audit also contends that if the management selected bidders item wise, the cost could had been reduced upto one million.

Hence, on one hand, it was unjustified expenditure while on the other hand, public money has been wasted by uneconomical procurement. Therefore, responsibility of unjustified expenditure may be fixed on officers / officials concerned.

Neither the management replied nor was DAC convened.

Audit further recommends that the monitoring and approving forum of PC-I may take strict vigilance to avoid such unjustified expenditure in future.

6.5.20 Mis-reporting to DDWP during revision of PC-I – Rs 30 Million

The management of Survey of Pakistan (SoP) is executing a project titled ‘’Cadastral mapping’’. The project was approved by the DDWP on 23.07.2020 and subsequently modified on 29.01.2021 with total cost of Rs 1,222 Million and completion date of August, 2021. The objective of the project is to identify, demarcation and developing digital cadastre of all land owned by the Federal and Provincial Government including urban area of Lahore, Karachi, Islamabad.

The project was revised during April, 2021 with revised cost of Rs 1994 and SoP changed its implementation strategy by outsourcing the technical work of the project having a cost Rs 1,262 million to private companies. The date of completion was also revised as 15.11.2021

The Audit observed following points:-

i. The management misled the DDWP during revision of PC-I by mis-reporting the comparison of item wise summary with original PC-I. The original cost was shown as Rs 1222 Million in total instead of actual calculation i.e Rs 1,252 in the PC-I. The details are as under:-

Sr	**Particulars**	**Original PC-I**	**Revised PC-I**
1	Pay and Allowances	**177**	110
2	Equipment	**498**	149
3	Civil work	23	23
4	S/image Aerial photography	**281**	260
5	Contractual Work (Outsourcing)	**76**	1262
6	Training	**20**	5
7	Operational cost	177	180.08
8	Repair	0	4.92
	Actual Total	**1,252**	**1,994**
	Total shown in revised PC-I	**1,222**	**1,994**

ii. Civil work of Rs 23 million at Sr#3 at above table was wrongly shown separately, as the same was part of operational cost of Rs 170 Million in original PC-I

iii. Operational cost of Rs 177 million at Sr#7 was shown wrongly, as the actual operational cost in original PC-I was Rs 170 million

iv. Repair cost was also wrongly shown as Nil in orgnal PC-I as the same was included in operational cost.

Audit is of the view that management of SoP has misreported the facts to DDWP for enhancement in the operational / civil cost of project even though the technical work was already outsourced.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility for misreporting may to worthy forum of DDWP may be fixed on the officers concerned and report may be shared with audit.

6.5.21 Irregular expenditure on account of Hiring of Vehicles. Rs 41.420 million

The management of Survey of Pakistan (SoP) is executing a project titled ''Cadastral mapping''. The project was approved by the DDWP on 23.07.2020 and subsequently modified on 29.01.2021 with total cost of Rs 1,222 Million and completion date of August, 2021. The objective of the project is to identify, demarcation and developing digital cadastre of all land owned by the Federal and Provincial Government including urban area of Lahore, Karachi, Islamabad.

The project was revised during April, 2021 with revised cost of Rs 1994 and SoP changed its implementation strategy by outsourcing the technical work of the project having a cost Rs 1,262 million to private companies. The date of completion was also revised as 15.11.2021

The management of Project allocated an amount of Rs 20 million for Hiring of Vehicles for field survey during execution of the project during the approval of original PC-I.

Audit observed that:-

i. During revision of PC-I, same amount of Rs 20 million was allocated for hiring of vehicles and also allocated an amount of Rs 21.420 million for POL cost of said vehicles.
ii. An amount of Rs 5.83 million against hiring of vehicles and Rs 2.385 million has been utilized by the management during two months of execution period i.e April & June 2021 before award of execution work to 3rd parties.

Audit is of the view that after outsourcing the major technical work of the project, allocation of same amount of funds for hiring of vehicles and expenditure during April & May, 2021 is irregular.

Neither the management replied nor was DAC convened.

Audit recommends that management may take necessary measures to avoid irregular utilization of PSDP funds.

6.5.22 Non-obtaining of adjustment accounts / utilization record of advance Payment to SUPARCO and PIDB- Rs 6.154 million

Rule 205 of FTR Volume-I states 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.

The management of PSDP project titled “Strengthening of Ministry of PDR in IT” incurred an expenditure of Rs 42,446,000 million from budget head “A03915-Payments to Govt. Departments for services rendered” during financial year 2020-21. The details are as under:-

Sr #	Department	Date of Sanction	Amount
1.	SUPARCO	26.02.2021	7,500,000
2.	PITB	07.09.2020	9,912,000
3.	PITB	09.12.2020	10,787,000
4.	PITB	03.06.2021	14,247,000
Total			**42,446,000**

Audit observed that:

i. Utilization record and audited accounts of above mentioned payments were not provided by the management nor obtained from SUPARCO and PITB.

ii. Payments were made in the commercial bank accounts of PITB & SUPARCO without adjustment of previous advance in violation of Sr.44 of System of Financial Control & Budgeting, 2006 & Financial Management and Powers of Principal Accounting Officers Regulations, 2021

Neither the management replied nor was DAC convened.

Audit recommends that audited accounts / utilization record may be obtained and got verified from Audit.

6.5.23 Unjustified expenditure on account of procurement of furniture and IT equipments for establishment of IT Lab– Rs 66.893 million

As per summary given at 7(iv) & Annexure-E of modified PC-I of Project titled Cadastral mapping, an amount of Rs 170 million was allocated for operational cost of the project.

During the DDWP meeting held on 13.04.2021, SoP suggested to outsource the major portion of work to private firms through open competitive bidding. The project was revised by increasing the total cost from Rs 1,222 million to Rs 1,994 million. It was highlighted during the meeting that major reason for revision of PC-I was increase in contractual work / outsource head from 76 million to 1262 million. However, the management also included addition component for Civil works amounting to Rs 20 million.

The management of the project incurred an expenditure of Rs 66.893 million on procurement of IT equipment & Furniture (IT equipments Rs 50,893,890 & Furniture Rs 15,999,340) during financial year 2020-21.

Audit observed that as per revised PC-I the major portion of the project execution has already been outsourced therefore, expenditure for establishment of IT Lab was not justified.

Neither the management replied nor was DAC convened.

It is recommended that the monitoring and approving forum of PC-I may take strict vigilance to avoid such unjustified expenditure in future.

6.5.24 Non production of supporting record – Rs 85.209 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.

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.

Section-9(2) of the Public Finance Management Act, 2019 states that for each principal accounting officer, the medium-term performance based budget report may include policy and goals, past and future expenditure, outputs and outcomes and related performance indicators and targets.

The management failed to provide supporting record of following expenditure:-

i. **Project Cadastral Mapping**
   - TA/DA paid to officers / officials of SoP amounting to Rs 3,459,989.
   - Utilization record of hired vehicles and their POL record Rs 2,38,511
   - Record of payments made to contractor of hired vehicles Rs 5,483,179
   - Supporting record of advertisement expenditure Rs 1,013,925
   - Supporting record of purchase of IT equipments Rs 50,893,890
   - Payment vouchers of expenditure made during the period under audit.

ii. Record of PSDP Project Updation Rural Area frame of Census/Surveys, PBS, Islamabad.

iii. Record of PSDP Project Integrated Energy Planning.

iv. Detail of physical assets of closed projects.

Audit contends that authenticity of expenditure cannot be ascertained without examination of complete record.

Neither the management replied nor was DAC convened.

Audit recommends that the auditable record may be produced to audit without any further delay.

CHAPTER 7

ELECTION COMMISION OF PAKISTAN

7.1 Introduction

Election Commission came into being on 23rd March, 1956 when the Second Constituent Assembly succeeded in framing and adopting the first Constitution of Islamic Republic of Pakistan in 1956. Article 137 of the Constitution provided for the Election Commission comprising Chief Election Commissioner/Chairman of the Commission and such number of Election Commissioners as would be determined by the President. The first Chief Election Commissioner was appointed on 25th June, 1956. The term of office of the Chief Election Commissioner was five years with upper age limit of 65 years. The Election Commission was charged with preparation of electoral rolls, their annual revision and organizing and conducting elections to Assemblies. This Constitution provided for election to National and Provincial Assemblies on adult franchise basis. A separate institution of 'Delimitation Commission' was also provided for delimitation of constituencies.

In 1958, Martial Law was imposed and the Constitution was abrogated. Consequently, the Election Commission also ceased to exist. Another Constitution was adopted in 1962, which provided for election of members of National and Provincial Assemblies through the Electoral College consisting of 80,000 Basic Democracy Members. This time the Chief Election Commissioner was to be appointed by the President of Pakistan for a term of three years. The Chief Election Commissioner enjoyed perks and privileges of a Judge of the Supreme Court. The Commission had two Members, one each from West and East Pakistan, who were Judges of their respective High Courts. After abrogation of 1962 Constitution in 1969, the Election Commission continued working on the basis of the "Provisional Constitution Order".

The 1973 Constitution provided for an Election Commission consisting of Chairman/Chief Election Commissioner and two Members, who were to be Judges of High Courts. The number of Members of the Election Commission was later raised to four. The 18th Amendment to the Constitution provided more consultative process of appointment of the Chief Election Commissioner and four Members of the Commission. Their appointment is now to be made on the recommendations of a Joint Parliamentary Committee consisting of 16 members of the Senate and the National Assembly belonging equally to the Government and the Opposition. The Members have to be former Judges of High Courts of the Provinces.

7.2 Comments on Budget & Accounts (Variance Analysis)

7.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.92.842 million, were raised in this report during the current audit of **Election Commission 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	9.287
3	Irregularities	-
A	*HR/Employees related Irregularities*	-
B	*Procurement related irregularities*	-
C	*Management of account with commercial banks*	-
D	*Recovery*	-
E	*Internal Control*	83.555
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
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**

7.5 AUDIT PARAS

Election Commission offices Swat (District Office)

7.5.1 Irregular drawl of funds through DDO-Rs.83.555 million

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'.

Rule 205 of FTR, a Govt 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 District Election Commission Office Swat, under the control of Provincial Election Commissioner KPK Peshawar (Chairman Election Commission of Pakistan), drew an amount of Rs.83,555,100/- on various accounts, during the financial year 2003-04 to 2019-20.

Audit observed that:

i. The whole amount of Rs. 83.555 million was drawn in the name of DDO.
ii. Out of 83.555 million, disbursement record of Rs. 75.996 million was not available in the record.
iii. Sanction for drawl from the competent authority was also not available on record.

Audit is of the view that the management was required to maintain complete record/vouchers in support of subject payments.

Audit holds that drawl of Public money through DDO and non maintenance of complete record in support of subject drawl, leads the audit to believe that the amount was not utilized economically/transparently and risk of misappropriation cannot be overruled.

Neither reply was received nor DAC convened till finalization of the report.

Audit recommends that the matter may be inquired to fix responsibility against the person(s) at fault under intimation to audit.

7.5.2 Irregular drawl and deposit of Government money into bank account - Rs. 59.302 million

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

Para 209 (ii) of GFR Vol-I states that That any portion of the amount which is not ultimately required for expenditure on that objects should be duly surrendered to the Government. All "grants-inlaid not utilized within the financial year or any unspent balance thereof lapse and the amount should be surrendered back to the Government.

The management of District Election Commission office Swat, under the control of Provincial Election Commissioner KPK Peshawar (Chairman Election Commission of Pakistan), maintained single signatory Bank Account in National Bank of Pakistan Main Branch Saidu Sharif Swat (A/c No.4044982561).

Audit observed from the review of the Bank Statement (for the period 08.02.2018 to 26.11.2020) and Abstract Contingent Bills that an amount of Rs.59,302,437 was deposited into the subject Bank Account thereby the said amount was parked in private bank account.

Audit is of the view that drawl and the deposit of Government money into the designated Bank Account was in violation of the above stated rules and therefore irregular.

The management did not reply.

Audit recommends that responsibility may be fixed against personnel at fault besides closure of the bank account.

7.5.3 Suspected misappropriation of Rs. 9.287 million

Rule 205 of FTR, a Govt 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.

According to 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.

The District Election Commissioner Swat, under the control of Provincial Election Commissioner KPK Peshawar (Chairman Election Commission of Pakistan), maintained and operated designated bank account No.4044982561 in the National Bank of Pakistan, main branch Saidu Sharif Swat having a balance of Rs. 9.287 million. The District Election Commissioner was sole signatory of the bank account.

Audit observed that the whole amount of Rs. 9.287 million wa withdrawn from the bank account from Feb-2018 to Dec-2020 leaving a nil balance in the account, however, the purpose for which the amount was withdrew in cash was not available in record record.

Audit is of the view that withdrawl in cash without having any purpose could lead to misappropriation of funds.

Neither reply was received nor DAC convened till finalization of the report.

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

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-2020-21) Rs. in million	Revenue / Receipt Audited (FY 2020-21) Rs. in million
1	Formations	76	3	1,969.333	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2020-21) Rs. in million	Revenue / Receipt Audited (FY 2020-21) 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 2020-21 was Rs.35,989.67 million, out of which the Division expended an amount of Rs.35,813.46 million. The Division had 2 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

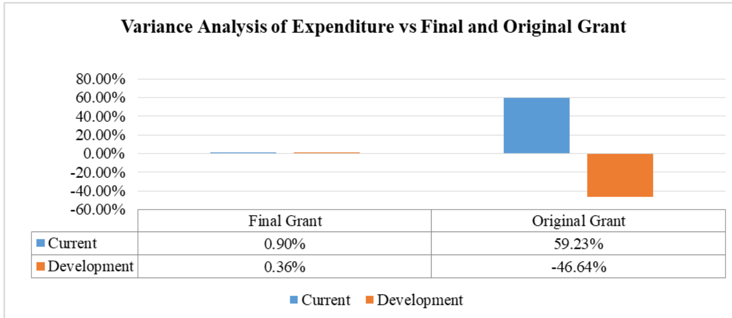
Grant No.	Type of Grant	Original Grant	Supp Grant	Surrender (-)	Final Grant	Actual Exp	Excess/ (Saving)	% age Excess/ (Saving)
19	Current	1,160.02	0.00	-86.76	1,073.26	1,030.97	42.29	3.94%
20	Current	4,280.24	3,396.51	-9.00	7,667.75	7,631.58	36.17	0.47%
Sub Total Current		**5,440.26**	**3,396.51**	**-95.76**	**8,741.02**	**8,662.55**	**78.46**	**0.90%**
109	Development	50,882.18	800.00	-24,433.52	27,248.65	27,150.91	97.75	0.36%
Total		**56,322.44**	**4,196.51**	**-24,529.28**	**35,989.67**	**35,813.46**	**176.21**	**0.49%**

Audit noted that there was an overall excess of Rs.176.21 million, which was due to excess in Current and 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 46.64% with respect to Original grant which reduced to 0.36% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 59.23% of excess in expenditure w.r.t original allocation reduced to 0.90% 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.5.668 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	-
3	Irregularities	
A	*HR/Employees related Irregularities*	5.668
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	-

8.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	4	4	4	0	100
2012-13	11	11	9	2	82
2013-14	3	3	1	2	33
2014-15	6	6	4	2	67
2015-16	3	1	0	3	-
2016-17	6	6	4	2	67
2017-18	1	1	1	0	100
2018-19	6	6	3	3	50

2019-20	21	0	0	21	-
2020-21	5	0	0	5	-
Total	**66**	**38**	**26**	**40**	68

8.5 AUDIT PARAS

Establishment Division (Main)

8.5.1 Unauthorized payment of rent of residential buildings (hiring) to persons other than the owners - Rs. 15.488 million

Para 2(vi) of Ministry of Housing and Works O.M. No. F.2(3)/2003-Policy dated 31.07.2004 states that all payment will be made through cross cheques, which will be forwarded to the manager of the bank for depositing in account of the owner.

The management of Establishment Division, Islamabad incurred an expenditure of Rs. 15.488 million on payment of rent for residential buildings (hiring) in respect of twenty-two (22) employees till June, 2021.

Audit observed that rent was paid to the persons other than the owners (employees) on the basis of power of attorney(s) not registered with the 'Sub-Registrar(s)'.

Audit is also of the view that payment of rent to the persons other than the owners (employees) without having a legal authority is unauthorized.

Neither the management replied nor was the DAC meeting convened.

Audit recommends recovery of the payments made to the persons other than the owners.

8.5.2 Non-framing of Rules for 'Performance Evaluation' Reporting / ' Annual Confidential' Reporting

Section 25(1) of Civil Servants Act, 1973 states that the President or any person authorized by the President in this behalf, may make such rules as appear to him to be necessary or expedient for carrying out the purpose of this Act.

As per Sr. No. 10 (13) of Schedule-II [Distribution of Business Among the Divisions under Rule 3(3)] of the Rules of Business, 1973, the Administration of the Civil Servants Act, 1973, and the rules made there under has been entrusted to the Establishment Division.

The management of Establishment Division issued 'guidelines on writing of 'Performance Evaluation Reports (PERs)' and instructions on 'Annual Confidential Reports (ACRs) from time to time.

Audit observed that the Establishment Division has not framed and got approved the rules from Federal Government, relating to 'Performance Evaluation' Reporting of the officers and 'Annual Confidential' Reporting of the officials working in the Federal Government rather only guidelines on writing of 'Performance Evaluation Reports (PERs) issued by them.

Audit is of the view that non-framing of rules on the subject matter is serious lapse on the part of Establishment Division.

Neither the management replied nor was the DAC meeting convened.

Audit recommends framing of rules relating to 'Performance Evaluation' Reporting of the officers and 'Annual Confidential' Reporting of the officials working in the Federal Government at the earliest.

8.5.3 Irregular expenditure on engagement of Contingent Paid Staff - Rs. 5.668 million

Finance Division vide U.O.No.F.1(2)DFA(Estt)/2012-13-701 dated 15.08.2018, gave concurrence to the proposal of Establishment Division for continuation / extension of post of Contingent Paid Staff (w.e.f. 01.07.2018 to 30.06.2019) in Establishment Division for the FY 2018-19 subject to the condition that Establishment Division is directed to fill up posts on regular basis on merit as soon as possible.

Finance Division vide U.O.No.F.1(2)DFA(Estt)/2012-13-808 dated 06.08.2019, gave concurrence to the proposal of Establishment Division for continuation / extension of post of Contingent Paid Staff (w.e.f. 01.07.2019 to 30.06.2020) in Establishment Division for the FY 2019-20 subject to the condition that Establishment Division is directed to fill up posts on regular basis on merit as soon as possible.

Finance Division vide U.O.No.F.1(2)DFA(Estt)/2013-14-589 dated 15.08.2018, gave concurrence to the proposal of Establishment Division for continuation / extension of post of Contingent Paid Staff (w.e.f. 01.07.2020 to 30.06.2021) in Establishment Division for the FY 2020-21 subject to the condition that Establishment Division is directed to fill up posts on regular basis on merit as soon as possible.

The management of Establishment Division paid salaries amounting to Rs. 5,668,201to twenty-nine (29) persons appointed as Contingent Paid Staff during 2020-21.

Audit observed that the management did not appoint the staff on regular basis as instructed by the Finance Division from time to time rather the expenditure was incurred on engagement of Contingent / Daily Paid Staff.

Audit is of the view that non-compliance of Finance Division's instructions regarding appointment of staff on regular basis and incurrence of expenditure (every year) on engagement of Contingent Paid Staff is irregular and unauthorized.

Neither the management replied nor was the DAC meeting convened.

Audit recommends discontinuation of irregular practice and appointment of staff (if required) on regular basis.

8.5.4 Irregular retention of officers as 'Officer on Special Duty' [OSDs] without framing rules and non-utilization services thereof

Section 25(1) of Civil Servants Act, 1973 states that the President or any person authorized by the President in this behalf, may make such rules as appear to him to be necessary or expedient for carrying out the purpose of this Act.

As per Sr. No. 10 (13) of Schedule-II [Distribution of Business Among the Divisions under Rule 3(3)] of the Rules of Business, 1973, the Administration of the Civil Servants Act, 1973, and the rules made thereunder has been entrusted to the Establishment Division.

The management of Establishment Division provided a list of ninety-eight (98) Officers declared, posted and retained at the strength of Establishment Division as 'Officers on Special Duty [OSD]'.

Audit observed as under:

i. The Establishment Division did not frame rules for declaring, posting and retention of officers as 'Officers on Special Duty [OSD]'.

ii. Out of ninety-eight (98) OSDs, forty-nine (49) officers were declared/posted/retained as OSD for more than three (03) months which were not on any kind of leave or training(s) and whose services were not further placed at the disposal of Ministries/Divisions/Departments but they were paid salaries for performing no duties.

iii. An amount of Rs. 250.00 million was allocated for the FY 2020-21 to pay salaries of OSDs.

Audit is of the view that declaring/posting/retention of forty-nine (49) officers [B-17 to B-22] as OSD without framing rules on the subject and expenditure on payment of salaries of officers whose services were not utilized is irregular and unauthorized.

Neither the management replied nor was the DAC meeting convened.

Audit recommends framing of rules on the subject and utilization of services of these officers on proper posts.

8.5.5 Non-absorption of officers/officials declared as 'surplus pool'

Para 3 of Establishment Division's O.M.No.1/4/97-RW.III/CP.9 dated 09.10.2001 states that in terms of Section 11(2) of the Civil Servants Act, 1973, the services of civil servants holding temporary and permanent posts can be terminated on abolition of such posts. However, on human considerations, government decided in 1993 to create a surplus pool under the charge of the Establishment Division. The civil servants declared surplus as a result of abolition of posts are enlisted in the surplus pool for absorption elsewhere.

The management of Establishment Division provided a list of 'un-absorbed' officers/officials and retained as 'surplus pool'**.**

Audit observed that these employees have not so far been absorbed in any Ministry/Division/Department on regular basis rather some of them were performing duties on attachment basis in other departments while drawing their salaries from Establishment Division.

Audit is of the view that non-absorption and non-allocation of these officers/officials to Ministries/Divisions/Departments for utilization of their services on regular basis is irregular and unauthorized.

Neither the management replied nor was the DAC meeting convened.

Audit recommends allocation and absorption of these officers/officials in Ministries/Divisions/Departments for utilization of their services on regular basis at the earliest.

8.5.6 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 Establishment Division was requested to provide following record, which was not produced to Audit:

1. List of Service Rules/Regulations referred/sent Government organizations/departments for vetting/approval by the Establishment Division and status thereof.
2. List of cases pertaining to ‘determination of status of Organizations’ received in Establishment Division and disposal thereof.
3. Record relating to allotment, rent rates and recovery status relating to accommodation(s) in “48-Family Suits Complex, Islamabad”.

Audit is of the view that non-production of record is a violation of the Auditor General’s Ordinance.

Neither the management replied nor the DAC meeting was convened.

Audit recommends production of complete record.

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-2020-21) Rs. in million	Revenue / Receipt Audited (FY 2020-21) Rs. in million
1	Formations	495	18	8,312.503	428.419
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 2020-21 was Rs.21,145.02 million, out of which the Division expended an amount of Rs.21,082.03 million. The Division had 3 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

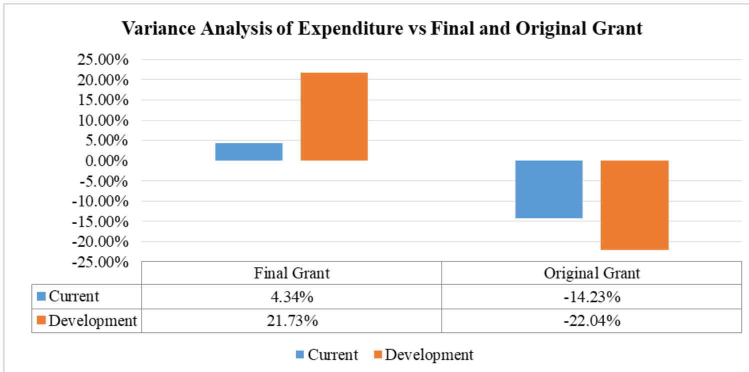
Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
51	Current	812.97	0.00	-495.49	317.48	310.27	-7.20	-2.27%
52	Current	12,134.42	1,680.17	0.00	13,814.59	14,506.70	692.12	5.01%
53	Current	832.94	121.66	0.00	954.60	924.32	-30.28	-3.17%
	Current Total	**13,780.33**	**1,801.82**	**-495.49**	**15,086.66**	**15,741.30**	**654.64**	**4.34%**
	Development	4,376.10	3,249.85	-1,567.59	6,058.36	5,340.74	1,316.48	21.73%
	Grand Total	**18,156.42**	**5,051.68**	**-2,063.08**	**21,145.02**	**21,082.03**	**1,971.12**	**9.32%**

Audit noted that there was an overall excess of Rs.1,971.12 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 22.04% with respect to Original grant which reduced to excess of 21.73% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 14.23% of savings in expenditure w.r.t original allocation reduced to 4.34% of excess in expenditure w.r.t final allocation, as depicted in the graph below:



9.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.2,228.48 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	
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	*HR/Employees related Irregularities*	
B	*Procurement related irregularities*	9.04
C	*Management of account with commercial banks*	13.82
D	*Recovery*	
E	*Internal Control*	2,074.18
4	Value for money and service delivery	48.19
5	Others	83.23

9.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	17	17	5	12	29
2011-12	18	1	1	17	100
2012-13	8	0	0	8	-
2013-14	28	25	17	11	68
2014-15	20	10	2	18	20

2015-16	8	0	0	8	-
2016-17	13	1	0	13	-
2017-18	14	10	0	14	-
2018-19	27	22	9	18	41
2019-20	34	0	0	34	-
2020-21	19	0	0	19	-
Total	**206**	**86**	**34**	**172**	40

9.5 AUDIT PARAS

Pakistan Madrasah Education Board

9.5.1 Unauthorized accumulation of pension contribution without framing of regulations – Rs. 72.699 million

Section 21 (1) of Pakistan Madrasah Education (Establishment and Affiliation of Model Dini Madaris) Board (PMEB) Ordinance, 2001 states that the Board may, by notification in the official Gazette, make regulations for carrying out the purposes of this Ordinance.

Section 21 (1) (b) of Pakistan Madrasah Education (Establishment and Affiliation of Model Dini Madaris) Board (PMEB) Ordinance, 2001 states that without prejudice to the generality of the foregoing powers, such regulations may provide for all or any of the matters relating to pension and provident fund for the benefit of the employees of the Board.

The management of Pakistan Madrasah Education Board, Islamabad maintained pension account at National Bank of Pakistan, Peshawar Road, Rawalpindi Branch Account No.3010513239 having balance of Rs. 72.699 million.

Audit observed that the amount of Rs. 72.699 million was transferred as pension contribution from assignment account to National Bank of Pakistan, Peshawar Road, Rawalpindi Branch, without framing of pension regulations and its approval.

Audit is of the view that maintenance of pension account without framing and approval of regulations was unauthorized.

Neither the management replied nor was the DAC convened.

Audit recommends that the rules and regulations be got approved from the Federal Government.

Federal Government College for Women F-7/2, Islamabad

9.5.2 Non-completion of Gymnasium Hall Project – Rs.39.850 million

PC-I of a project under Peoples Works Program-II 2010-11 was approved at total cost of Rs.38.850 million for construction of Gymnasium Hall at Government Degree College for Women F-7/2, Islamabad and allocation of funds was approved vie PM Secretariat (Public) vide letter dated 24.11.2010.

In Federal Government College for Women, F-7/2, Islamabad a project "Construction of Gymnasium Hall" was approved under Peoples' Works Program-II 2010-11. There was an incomplete building structure of the Gymnasium Hall in the premises of college.

Audit observed that:

i. A considerable delay of nearly 10 years for completion of gymnasium hall despite approval of funds of Rs.39.850 million.
ii. The management of college did not make any efforts after issuance of letter dated 16.10.2015.

Audit is of the view that long delay in completion of gymnasium hall may result in cost overrun of the project.

Neither the management replied nor was the DAC convened.

Audit recommends to complete the project besides fixing responsibility for delay.

Federal College of Education, H-9 Islamabad

9.5.3 Non-deposit of Fee and hostel charges in Government Treasury - Rs. 5.552 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. 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.

The management of the FCE, Islamabad collected Rs. 1,692,500 and Rs. 128,000 on account of Tuition fee and Admission fee from July, 2012 to October, 2017 from students of evening shift. Similarly an amount of Rs. 4.642 million was collected during as hostel charges during 2012-13 to 2019-20.

Audit observed that the management of FCE did not deposit Admission fee and tuition fee amounting to Rs. 1.821 million and hostel charges of Rs. 3.731 million collected into Government Treasury.

Audit is of the view that non-deposit of fee into Government Treasury is a serious lapse on the part of management.

The management did not reply.

Audit recommends inquiry to fix the responsibility.

9.5.4 Irregular payment from student funds– Rs. 12.907 million

Rules 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 the FCE, Islamabad paid Rs. 12.907 million to IESCO, SNGPL, POL and Nayatel from student funds, as a loan from the period 2012-13 to 2019-2020. Details are as under:

S.No.	Description	Amount
1.	IESCO	2,587,294
2.	SNGPL	4,028,123
3.	POL	5,696,849
4.	Nayatel	594,354
Total		**12,906,620**

Audit observed that the amount was withdrawn as advance without any provision of rules for payment of utility bills and the same amounts were not refunded to student fund.

Audit is of the view that incurring of expenditure from student fund without any provisions in rules/regulations/SoPs and non-reimbursement of advance amount was irregular and unauthorized.

Neither the management replied nor was the DAC convened.

Audit recommends to probe the matter besides recovery of the subject amount.

9.5.5 Non-reconciliation of tuition and admission fee - Rs.8.267 million

Serial No. 5 (d) of System of Financial Control and Budgeting states that the Principal Accounting Officer is responsible for ensuring that the expenditure is not incurred in excess of the budget allocation. He shall ensure that payments are correctly classified under the appropriate heads of accounts and that departmental accounts are regularly reconciled every month with the figures communicated by the Controller General of Accounts (CGA)/Accountant General of Pakistan Revenues (AGPR). He shall, in addition, keep himself well informed not only of the actual expenditure but also of the liabilities, which have been incurred and must ultimately be met.

According to Rule-77 (v) of FTR Vol-I, all money deposited into Government account should be reconciled with treasury.

The management of FCE, Islamabad deposited an amount of Rs. 8.267 million into bank on behalf of Government receipts from 2012-13 to 2019-2020.

Audit observed that the management did not reconcile the receipt with banks and Federal Treasury Office.

Audit is of the view that in the absence of reconciliation statements from banks and FTO, audit is not in a position to verify the authenticity of amount deposited in to bank account.

Neither the management replied nor was the DAC convened.

Audit recommends that matter may be inquired and responsibility be fixed under intimation to audit.

Basic Education Community School, Islamabad

9.5.6 Irregular transfer of funds from Assignment account to BECS employees accounts - Rs. 6.505 million.

Section No. (XV) of ASSAN Assignment account procedure dated 26.10.2020 issued by CGA states that cash withdrawal and transfer of funds in any bank of account is not allowed except employees related deductions like pension contribution, provident fund and GP Fund etc.

The management of Basic Education Community Schools, Islamabad transferred funds amounting to Rs. 6,505,739 from Assignment account No. 2120-3 (development) maintained at National Bank of Pakistan, Melody, Civic Centre, Islamabad to employees of BECS on account of PoL, utility bills, contingency, stationery etc.

Audit observed that there is no provision in Government Rules to transfer of funds from an Assignment Account to employees personal accounts.

Audit is of the view that transfer of funds from Assignment Account to employees personal account was against the instructions for maintenance of Assignment Account.

Neither the management replied nor was the DAC convened.

Audit recommends inquiry to fix the responsibility.

Audit recommends to fix the responsibility.

9.5.7 Non maintaining stock register for teaching &learning material - Rs. 72.186 million

Para 148 GFR Volume-I provides that all materials received should be examined counted, measure 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.

Para 149 of GFR Volume-I states that when materials are issued from stock for departmental use. Manufacture, sale etc, the officer in charge of the stores should see that an indent in the prescribed form has been made by a properly authorized person. When materials are issued, a written acknowledgement should be obtained from the person to whom they are ordered to be delivered or dispatched, of from his duly authorized agent.

The management of Basic Education and Community Schools, Islamabad incurred an expenditure of Rs.72,186,523 on account of purchase of Teaching & Learning Material (TLM) from the project budget during 2020-21 for distribution to ICT, AJK, GB and four provinces for non-formal education schools in far flung areas. TLM material was delivered by suppliers to Regional Offices of BECS in Provinces and it was the responsibility of BECS regional offices for onward supply of material to teachers and payment was made to suppliers from BECS (HQ).

Audit observed that the items delivered in regional offices BECS were not verified by Directors regional officers in Provinces as delivery chalan/ bills of these items were not verified by Regional Directors before making payment to ascertain that the items were received and entered in the stock registers. Further distribution of the items were not forthcoming from the record.

Audit is of the view that in the absence of stock record the authenticity of the items procured could not be verified.

Neither the management replied nor was the DAC convened.

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

9.5.8 Irregular award of contractor procurement of Teaching & Learning Material - Rs. 72.186 million

Section 4 bidding document states that tender must a company called deposit of 5% of total bid as security in the name of Directorate General of BECS.

The management of Basic Education and Community Schools, Islamabad paid an amount of Rs.72,186,523 on account of procurement of Teaching & Learning Material from eleven firms. The advertisement for the procurement of material was published in newspaper on 30th April, 21 and the last date of submission of bids was 15.05.2021.

Audit observed as under:

i. The bidder submitted bid security on 19.05.2021 instead of 15.05.2021.

ii. Instead of disqualifying the bidder the management awarded the contract in violation of bidding documents.

Audit is of the view that that award of contract without submission of bid security was violation of the bidding documents.

Neither the management replied nor was the DAC convened.

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

Federal Directorate of Education (FDE), Islamabad

9.5.9 Substandard purchase of Computers by reducing the specification-Rs.9.037 million

Rule-23(3) of PPRA Rules,2004 states that any information, that becomes necessary for bidding or for bid evaluation, after the invitation to bid or issue of the bidding documents to the prospective bidders, shall be provided in a timely manner and on equal opportunity basis. Where notification of such change, addition, modification or deletion becomes essential, such notification shall be made in a manner similar to the original advertisement.

Rule-36 (b)(V) of PPRA Rules,2004 states that the procuring agency shall evaluate the technical proposal in a manner prescribed in advance, without reference to the price and reject any proposal which does not conform to the specified requirements.

The Federal Directorate of Education Islamabad purchased 75 computers at Rs. 9.037,500 @ Rs. 120,500 each from M/s Darul Fanoon, Mardan for the project titled titled “Up-gradation of ICT High Schools”.

Audit observed that management of FDE issued the supply order contrary to the specification given in the bidding document and approved by the purchase committee by reducing the specification as specified in advertised as detailed below:

S. No.	Mandatory Specification	Specification of supply order	Actual Specification supplied to school
1.	**SSD 550 GB Card**	**SSD 500 GB Card**	SSD 500 GB Card
2.	Latest Intel Chipset	Latest Intel Chipset	Not Provided
3.	Intel Graphic, Wifi, Multimedia Keyboard	Intel Graphic, Wifi, Multimedia Keyboard	Not Provided
4.	Mouse	Mouse	Not Provided
5.	**LED 19" or higher**	**LED 18.5"**	LED 18.5"
6.	**Microsoft Windows 10 Pro in CD**	**Windows 10 Pro 64 bit with 16 GB USB media**	Not Provided
7.	**Registered Anti-virus System in CD**	**Anti-virus McFee**	Not Provided

Audit is of the view that in violation of PPRA, undue favor was extended to the supplying firm and loss was made to public exchequer.

Neither the management replied nor was the DAC convened.

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

9.5.10 Procurement of Text Books from private publishers on the direction of Federal Board–Rs. 31.578 million

National Book Foundation is a Federal Text Book Board and is responsible to provide Text Books to the students studying in Federal institutions. National Book Foundation was established in 1972 as a service rendering educational welfare organization. It is a statutory Corporation created through an Act of the Parliament in order to make books available at moderate prices.

The management of Directorate of Education (FDE), Islamabad is procuring a number of Text Books from private publishers for students of class XI and X in the educational institutions under FDE on the direction of Federal Board of Intermediate and Secondary Education (FBISE). The books were purchased amounting to Rs. 31.578 million from the private publishers during financial year 2020-21.

Audit observed that the text books were purchased from private publishers instead of National Book Foundation.

Audit further observed that the text books were purchased from private publishers on the direction of FBISE without any provision in the law as FBISE is empowered to prescribe courses of instruction for examinations to be conducted by the Board.

Audit is of the view that procurement of books on the direction of FBISE from private publishers was irregular.

Neither the management replied nor was the DAC convened.

Audit recommends inquiry to fix the responsibility.

9.5.11 Unauthorized opening of bank accounts, retention of balances and expenditure thereof – Rs. 10.103 million

Para 25 of GFR 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 Federal Directorate of Education (FDE), Islamabad is maintaining a bank account with the balance of Rs. 10,102,764 as on 30.06.2021 titled ‘Examination Fund’ at National Bank of Pakistan, G-9 Branch, Islamabad.

Audit observed as under:

i. The account was opened without the approval of the Finance Division.

ii. The examination fee of students of Class V and VIII was realized from private educational institutions enrolled with FDE and the rate of fee per student was also not approved by the Ministry of Finance.

iii. Expenditure amounting to Rs. 11,417,017 was incurred from the Examination Fund receipt without approval of the Finance Division.

Audit is of the view that maintaining of bank accounts and incurring of expenditure without the approval of the Finance Division was unauthorized.

Neither the management replied nor was the DAC convened.

Audit recommends that inquiry be held to fix responsibility besides deposit of the amount into government treasury.

9.5.12 Non-imposition of penalty for delay in supply of textbooks – Rs.8.340 million

Clause viii of Contract Agreements for procurement of textbooks Session 2021-22 between Federal Directorate of Education (FDE), Islamabad and Gohar Publishers, M/s Malik Sirajuddin & Sons and National Book Foundation states that the firm shall ensure the complete supply of required textbooks latest by 30.04.2021.

Clause ix of Contract Agreements between Federal Directorate of Education (FDE), Islamabad and Gohar Publishers, Malik Sirrajuddin and Sons, states that in case of delayed supply of textbooks, FDE may impose penalty up to minimum five percent (5%) of the agreed price.

The management of Federal Directorate of Education (FDE), Islamabad procured textbooks Session 2021-22 from following firms/publishers and paid Rs. 166,807,325 during 2020-21. Detail is as under:

(Rupees)

S. No.	Name of Firm	Cheque No.	Dated	Amount of Bill
1.	M/s Gohar Publishers	8366235	31.05.2021	1,588,188
2.	National Book Foundation	8366085	31.05.2021	108,616,937
3.		8419249	12.06.2021	55,164,168
4.	M/s Malik Sirajuddin& Sons	8416125	04.06.2021	1,438,032
Total				**166,807,325**

Audit observed that aforementioned firms / publishers failed to deliver the textbooks within the specified period of time i.e. 30.04.2021 but the management of FDE did not impose penalty for late delivery of textbooks Session 2021-22 amounting to Rs.8.340 million (i.e. Rs. 166,807,325 × 5%).

Audit is of the view that the management failed to impose penalty for late delivery.

Neither the management replied nor was the DAC convened.

Audit recommends to recover the amount besides fixing of responsibility.

Private Educational Institutions Regulatory Authority (PEIRA), Islamabad

9.5.13 Non-framing of rules/regulations and payment of allowances and facilities without approval - Rs. 19.179 million

Section10(1) of PEIRA Act, 2013 states that the pay and allowances of the staff shall be such as are in force in the board or other similar regulatory authorities of the Government.

Section22 of PEIRA Act, 2013 states that the Government may, by notification in the official Gazette, make rules to carry out the purposes of this Act.

Section23 of PEIRA Act, 2013 states that a board may, with the prior approval in writing of the Government, make such regulations as appear to it to be necessary for carrying out the purposes of this Act.

The management of Pakistan Educational Institutions Regulatory Authority paid salaries to its 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.

Audit observed the management of PEIRA paid different allowances amounting to Rs.19.179 million to their employees in addition to admissible allowances under BPS to the Federal Government employees without approval and framing of rules/regulations since inception i.e. 2013. Details of payment during financial year 2020-21 are as under:

(Amount in Rs.)

S. No.	Particular	Rate	Amount paid
1.	House Rent Ceiling	65% of running basic	7,362,191
2.	Dearness Allowance	20 %of running basic	2,021,571
3.	Medical Allowance	50 %of running basic	5,529,842
4.	Eid Allowance	BPS-17 and above Rs.45,000 BPS-1 to BPS-16 Rs.20,000	1,575,000
5.	Honorarium/Cash Award	Three Basic Pay	2,690,245
Total			**19,178,849**

Audit is of the view that payment of allowances/ facilities without prior approval of the Finance Division and non-framing of rules/regulations was irregular and unauthorized.

The management replied that PEIRA was established in 2006 as body corporate / autonomous organization and functioning since 05.12.2006 under the ‘Islamabad Capital Territory Private Educational Institutions (Regulation and Promotion) Ordinance, 2006’. It is further added that employees of PEIRA (being statutory body) are not civil servant in line with advice of the Law Division. The Pay & Allowances and other fringe benefits as vogue in FBISE were adopted under rules since the establishment of ICT-PEIRA, but the documents/records are not traceable because of frequent shifting of PEIRA office and some actions by the previous management. On the directions by Controller General of Accounts (CGA) dated 12.04.2017, ICT-PEIRA Financial Regulations are under active process with Finance Division.

The reply of the management is not acceptable as payment of allowances/ facilities was made without approval of the Finance Division and framing of rules/regulations.

The management did not convene the DAC meeting till finalization of this report.

Audit recommends framing of rules besides regularization of the expenditure and fixing of responsibility.

9.5.14 Irregular appointments without open competition and over payment of monthly salaries - Rs.5.202 million

Section10(2) of PEIRA Act, 2013 states that the authority may appoint such staff as may be prescribed under rules for carrying out its functions.

Section22 of PEIRA Act, 2013 states that the Government may, by notification in the official Gazette, make rules to carry out the purposes of this Act.

Section23 of PEIRA Act, 2013 states that a board may, with the prior approval in writing of the Government, make such regulations as appear to it to be necessary for carrying out the purposes of this Act.

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

The management of Private Education Institutions Regulatory Authority (PEIRA), Islamabad made appointments on contract for a period of 89 days against different monthly remuneration/fee without. Initially appointments were made for a period of 89 days and period of contracts was continuingly extended for further period of 89 days. At present 03 personnel are at their strength and a sum of Rs. 5.168 million was paid up to September, 2021. Details of payment are as under:

(Rupees.)

S. No.	Name	Date of initial appointment	Rate of monthly salary	Amount paid
1.	Syed Khuram Abbas	06.01.2020	95,000	1,979,677
2.	Mr. Naveed Iqbal	19.11.2019	75,000	1,661,250
3.	Mr. Zulfiqar Dildar	30.12.2019	75,000	1,561,089
Total				**5,202,016**

Audit observed that the appointments were made without open competition and mentioning the Post/ designation. No rules /regulations under section -22 and 23 of PEIRA Act were framed with the approval of Government so far to carry out the purpose of Act.

Audit further observed that the salary to contingent paid staff (CPS) was paid over and above the rates fixed by the Finance Division.

Audit is of the view that appointment made without open competition and payment of monthly salaries over and above the rates fixed by the Finance Division was irregular and unauthorized.

The management replied that keeping in view of urgent need of staff and in pursuance of powers conferred to Authority under section 5 of Act 2013 read with Section 10(2) of Ordinance 2006, the Authority hired the services of aforesaid personnel having expertise in relevant field as stop gap arrangement. They were hired purely as stop gap arrangement on market competitive salary to fill the gap of skilled staff. Moreover, efforts are also underway for creation of additional posts as per need of manpower.

The reply is not acceptable as appointment was made without open competition and payment of monthly salaries was made over and above the rates fixed by the Finance Division. Furthermore, an important organization is being run on the basis of adhocism.

The management did not convene DAC meeting till finalization of this report.

Audit recommends that responsibility be fixed for appointment in violation of government rules and procedures besides appointment of regular staff through open competition.

9.5.15 Irregular functioning of Private Educational Institutions without registration

Rule 4(1) of the Private Educational Institutions (Registration and Fee Determination) Rules, 2016 states that application for registration shall be made by the institution to the Authority at least two months before commencement of the academic year.

Rule 4(3) of the Private Educational Institutions (Registration and Fee Determination) Rules, 2016 states that upon commencement of these rules, a new institution shall be allowed to function only after the issuance of registration certificate.

The management of the Private Educational Institutions Regulatory Authority (ICT-PEIRA) is making registration of Private Educational Institutions (PEIs) functioning in ICT.

Audit observed that 186 Private Educational Institutions are functioning in ICT without obtaining registration certificates from PEIRA. Private Educational Institutions applied for registration but PEIRA has yet not awarded registration.

Audit is of the view that functioning of the Private Educational Institutions in ICT without registration was violation of PEIRA (Registration and Fee Determination) Rules, 2016.

The management replied that PEIRA is vigorously pursuing the registration process of said Private Educational Institutions (PEIs). 51-Private Educational Institutions have provided the requisite documents out of which 20-Private Educational Institutions have been awarded registration certificates, whereas, 31-Private Educational Institutions are listed for inspection to be conducting for registration. The delay of registration process of remaining 135-Private Educational Institution is mainly caused due to non-submission of required relevant / mandatory document by management of Private Educational Institutions.

The reply is not acceptable as functioning of the Private Educational Institutions in ICT without registration was violation of PEIRA Rules.

The management did not convene DAC meeting till finalization of this report.

Audit recommends to probe the matter besides fixing of responsibility.

9.5.16 Loss due to non-investment of funds on maturity – Rs. 6.876 million

Para-23 of General Financial Rules 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 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 PEIRA is maintaining its receipt in bank account (No. 0050005501 in Habib Bank Limited, FBI&SE Branch, Islamabad). As per the cash book of the bank account an investment of Rs. 50.000 million was matured on 24.04.2020 and same was deposited into bank account along with interest of Rs.4,371,945. As per bank statement where remained balances in the bank account during the period up to June, 2021was as under:

(Rupees.)

S. No.	Month	Closing Balance
1.	July, 2020	80,139,019
2.	August	77,475,115
3.	September	78,942,733
4.	October	79,904,586
5.	November	78,151,947
6.	December	79,392,169
7.	January, 2021	77,189,249
8.	February	78,629,371
9.	Mar	77,176,887
10.	April	72,609,934
11.	May	71,439,514
12.	June	70,846,887
Total		**921,897,411**
Average Balance maintained during FY 2020-21		**76,824,784**

Audit observed that management did not invest the surplus amount retained in the bank sustained loss of Rs. 6.876 million approximately (Rs. 76.825 million * 8.95%).

Audit is of the view that non-investment of funds was a serious lapse on the part of management.

The management replied that PEIRA had invested Rs. 25.00 million during 2017-18, on its maturity, again Rs. 50.00 million were invested in bank on highest profit rate which matured in April 2020.However, PEIRA is working on it and investment will be made during 2021-22 as per rules / policies.

The reply is not acceptable as non-investment of funds after maturity was loss to PEIRA.

The management did not convene DAC meeting.

Audit recommends that the corrective measures may be made.

COVID-19 Response, Recovery and Resilience in Education Project

9.5.17 Non-execution of components of COVID-19 RRREP - Rs. 1,354.733 million

An agreement was signed between Government of Pakistan and IBRD regarding COVID-19 Response, Recovery and Resilience in Education Project GPE Grant No. TF0B3319 on 25.11.2020 with closing date of November 30, 2021.

Section –III Schedule-II of the agreement states that the Recipient through the Ministry of Federal Education and Professional Training, may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the standard conditions and (b) this Section; to finance 100% of Eligible Expenditure consisting of works, consulting services, non-consulting services, Training, and Incremental Operating Costs, inclusive of taxes.

Annexure-F, of COVID-19 RRREP describes the complete activities of the projects vs consolidated budgets.

The management of COVID-19 RRREP was required to complete thirty three (33) tasks against budgeted amount of Rs. 2,073.554 million during 2020-21.

Audit observed as under:

1. Out of 33 activities only 2 activities were carried out during 2020-21**.**
2. Against budgetary provision of 2,073.554 million only Rs. 718.721 million were utilized and rest of Rs. 1,354.733 were remained unutilized.
3. No serious efforts were made to utilized the funds instead adhoc arrangements were made to execute the project

Audit is of the view that tired approach towards execution of the project will not only waste the precious finances but will also spoil the opportunity for overcoming educational problems of children.

The management did not reply till finalization of report.

Audit recommends that fact finding inquiry be initiated, appropriate appointment be made and responsibility be fixed.

9.5.18 Non-deduction of General Sales Tax and Income Tax - Rs. 10.527 million

Rule 2(2) of Sales Tax Special Procedure (Withholding) Rules, 2007 states that a withholding agent shall deduct an amount equal to one fifth of the total Sales Tax shown in the sales tax invoice issued by a registered person and make payment of the balance amount to him.

Section 153 (1) (b) (ii) of Income tax ordinance, 2001 states that 8% tax on gross amount will be deducted in case of rendering or providing services other than as mentioned at (i) above by (a) a company (b) and 10% in any other case.

The management of COVID-19 RRREP paid Rs. 97.853 million including General Sales Tax of Rs. 13.497 million to Pakistan Broadcasting Corporation for coverage to Radio Schools during 2020-21.

Audit observed that management did not withhold 1/5th of the Sales Tax amounting to Rs. 2.699 million.

Audit also observed that management did not deducted and deposited Income tax from PBC amounting to Rs. 7.828 million.

Audit is of the view that non-deduction of 1/5th GST and Income Tax deprived the government of its due receipt.

The management did not reply till finalization of report.

Audit recommends that the amount may be deducted and deposited into the government treasury.

9.5.19 Non-availability of record and advance payment relating to procurement of Hygiene kits - Rs. 620.969 million

An agreement was signed between Government of Pakistan through Ministry of Federal Education and Professional Training, Islamabad and UNICEF on 21.06.2021 for provision of hygiene kits amounting to USD 9.00 million

Para-3 Article IV of the agreement states that the government will send to UNICEF, with a copy to the Association, a written "Procurement Request" to undertake the procurement and delivery of supplies under this agreement.

Para-5 Article IV of the agreement states that UNICEF will review each procurement request and will sent to government in response, a written estimate of the cost of procurement referred in procurement request, including relevant delivery schedule (s). UNICEF will use best efforts to provide a cost estimate within 5 working days of receiving procurement request.

Para-6 Article IV of the agreement states that within the validity period specified for in a cost estimate the government will advise UNICEF in writing whether it accepts that cost estimate or not.

The management of COVID-19 RRREP made an agreement for total consideration of USD 9.00 million and an amount of Rs.620.969 million was directly paid to UNICEF on account of procurement of Hygiene kits during 2020-21.

Audit observed as under:

1. No written request for procurement was available on record which was sent to UNICEF by the Government
2. No one from management is clear about what products were requested and when the same will be delivered
3. No written cost estimate was available with the management
4. No acceptance or rejection procurement of kits from GOP is available on record with the management

Audit is of the view that as the advance payment of Rs…… million was made in the month of June, 2021 and the record was also not produced to audit, therefore, the authenticity of the expenditure could not be ascertained.

The management did not reply till finalization of report.

Audit recommends that fact finding inquiry be initiated and responsibility be fixed.

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-2020-21) Rs. in million	Revenue / Receipt Audited (FY-2020-21) Rs. in million
1	Formations	5	4	845.483	-
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 2020-21 was Rs.730.06 million, out of which the Division expended an amount of Rs.728.68 million. The Division had 1 current grant. Grant-wise detail of current and development expenditure is as under:

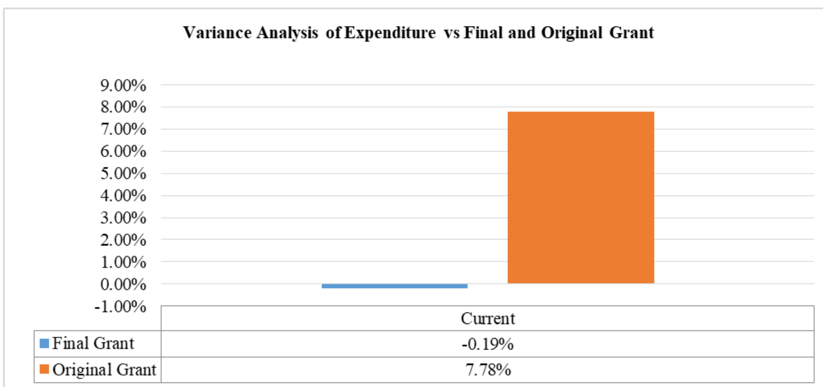
Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
21	**Current**	676.06	54.00	-3.32	730.06	728.68	-1.38	-0.19%

Audit noted that there was an overall saving of Rs.1.38 million, which was due to less expenditure in Current 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 current expenditure the 7.78% of excess in expenditure w.r.t original allocation reduced to 0.19% of saving 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. 113.71million, 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*	6.81
B	*Procurement related irregularities*	
C	*Management of account with commercial banks*	12.82
D	*Recovery*	

E	*Internal Control*	
4	Value for money and service delivery	94.08
5	Others	

10.4Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2015-16	1	0	0	1	-
2016-17	1	1	0	1	-
2020-21	7	0	0	7	-
Total	**9**	**1**	**0**	**9**	**-**

10.5AUDIT PARAS

Federal Public Service Commission, Islamabad

10.5.1 Irregular engagement of invigilators– Rs. 6.811 million

Rule 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.

Section 7 (1) (a) of Financial Management and Powers of Principal Accounting Officers Regulations, 2021 states that the principal accounting officer shall be responsible to adhere to and enforce the principles of financial propriety, including the compliance of laws, rules, regulations, maintaining high standard of prudence, vigilance, due diligence and ensuring value for money while incurring expenditure and collecting government receipts.

The Federal Public Service Commission (FPSC), Islamabad engaged various private invigilators for supervising different examinations conducted during 2020-21.

Audit observed as under:

i. No regulation/SOPs were framed for engagement of Invigilators.

ii. Invigilators were selected from general public without having any verified educational, criminal and character antecedents.

iii. Only CNICs numbers and mobile numbers were obtained from them. However, on sampling basis Audit observed that 75 CNICs were faked/wrong.

iv. Due to non-verification of engaged private invigilators there were very high risk for conducting examinations in transparent manner.

Audit is of the view that engagement of private invigilators without following any regulation/SOP for Commission's examinations makes the overall process of invigilation highly risky as far as the transparency is concerned.

Neither the management replied nor was the DAC meeting convened.

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

10.5.2 Non-reconciliation of FPSC receipts – Rs. 12.822 million

Section 5 (d) of System of Financial Control and Budgeting 2006 vide Finance Division O.M.No.F.3(2) Exp. III/2006 dates 13th September, 2006 states that the Principal Accounting Officer shall make sure that the accounts of receipts shall be maintained properly and reconciled on monthly basis.

The management of Federal Public Service Commission, Islamabad collected the receipts of Rs. 177.315 million during 2020-21.

Audit observed that an amount of Rs. 190.300 million was reflected under the Head C02101 in accounts of the Federal Government. However, an amount of Rs. 177.478 million was reflected in the accounts of FPSC. Hence there was a variation of Rs. 12,822,319 in the figures was not catered in FPSC accounts.

Audit also observed that no reconciliation has been made by the FPSC as of to date.

Audit is of the view that in absence of proper record and monthly reconciliation with accounts, the authenticity of the figures cannot be ascertained.

Neither the management replied nor was the DAC meeting convened.

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

Online Recruitment System for FPSC, Islamabad

10.5.3 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 Federal Public Service Commission, Islamabad was requested to provide the following auditable record vide requisition No. 1, 2, 3, 4, and 5 dated 16.09.2021, 21.09.2021, 22.09.2021, 22.09.2021, and 23.09.2021, respectively:

1. Copies of requirement communicated to executing agency from FPSC
2. Approved complete recruitment cycle for examination and actual time consumed by these activities.
3. Distribution of work within Directorate be provided along with system access and roles assigned to each user.
4. Case-wise list of candidates applied for General Recruitment during 2020-21 be provided with complete data field.
5. TORs/SoPs duly approved by the competent authority regarding completion of task within Test & Directorate, i.e., scrutiny and time frame be provided
6. Name of employees, Designation, qualification and their period of stay in relevant sections of IT Directorate, Secrecy Directorate, CE Directorate, General Recruitment Directorate and Legal Directorate.
7. SOPs / guidelines for rotation of employees
8. Inquiry / proceedings against any employee regarding misconduct / disciplinary or any other

9. Copy of sanction strength of each section and working strength
10. Year-wise list of members for last 5 years along with date of joining and date of completion of tenure

Despite repeated verbal and written requests, the requisite record was not provided to audit by the management.

Audit is of the view that non-production of record hindered the auditorial functions of the Auditor General of Pakistan and in the absence of above record audit is not in a position to comment on the expenditure incurred/work done/progress made on above.

Neither the management replied nor was the DAC meeting convened.

Audit recommends that responsibility may be fixed for hindering the auditorial functions of the Auditor General of Pakistan besides production of record.

10.5.4 Non-implementation of multiple-choice question management system (MCQS) application

Para 10 ((i) (f) of PC-I of the Project "Online Recruitment System for Federal Public Service Commission" states that the objective of the project is to implement the application of Multiple Choice Question Management System (MCQs). According to this application the system will be used to make MCQs paper and after that the result compilation etc.

The management of Federal Public Service Commission (FPSC), Islamabad was responsible for operation and maintenance of the Project "Online Recruitment System for Federal Public Service Commission" which was executed by the Electronic Government Directorate {Now called National Information Technology Board, (NITB**)}** under Ministry of Information Technology. The NITB had successfully deployed application of MCQs in FPSC during 2003 to 2006.

Audit observed that the management of FPSC was not implementing MCQs.

Audit also observed that most of the tasks were being performed manually and also in non-integrated environment. The online system was not utilized to make the process more transparent and interference free.

Audit is of the view that due to non-implementation of application of MCQs, the management of FPSC on one side wasted funds and on the other side lost the opportunity to avail the benefits of automation and transparency in processes.

Neither the management replied nor was the DAC meeting convened.

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

10.5.5 Non-conducting of Information Technology Audit of *Secrecy Wing*

Para-13 (VII) of Information Technology Security Approved Policy issued vide Cabinet Division letter No. 5-8/2004 (NTISB-II)/SA dated 09.01.2012 states that the Chief (IT) will undertake a six-monthly IT Audit of Secrecy Wing and certify to the Chairman that aspects of FPSC IT Security Policy are being complied with. exceptions, if any will also be indicated.

The management of Federal Public Service Commission (FPSC), Islamabad was responsible for operation and maintenance of the Project "Online Recruitment System for Federal Public Service Commission" and the management got approved IT Policy of FPSC.

Audit observed that since approval of IT Policy, i.e., 09.01.2012 not a single IT Audit of Secrecy Wing was carried out by the Chief (IT) or his representative whose duty was to certify to the Chairman FPSC that IT policy are complied with requirements.

Audit is of the view that in the absence of IT audit, audit is not in a position to rule out the likelihood of flaws/weaknesses/malfunctioning.

Neither the management replied nor was the DAC meeting convened.

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

10.5.6 Non-implementation of Licensed Antivirus on Servers and Clients

Para-8 of Information Technology Security Approved Policy issued vide Cabinet Division letter No. 5-8/2004 (NTISB-II)/SA dated 09.01.2012 states that:

i. Latest licensed Antivirus/Anti-Trojan/Anti-Spyware will be implemented on servers and clients.
ii. All network connected workstations and servers will be protected by latest antivirus software, with various definition files automatically updated.

The management of Federal Public Service Commission (FPSC), Islamabad was responsible for operation and maintenance of the Project "Online Recruitment System for Federal Public Service Commission" and the management got approved IT Policy of FPSC.

Audit observed as under:

i. No licensed Antivirus/Anti-Trojan/Anti-Spyware was installed on servers and clients

ii. Network connected workstations and servers were not protected by latest /licensed antivirus software.

Audit is of the view that due to non-installation of anti-virus/license anti-virus there are frequent chances for loss of data. Clicking a malicious link can infect entire computer system with a destructive virus that can shut down network, wipe hard drives, and spread to workstations through the Internet.

Neither the management replied nor was the DAC meeting convened.

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

10.5.7 Wasteful expenditure on online recruitment system - Rs.94.079 million

Rule 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.

Two phases of online recruitment were carried out by the NITB at cost of Rs. 37.712 million in Phase-I from 2003-2006 and Rs. 56.367 million in Phase-II from 2006 to 2017. Another PC-I was prepared by the FPSC for the same purpose in the name of Computer Based Testing at cost of Rs. 474.79 million for 2019-20 to 2021-22. The main objective of these PSDP projects to enhance the functional capacity of FPSC to achieve the following goals:

i. Time curtailment in recruitment cycle

ii. Reducing the time for preparation of question papers and markings

iii. Reduction human intervention for preparation of question papers

iv. Creation of repository of questions on various topics and subjects

v. Fast paced generation of question papers for various tests

The management of Federal Public Service Commission (FPSC), Islamabad was responsible for operation and maintenance of the Project "Online Recruitment System for Federal Public Service Commission" which was executed by the Electronic Government Directorate {Now called National Information Technology Board, (NITB)}under Ministry of Information Technology.

Audit observed as under:

i. An amount of Rs. 94.079 million was spent on procurement of computers, laptops, servers, hardware and software but except online collection of applications and website nothing was executed as given in PC-Is

ii. Objectives of PC-I(2003)were still pending and incorporated in current PC-I going on in 2020-21.

iii. Neither proper need assessment was made nor future expansion plans were set in initial PC-I approved in 2003 and because of this another mega cost project was introduce at cost of Rs. 474.79 million.

iv. PC-IV of the project (2003) was not provided to audit.

v. More than 66 desktop computers and 36 printers were lying non-functional.

vi. Vendor of Phase-II project has not fulfilled commitment of providing source code/software for which two servers were not in operation since procurement, i.e., 2016-17.

Audit is of the view that due to non-conducting of technical need assessment of FPSC's requirements an amount of Rs. 94.079 million was wasted without achieving aforementioned objectives.

Neither the management replied nor was the DAC meeting convened.

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

CHAPTER 11

FEDERAL OMBUDSMAN SECRETARIAT FOR PROTECTION AGAINST HARASSMENT

11.1 Introduction

Federal Ombudsman Secretariat for Protection Against Harassment (FOSPAH) is an autonomous quasi judicial statutory body working under the ambit of Act No-IV of 2010: for the protection against harassment at the workplace. Recently, the Government of Pakistan through The Enforcement of Women's Property Rights Act, 2020 has also given the authority of deciding the cases related to inheritance of women to FOSPAH.

FOSPAH is committed to create a safe working environment that is free from harassment, abuse, intimidation and discrimination, allowing workers the right to work with dignity and encourage higher productivity by providing a comfortable workplace environment.

Vision:

To redress grievances pertaining to harassment at workplace and women’s property rights promptly and give instant relief to the aggrieved persons, it is our firm belief that awareness is the key to reduce and discourage harassment and deprivation of women’s property rights.

Mission Statement:

To vanguard the respect and dignity of all workforce and women deprived of their legal share in the property (inherited or owned).

Objective:

To redress grievances pertaining to harassment at workplace and women’s property rights promptly and give instant relief to the aggrieved persons, it is our firm belief that awareness is the key to reduce and discourage harassment and deprivation of women’s property rights.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. FIO Secretariat, Regional Office Islamabad
ii. FIO Secretariat, Regional Office Lahore

iii. FIO Secretariat, Regional Office Multan
iv. FIO Secretariat, Regional Office Peshawar
v. FIO Secretariat, Regional Office Quetta
vi. FIO Secretariat, Regional Office Sukkur
vii. FIO Secretariat, Regional Office Hyderabad

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2020-21) Rs. in million	Revenue / Receipt Audited (FY-2020-21) Rs. in million
1	Formations	1	1	170.042	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

11.2 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)

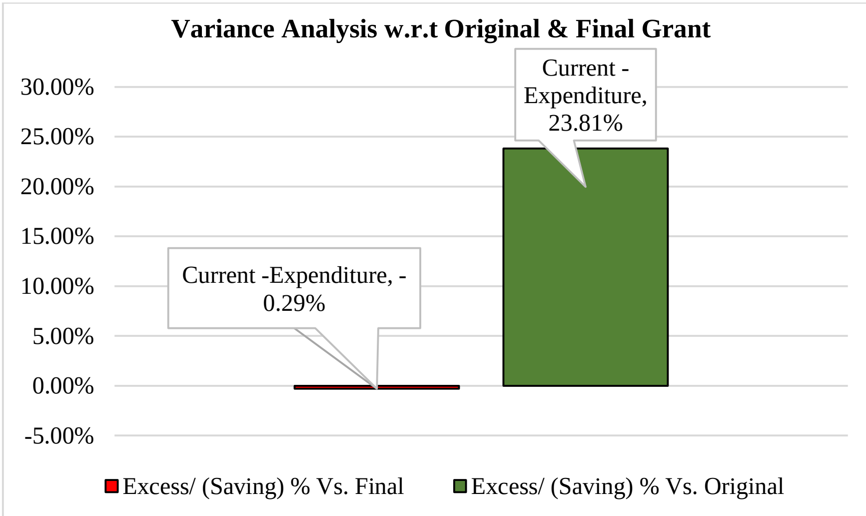
Type of Grant	Grant No.	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	Excess/ (Saving)%
Current	9	650.00	160.44	-3.32	807.12	804.77	-2.35	-0.29%

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:



11.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 361.48 million, were raised in this report during the current audit of Federal Insurance Ombudsman. 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	-

11.4 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

11.5 AUDIT PARAS

11.5.1 Fraudulent drawl of funds under the head Repair and Maintenance of Office Building - Rs.3.382 million

Rule 12 (1) of Public Procurement Rules, 2004 states that "Procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority'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".

Rule-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".

The management of Federal Ombudsman Secretariat for Protection against Harassment of Women at the Workplace (FOSPAH), Islamabad incurred expenditure of Rs.3,382,800 on account of repair of House No.4, Attaturk Avenue, Embassy Road, F-6/4, Islamabad being residence of Honorable Ombudsman.

Audit observed as under:

i. No open tender was floated to get the benefit of competitive rates as required under PPRA Rules. The expenditure of Rs.3.382 million was incurred by splitting up sanctions to avoid calling of open tender.

ii. No budget allocation was available under the relevant head of account. The entire expenditure was met out of the head "A13301-Repair of Office Building".

iii. No officer had certified the actual work done by the firms as the invoices are without date. Audit was unable to verify the actual work done by the firms as claimed in invoices.
iv. Expenditure is claimed on bogus invoices of three Firms i.e. Tayyaba Auto Workshop, AAS Furnitures and Haseeb Enterprises

Audit is of the view that incurring of the expenditure of Rs.3.382 million without observing PPRA Rules, 2004 and without verification of actual work and bogus invoices is fraudulent.

The management replied that in the light of sub section 7 of Act XIV of 2010 a person shall be qualified to be appointed as Judge of High Court in the Presidential Order 1997 along with Islamabad High Court Office Order bearing No.F(77)Admn/IHC/2958/ dated 17-02-2011 consist of detail of privileges to be provided to the judge of high court. Maintenance of Residence of Federal Ombudsman is admissible through Pak PWD, otherwise NOC is to be granted to work from private vendor. In this case NOC has been obtained from Pak.PWD. Moreover, to avoid the lapse of budget and paucity of time tender was not initiated by the competent authority. Further it is added work completion certificate performed at the residence of Honorable Federal Ombudsman which is located at House No.4 Ataturk Avenue Embassy Road Sector F-6, Islamabad is available for inspection.

Reply is not acceptable because the work was executed on a private house occupied by the ombudsman.

The management did not convene DAC meeting till finalization of the report.

Audit recommends inquiry into the matter and fixing of responsibility.

11.5.2 Non-refund of unspent amount by Pak. PWD – Rs.3.00 million

Rule-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”.

The Pak.PWD vide their letter No.SW/W-13/795 dated 08.05.2020 submitted estimates of Rs.6,492,864 for renovation of residence of Honourable

Federal Ombudsman House No.4, Attaturk Avenue, Embassy Road, F-6/4, Islamabad.

The management of Federal Ombudsman Secretariat for Protection against Harassment of Women at the Workplace (FOSPAH), Islamabad released funds amounting to Rs.8.00 million to Pak. PWD as per following breakup:

Authority No. & Date	**Amount released**	**Purpose**
No.A-III/AUTH/F.O.S/ID-6832/2019-20/1372 dated 05.05.2020	8,000,000	Breakup is as under: 1. Renovation of office building = Rs.5.00 million 2. Repair/ maintenance of residence of Honourable Ombudsman = Rs.3.00 million

The FOSPAH vide letter No.FOS.3(21)/2018-Admn/Vol-III/21 dated 30.04.2020 asked the Pak. PWD to carry out maintenance work of the residence out of funds amounting to Rs.8.00 million.

Later on, the repair work of residence was called off and FOSPAH vide letter No.FOS.3(6)/2011-Admn/145 dated 09.10.2020 asked the Pak.PWD to refund the unutilized amount of Rs.3.00 million (out of Rs.8.00 million).

In response, the Pak.PWD vide letter No.EE/CCD-II/W-409/596 dated 15.10.2020 intimated that an amount of Rs.8.00 million was exclusively released for remaining civil work in Right Wing of 1st Floor of office building. Hence no amount can be refunded to FOSPAH.

Audit observed that the unspent amount of Rs.3.00 million had not been refunded by Pak. PWD into Government Account. The utilization of unspent amount on another work by Pak.PWD was unauthorized.

Audit is of the view that due to non-refund of amount by Pak.PWD the public exchequer was put to loss on this account.

The management replied that this Secretariat released an amount of Rs.8 million to Pak PWD for renovation of Office Building against their estimate of Rs.6,492,861 vide number A-III/authority/FOS/ID-6832/2019-20/1372 dated 05.05.2020 with the Pak. PWD committed that this estimate constitute an amount of Rs.3 million to be spent on the renovation of Residence of Honorable Federal Ombudsman. Later on, this Secretariat withdraw their letter of renovation of Official Residence of the Honorable Federal Ombudsman. Pak PWD, Islamabad replied that an amount of Rs.8 million released earlier to Pak. PWD has been spent on the right wing of FOSPAH Secretariat and Pak PWD not in a position to refund of Rs.3 million as demanded by this FOSPAH Secretariat. Pak PWD forwarded a detail of actual expenditure against the released of fund of Rs.8 million is Rs.8.41 million.

The reply is not cogent as Pak PWD was not authorized to utilize said unspent amount on another work.

The management did not convene DAC till finalization of the report.

Audit recommend to get the refund of unspent amount from the Pak.PWD.

11.5.3 Appointment of Registrar on contract basis and further regularization of his services in violation of rules

According to Rule-3 of Office of the Federal Ombudsman for Protection against Harassment of Women at the Workplace (Employees Service) Rules, 2014 “the regular establishment of employees in basic pay scale (1 to 20) of the office shall consist of posts mentioned in the schedule with their scales of pay, appointment to the posts in the office shall be made in the manner as prescribed in the schedule.

According to Rule-4 ibid the person specified in column (3) of the Table below shall be appointing authority for making on recommendations of the appropriate Promotion and Selection Board or Committee, appointment to various posts in the Office as specified in column (2) thereof namely:

S. No.	For appointment to posts in	Appointing Authority
1	BPS-17 to 19	Federal Ombudsman

Rule-12 ibid states that “an employee possessing the prescribed minimum educational and other qualifications, length of service and other conditions as set out in the Schedule shall be eligible for promotion to a higher post for the time being reserved under these rules for promotion”.

The management of Federal Ombudsman Secretariat for Protection against Harassment of Women at the Workplace (FOSPAH), Islamabad appointed Mr. Rehman Shahzad as Registrar (BPS-18) on contract basis in FOSPAH vide Memorandum No. FOS.3(21)/2018-Admn/Vol-II dated 26-12-2019 for period of one year from the date of joining. The officer assumed the charge of the post on 01-01-2020. The contract services of the officer were regularized vide Notification FOS. No.1(1)/2020-Admn/ dated 24.05.2021.

Audit observed as under:

i. As per Method of Appointment under Table-III of above quoted Rules, the post of Registrar was required to be filled by 100% promotion. Whereas, the post of Registrar was filled by making contract appointment.

ii. Since the officer applied for contract appointment therefore, he did not qualify for the regularization of services as per method of appointment given in the Employees Service Rules, 2014.

Audit is of the view that the appointment of officer on contract basis and subsequent regularization of his services is in violation of Rules.

The management replied that in light of Section 17 (1) and (3) of Act XIV 2013 the Federal Ombudsman has the full administrative and financial autonomy. Further Federal Ombudsman can appoint the staff that includes Advisors, Consultants on contract basis for legal assistance. Further there was no regular Assistant Registrar that could be promoted as a Registrar of this office. So the authority decided to appoint Registrar on contract basis via advertisement. Later on the Registrar appointed on contract basis was regularized by the authority the Federal Ombudsman vide No.11(1)/2020/Admin dated 24.05.2021.

The reply is not convincing as the relevant service rules were not observed.

Audit recommends to probe the matter for fixing of responsibility.

CHAPTER 12

FINANCE DIVISION

12.1 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-2020-21) Rs. in million	Revenue / Receipt Audited (FY 2020-21) Rs. in million
1	Formations	58	5	4,347.264	264.490
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	-	-	-

12.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Finance Division for the financial year 2020-21 was Rs.14,211,282.65 million, out of which the Division expended an amount of Rs.18,773,777.76 million. The Division had 8 current grant and 3 development grant. Grant-wise detail of current and development expenditure is as under:

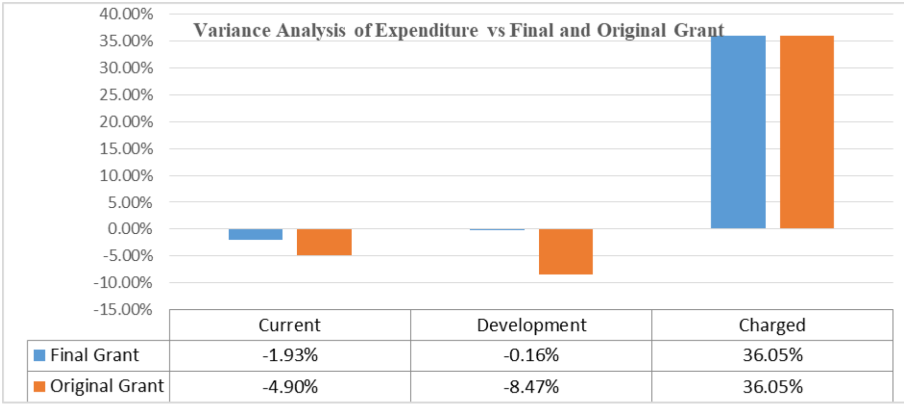
Grant No.	Type of Grant	Original Grant	Suppl Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
59	Current	1,854.55	80.09	-382.15	1,472.40	1,459.01	-13.40	-0.91%
60	Current	28,838.49	10,100.00	-3,110.66	35,827.83	35,891.61	63.77	0.18%
61	Current	5,923.62	1,512.75	-22.22	7,414.14	7,402.46	-11.68	-0.16%
64	Current	470,000.00	0.00	-22,140.00	447,860.00	456,430.39	8,570.39	1.91%
65	Current	171,890.00	34,500.00	-2,151.19	204,238.81	204,238.81	0.00	0.00%
66	Current	643,300.00	72,634.33	-222,226.36	493,707.98	461,504.44	-32,203.53	-6.52%
146	Current	11,717.20	0.00	-600.00	11,117.20	9,201.97	-1,915.23	-17.23%
147	Current	66,776.00	91,292.84	-1,694.54	156,374.29	155,609.13	-765.16	-0.49%
Sub Total Current		1,400,299.86	210,120.00	-252,327.12	1,358,012.65	1,331,737.80	-26,274.85	-1.93%
165	Development	100.00	0.02	-75.74	24.26	24.26	0.00	0.00%
166	Development	66,370.07	34,002.61	-2,119.69	98,252.99	98,052.99	-200.00	-0.20%
167	Development	67,000.00	0.00	-42,909.25	24,090.75	24,090.74	0.00	0.00%
Sub Total Development		133,470.07	34,002.63	-45,104.69	122,367.99	122,167.99	-200.00	-0.16%
Repayment of Domestic Debt		10,099,902.00		0.00	10,099,902.00	14,784,886.94	4,684,984.94	46.39%
Servicing of Domestic Debt		2,631,000.00	0.00	0.00	2,631,000.00	2,534,985.02	-96,014.98	-3.65%
Sub Total Charged		12,730,902.00	0.00	0.00	12,730,902.00	17,319,871.96	4,588,969.96	36.05%
Total		14,264,671.93	244,122.63	-297,431.81	14,211,282.65	18,773,777.76	4,562,495.11	32.10%

Audit noted that there was an overall excess of Rs. 4,562,495.11 million, which was due to excess in charged 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 8.47% with respect to Original grant which was reduced to 0.16% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 4.90% of savings in expenditure w.r.t original allocation reduced to 1.93% of savings in expenditure w.r.t final allocation. On the other hand 36.05% of excess in Charged Expenditure remained unchanged w.r.t to final grant, as depicted in the graph below:



12.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.78,417.41million, were raised in this report during the current audit of **Finance 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*	12.74
C	*Management of account with commercial banks*	285.99
D	*Recovery*	78,073.14
E	*Internal Control*	
4	Value for money and service delivery	45.53
5	Others	

12.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	9	9	8	1	89
2011-12	17	0	0	17	-
2012-13	35	0	0	35	-
2013-14	20	18	6	14	33

2014-15	30	0	0	30	-
2015-16	9	8	3	6	38
2016-17	13	6	0	13	-
2017-18	15	15	8	7	53
2018-19	61	0	0	61	-
2019-20	42	0	0	42	-
2020-21	17	0	0	17	-
Total	**268**	**56**	**25**	**243**	45

12.5AUDIT PARAS

Competition Commission of Pakistan (CCP)

12.5.1 Unauthorized expenditure on transport and fuel monetization – Rs.12.744 million

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) adopted a different transport monetization policy from October, 2014 as compared to the policy announced by the Cabinet Division. Comparison of both policies is as under:

S. No.	Position	CCP Grade/equivalent to BPS	CCP Monetization Policy		Cabinet Division's monetization policy
			Monthly monetization allowance	Monthly fuel monetization	
1.	Director General	CCP Grade-9/BPS-21	Rs. 71,300 with 5% annual increase	Rupees equivalent to 430 liters	77,430
2.	Director	CCP Grade-8/BPS-20	Rs. 65,500 with 5% annual increase	Rupees equivalent to 250 liters	65,960

Audit observed that payment of Rs. 12,743,811 was made to Directors General, Directors which included vehicles monetization allowance Rs.8,306,363 and fuel monetizationRs.4,437,448 in conflict with the Cabinet Division's policy.

Audit is of the view that the payments made are held unauthorized.

The management replied that the payments were made in accordance with the provision of service regulations.

The reply is not tenable as the Finance Division had already taken up the case with Cabinet Division.

The management did not convene DAC till finalization of the report.

Audit recommends recovery of the amount paid in excess of the monetization policy of the federal government.

12.5.2 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) paid 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.

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 is not tenable as payment of pension from CCP Fund to retired civil servants of defunct MCA was not provided for in the Act.

The management did not convene DAC till finalization of the report.

Audit recommends that responsibility be fixed for the irregularity.

12.5.3 Unauthorized maintenance 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	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 is not tenable as maintenance of pension fund out of CCP Fund for retired civil servants of defunct MCA was not provided for in the Act.

The management did not convene DAC till finalization of the report.

Audit recommends that the practice be discontinued.

12.5.4 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.

Management of CCP was requested following record vide requisitions dated 25th and 27th August, 2021

i. Selection / appointment process files of Chairperson and Members of the Commission

ii. Competition Appellate Tribunal (orders issued by the Chairperson, Appeal No., Date of filing of appeal, date of disposal of appeal)

iii. Biometric Attendance report for the year.

Management of CCP failed to provide the above requisitioned record till conclusion of audit, despite repeated requests. In absence of the above-mentioned record, audit is unable comment on the performance of CCP and Competition Appellate Tribunal

Audit is of the view that non-provision of record is hindering of auditorial function and requires disciplinary action.

No reply was received till finalization of this report.

The management did not convene DAC till finalization of the report.

Audit recommends that necessary action may be taken against those hindering the process of audit.

12.5.5 Non-Recovery of long outstanding penalties – Rs 67,789 million

Section 40(8) of Competition Commission of Pakistan Act, 2010 states that all penalties and fines shall be credited to the Public Account of the Federation.

During the audit of Competition Commission of Pakistan for the year 2020-21 it was observed that management imposed penalties of Rs. 67, 823 million on different companies from 2007-08 to 2020-21. Summary of the penalty imposed, received and recoverable is as under:

Description	Amount
Penalty Imposed	67,823,225,999
Penalty Recovered	33,750,000
Penalty Recoverable	**67,789,475,999**

Audit observed that out of Rs.67,823.22 million worth of penalties imposed only 0.05% i.e. Rs. 33.75 million were recovered which is alarmingly low in terms of finalization of recovery of penalties. As on June 2021 there is a recoverable balance of Rs. 67,789 million.

Audit is of the view that low percentage of recovery of penalties is a question mark on the working of CCP. Audit is also of the view that either the penalties imposed are unrealistic or are based on enquiries with insufficient evidences.

No reply was received till finalization of this report.

The management did not convene DAC till finalization of the report.

Audit recommends that matter may be inquired to ascertain the reason or fix responsibility regarding low percentage of recovery of penalties imposed.

12.5.6 Non-recovery of 3% charge on fees and charges levied on regulatory agencies - Rs. 10,284.139 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% charge 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) Securities and Exchange Commission of Pakistan
b) National Electronic Power Regulatory Authority
c) Oil and Gas Regulatory Authority
d) Pakistan Telecommunication Authority
e) 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 CCP accumulated, during the period from 2008-09 to 2020-21, a recoverable amount of Rs. 10,284,139,526 on account of 3% of the fees and charges from the above stated authorities.

Period	SECP	PTA	NEPRA	PEMRA	OGRA
2008-09	32,218,050	66,846,527	14,796,400	9,555,270	9,050,911
2009-10	38,884,860	75,224,409	9,571,711	16,229,730	8,829,069
2010-11	48,278,100	318,236,288	10,748,453	10,694,251	8,829,069
2011-12	43,503,690	244,743,406	12,436,929	10,575,411	8,829,069
2012-13	49,072,470	278,313,391	13,788,116	15,503,150	8,829,069
2013-14	55,308,240	3,181,234,106	16,657,708	15,503,150	8,829,069
2014-15	70,512,930	464,803,929	23,873,584	15,503,150	8,829,069
2015-16	77,159,520	1,266,915,720	27,568,695	20,514,221	22,508,568
2016-17	86,928,660	1,433,654,460	30,792,561	24,509,371	19,041,767
2017-18	99,987,060	927,628,686	34,902,798	24,509,371	27,427,521
2018-19	84,313,200	383,053,232	37,919,199	24,509,371	42,049,095
2019-20	88,414,380	383,053,232	42,150,806	24,509,371	42,049,095
2020-21	88,414,380	383,053,232	42,150,806	24,509,371	42,049,095
Total	**862,995,540**	**9,406,760,616**	**317,357,766**	**236,625,186**	**257,150,467**
Received	**431,149,658**	**125,258,696**	-	**5,097,122**	**235,244,573**
Receivable	431,845,882	9,281,501,920	317,357,766	231,528,064	21,905,894

From the above table it is clear that OGRA and SECP has shown compliance to the provisions of the CCP act to some extent, whereas NEPRA has defaulted its dues.

Audit is of the view that non-recovery of outstanding dues from the regulatory authorities is lapse on the part of the Commission as accumulation of dues shows laxity on the part of the management.

Neither the management replied nor convene DAC till finalization of the report.

Audit recommends that the outstanding amount may be recovered.

Regional Directorate of National Savings, Karachi

12.5.7 Loss due to irregular award of security contract to higher bidder - Rs.45.532 million

Rule 2(h)(i)(ii) of Public Procurement Rules, 2004 states that, the lowest evaluated bid means a bid most closely conforming to evaluation criteria and other conditions specified in the bidding document and having lowest evaluated cost.

The management of Regional Directorate of National Savings (RDNS), Karachi got a tender notice published in newspaper on 20.05.2017 for acquiring security services at RDNS, Karachi and field offices at Karachi, Hyderabad and Quetta. In response, following three firms participated and quoted their rates as under:

S.No.	Name of Security Agency	Rate offered
1	M/s. Fast Security	5,139,800
2	M/s. Metro Guards	8,023,609
3	M/s. Askari Guards	6,307,300

The contract was awarded to M/s. Askari Guards @ 6,307,300 per month for one year which was extended for another two years up to October, 2020.

Audit observed that the contract was awarded to the bidder with higher rates which resulted in a loss of Rs. 45,532,500/- as per detail given below:

Contract awarded to M/s. Askari Guards (higher bidder)					Lowest Rate offered byM/s. Fast Security				
S. No.	Period	Months	Rate	Amount	Period	Months	Rate	Amount	Loss
1	01.08.2017 to 31.07.2018	12	6,307,300	75,687,600	01.07.2017 to 31.07.2018	12	5,139,800	66,817,400	14,010,000
2	01.08.2018 to 31.07.2019	12	6,307,300	75,687,600	01.08.2018 to 31.07.2019	12	5,139,800	61,677,600	14,010,000
3	01.08.2019 to 31.10.2020	15	6,307,300	94,609,500	01.08.2019 to 31.10.2020	15	5,139,800	77,097,000	17,512,500
				245,984,700				**205,592,000**	**45,532,500**

Audit is of the view that due to award of security contracts to the bidder other than the lowest resulted in loss of Rs.45.532 million.

Neither the management replied nor convene DAC till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

CHAPTER 13

HIGHER EDUCATION COMMISSION

13.1 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 2020-21) Rs. in million	Revenue/Receipt Audited (FY 2020-21) Rs. in million
1	Formations	27	24	90,380.549	9,723.400
2	Assignment Accounts (Excluding FAP)	37	6	34,943	
3	Authorities / Autonomous Bodies etc. under the PAO	21	0		
4	Foreign Aided Project (FAP)	2	2	1,980.852	

13.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Higher Education Commission for the financial year 2020-21 was Rs.99,817.20 million, out of which the Division expended an amount of Rs. 98,507.65 million. The Division had 1 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

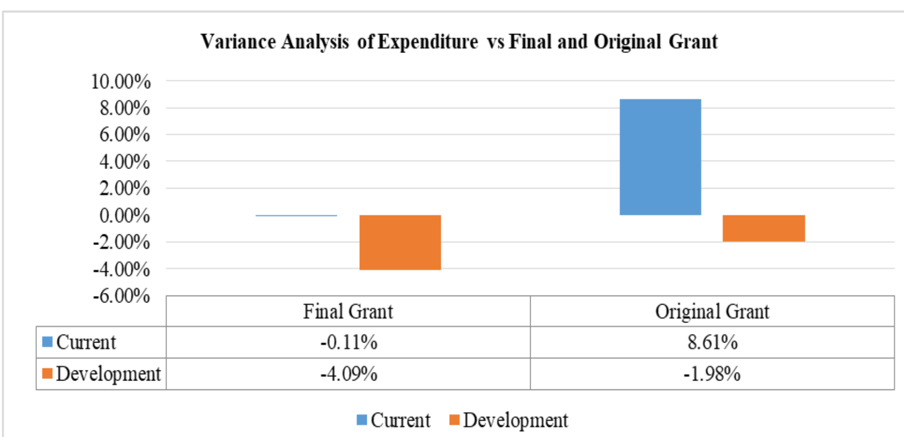
Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ \(Saving)	% age Excess/ (Saving)
54	Current	64,100.00	5,000.00	-	69,697.20	69,620.64	-76.57	-0.11%
162	Development	29,470.00	650.00	-549.05	30,120.00	28,887.02	-1,232.98	-4.09%
Grant Total		**93,570.00**	**5,650.00**	**-549.05**	**99,817.20**	**98,507.65**	**-1,309.55**	**-1.31%**

Audit noted that there was an overall saving of Rs.1,309.55 million, which was due to saving 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 1.98% with respect to Original grant which increased to savings of 4.09% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 8.61% of excess in expenditure w.r.t original allocation reduced to 0.11% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



13.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.53,036.77million, 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	2,172.39
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	*HR/Employees related Irregularities*	608.12
B	*Procurement related irregularities*	200.88
C	*Management of account with commercial banks*	20,745.07
D	*Recovery*	90.89
E	*Internal Control*	29,182.19
4	Value for money and service delivery	31.10
5	Others	6.13

13.4Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	5	5	4	1	80
2011-12	25	0	0	25	-
2012-13	17	0	0	17	-
2013-14	44	39	15	29	38
2014-15	6	6	5	1	83
2015-16	22	22	8	14	36
2016-17	51	10	3	48	30
2017-18	72	13	5	67	38
2018-19	60	0	0	60	-
2019-20	21	0	0	21	-
2020-21	39	0	0	39	-
Total	**362**	**95**	**40**	**322**	42

13.5*AUDIT PARAS*

Higher Education Commission

13.5.1 Irregular and unauthorized up-gradation of 85 posts

Section 21 of Higher Education Commission Ordinance, 2002 states that the Commission may, with the prior approval of Controlling Authority, by notification in the official gazette, make rules for carrying out the purposes of this Ordinance.

Section3ofHigherEducationCommissionOrdinance,2002statesthattheControlling Authority of the Commission shall be the Prime Minister or, as the case may be, the Chief Executive of the Islamic Republic of Pakistan who may supervise the affairs of the Commission.

Para 8(a) Serial No. 1 of the Finance Division's O.M.No.F.3(2)Exp-III/2006 dated 13.09.2006 states that the creation of new posts requires approval of the Finance Division.

The management Higher Education Commission (HEC), Islamabad upgraded 85 posts (44 Assistants BS-14 to BS-16, 6 Assistant In-charge BS-15 to BS-16, 9 Upper Division Clerk BS-09 to BS-11 and 26 Lower Division Clerk BS-7 to BS-9).

Audit observed as under:

i. No rules for up gradation of posts were framed in pursuance of Section 21 of HEC, Ordinance.

ii. Posts were neither created nor upgraded with the prior concurrence of Finance Division and Establishment Division, as the budget for these posts was allocated by GoP.

Audit is of the view that up-gradation of posts without any approved rules and delegated powers was unauthorized.

Neither the management replied nor convene DAC till finalization of the report.

Audit recommends that expenditure incurred on unauthorized upgraded posts without requisite approvals maybe recovered, the up gradation may be reverted and necessary proceedings be initiated against the person(s) at fault.

13.5.2 Unauthorized transfer of Development funds to commercial bank accounts - Rs. 28,681.812 million

Para 2(vi) of Revised Procedure for Operation of Assignment Account of Federal Government issued by the Controller General of Accounts vide No. ACII/1-39/08/Volume-V/632 dated 24.09.2008 states that the officers holding Assignment Account 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.

Finance Division O.M. No. F.2(2)-BR-II/2008-695/2017 dated 16.06.2017 states withdrawal of amounts from Assignment Accounts for placement in Commercial Accounts in not only against fundamental of Article 80 of the Constitution but also violation of Paras 66, 95 & 96 of GFR Vol-I and Rule 290 of FTR. In case of violation of this rule the head of organization will be held responsible and a case will be forwarded to be proceeded under E&D Rules.

The management of HEC, Islamabad was maintaining Assignment Account No. 2167 for Development Projects of Universities and amount of Rs.28,681.812 million was transferred by HEC to different Universities during 2020-21.

Audit observed that the amount of Rs. 28,681.812 million was transferred from Assignment Account maintained for Development Project to different commercial bank accounts maintained by Universities & Centers in violation of instructions of the Finance Division.

Audit is of the view that transfer of Development Grants to Universities' commercial bank accounts in violation of instructions of the Finance Division and Article 80 of the Constitution of Islamic Republic of Pakistan was irregular and unauthorized.

Neither the management replied nor convene DAC till finalization of the report.

Audit recommends recovery of unused funds along with accrued interest for the concerned period be affected.

13.5.3 Unauthorized utilization of year-end closing balance of Assignment Account - Rs. 19,886.346 million

Finance Division letter No. F.2(2)-BR-11/2008-948/18 dated 12.10.2018 Annex-I states that the revised procedure of Assignment Account is applicable to Federal Government as well as Provincial Governments with immediate effect to ensure uniformity in fiscal operations, Special Drawing Accounts (SLYAs), Personal Ledger Accounts (PLAs) and Revolving Fund Account; (Local Currency) will be ‘discontinued by Federal and Provincial Government department. Assignment Accounts will be part of Consolidated Fund. Amounts remaining-unspent at the close of financial- year will appear as saving under the respective budget grant surrendered in time. Unspent ceiling/balance in assignment accounts will not be carried forward in the next financial Year.

The management of HEC, Islamabad transferred funds from Assignment Account to various universities/institutions to deposit in their commercial bank account. At the close of financial years Universities reported closing/unspent balances in their bank accounts during 2020-21.

Audit observed that an amount of Rs. 19,886.346 million was transferred from Assignment Account by the universities at the year-end instead of surrendering in contravention to aforementioned rules.

Audit is of the view that utilization of unspent balance from Assignment Account was irregular and against the spirit of Assignment Accounts’ procedures.

Neither the management replied nor convene DAC till finalization of the report.

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

13.5.4 Non-Recovery from defaulters–Rs.8.042million

Para-01 of minutes of the 29th meeting of National Scholarship Management Committee (NSMC) states that the scholars may be held for the breach of agreement, if it falls in any of the following states:

- Withdrawal from course of study.
- Non-response during the study period.
- MS completed but failed to seek PhD admission.
- Failed to submit the required progress reports or comprehensive reports within Specified period.

Para 2 of the minutes of the 29th meeting of National Scholarship Management Committee (NSMC) states that in case of breach of agreement, the scholars shall be bound to pay the HEC a penalty at the rate of 25% beside compensate the HEC by making a refund of total expenditure amount including travel cost etc.

The HEC management provided the following details vis-à-vis refund of dropped and cancelled scholarships:

(Rupees)

S.No.	Status	No.	Expenditure incurred	Penalty	Total
1.	Remaining Penalty	1		30,575	30,575
2.	Legal Cases	8	5,945,551	1,486,638	7,432,189
3.	Fund utilization report awaited	1	463,750	115,938	579,688
Total		10	6,409,301	1,633,151	**8,042,452**

Audit observed that an amount of Rs.8.042 million was pending against defaulted scholars since long but the same was not recovered by the HEC.

Audit is of the view that non-recovery from defaulted scholars indicates the wasteful and unstructured spending of tax-payer money.

Neither the management replied nor convene DAC till finalization of the report.

Audit recommends recovery of the amount at the earliest and blacklisting of the defaulting scholars.

13.5.5 Non-production of record relating to recovery from defaulters

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 executing the Project “Indigenous PhD Fellowship for 5000 Scholars, HEC (Phase-II)” provided details that Rs. 165,479,402 had been recovered so far from dropped/cancelled scholarships.

Despite repeated requests the management did not produce any relevant documentary evidence to ascertain that the amount of165.479 million was in fact recovered by the project management.

Audit is of the view that non-production of record hindered the auditorial functions of the Auditor General of Pakistan.

Neither the management replied nor convene DAC till finalization of the report.

Audit recommends that responsibility may be fixed for hindering the auditorial functions of the Auditor General of Pakistan besides production of record to Audit.

13.5.6 Non-Recovery of advance tax on revenue of HEC

An amendment under Section 49(4) of Income Tax Ordinance, 2001 was made through Finance Act, 2007 which states that 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 set up, 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 Higher Education Commission, Islamabad has been collecting receipts as attestation fee from the students for degree verification.

Audit observed that Income Tax was neither worked out nor deposited against total revenue for the period 2007-08 to 2020-21, as required under Income Tax Ordinance, 2001.

Audit is of the view that non-payment of Income Tax on HEC’s revenue deprived the government of its due receipts.

The management replied that Section 49(2) of Income tax ordinance states that income falling under the head "Income from business" is chargeable to tax provided that the business carried on by government organization is outside its legal jurisdiction. HEC conducts its all affairs within its jurisdiction and does not have any avenue of generating revenue which falls outside its mandate and powers entrusted by HEC Ordinance.

Furthermore, transacting a business involves a profit motive for rendering a service or product. HEC neither render its services with any profit motive nor its services or products are guided by market forces which otherwise would have technically categorized HEC as Business Entity.

HEC only charges cost of services rendered to public in shape of degree attestation etc. The amount collected as cost of services also becomes part of HEC Budget through Government budgetary process which ultimately reduces the HEC demand of grant to meet HEC recurring expenses

The reply was not acceptable because all exemptions were drawn by the Government under Section 49(4) of Income Tax through Finance Act, 2007 mentioned above.

Audit recommends that recovery of advance tax be assessed, made and deposited into Federal Government Account.

COMSATS University, Islamabad

13.5.7 Irregular and unauthorized appointment of Advisor/Consultant - Rs. 25.486 million (Criteria Federal Government's Guideline)

Section 11(4) (c) of COMSATS University Islamabad Act, 2018 states that the Rector shall have the power to make appointments of such categories of employees of the University and in such manner as may be prescribed by the statues.

Section 12 (2) of COMSATS Institute of Information Technology ordinance, 2000, states that the Rector, shall be Principal academic and administrative officer of the Institute and shall be responsible for proper implementation of the decisions of the Board and for the execution of the Programs of the Institute in accordance with guidelines and policies formulated by the Board.

Rule 8(a) of the Employees Services statues 2009 of COMSATS states that appointments to all posts shall be made by initial recruitment on the basis of merit and fitness after due publicity of the vacancies in the national press in accordance with the conditions of education professional qualifications and experience.

The management of COMSATS University, Islamabad appointed 08 Advisors/Consultants at fixed monthly salary ranging from Rs. 95,000 to Rs. 444,405. The annual salary expenditure of advisors/consultants comes to Rs. 25.486 million. Moreover, staff cars were also provided to advisors/consultants.

Audit observed as under:

i. The services of consultants/advisors were hired on contract without approved procedure for hiring/appointment and advertising the vacancies in the national press.

ii. The appointments of consultants/advisors were made without sanctioned posts and prior approval of Board/ Senate.

iii. Rector, CUI was not empowered to engage the services of advisors/consultants to assist him in discharge of his academic and administrative functions over and above the approved faculty.

iv. The appointed persons were performing routine functions of the organization which were not of specific nature. The Advisors were required to be appointed for specialized assignments and for a specific job to be completed within a specified time whereas the Advisors were appointed for routine work.

v. The educational qualification, experience etc. was not on record.

Audit is of the view that hiring the services of Consultants/Advisors without any provision in the ACT/Ordinance was irregular and unauthorized.

DAC directed that outcome of the fact finding inquiry already constituted for the same nature of para may be shared with audit.

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

13.5.8 Irregular appointment of Workers on Daily Wages Basis - Rs. 15.339 million

Section 11(4) (c) of COMSATS University Islamabad Act, 2018 states that the Rector shall have the power to make appointments of such categories of employees of the University and in such manner as may be prescribed by the statues.

Rule 8(a) of the Employees Services statues 2009 of COMSATS states that appointments to all posts shall be made by initial recruitment on the basis of merit and fitness after due publicity of the vacancies in the national press in accordance with the conditions of education professional qualifications and experience.

The management of COMSATS University, Islamabad hired the services of different personnel including the positions of Associate Professor, Lecture, Manager, Sub Engineer on daily wages basis since long and incurred an expenditure of Rs. 15.339 million only on payment of monthly salaries during the year 2019-20. An expenditure of Rs. 120.721 million was incurred by all the Campus of CUI for engaging daily wages during the year 2019-20.

Audit observed as under:

i. The appointments were made without advertising the posts.

ii. The appointments were made against heavy remuneration while the salary/retainer ship package was not approved.

iii. The educational qualification, experience etc. were not on record.

iv. No approved procedure (SOP)/rules for the appointment of daily wages were shown.

Audit is of the view that in the absence of approved procedure of appointment and retainers ship package, the appointments and expenditure was irregular.

DAC discussed the para in detail and directed that fact finding inquiry committee may be constituted and the outcome may be shared with audit.

Audit recommends that responsibility may be fixed for the irregularity.

13.5.9 Irregular transfer of funds for contributing to Pension Fund - Rs.10.662 million

Para 4 (c) of COMSATS Institute of Information Technology Employees Service Statutes, 2009, states that after successful completion of the probationary period, the appointment shall become regular.

The Board of Governors of COMSATS Institute of Information Technology in its 27th meeting held on 13.03.2015 approved the CIIT Revised Pension/Retirement Benefits Statutes, 2014.

COMSATS University, Principal Seat, Islamabad contributed Rs.10.662 million towards Pension fund @15% of the running pay of employees during the year 2019-20. Same Pension fund at the same rate was also contributing by all the campuses of the University since long.

Audit observed that all employees were appointed on contract basis.

Audit is of the view that payment of pension contribution on behalf of contract employees was irregular.

DAC directed that matter may be referred to Establishment Division and Law and Justice Division for opinion.

Audit recommends that the case may be pursued in the light of the DAC decision.

13.5.10 Irregular payment of commutation and pension - Rs. 6.754 million

Clause 4(c) of COMSATS Institute of Information Technology Pension/Retirement benefits Statutes, 2010, states that employee means a regular employee of the Institute appointed in a Scale of pay.

The management of COMSATS University, Islamabad granted pension, on attaining the age of superannuation, to the following 08 contract employees during the year 2019-20

S. No.	Name of Person	Designation	Campus	Relieving Date	ꞏmmuted value	Monthly Pension	No of Months	mount paid
1	Dr. Rahim Dad Khan	Associate Professor	CUI, Wah	15.10.2019	1,734,491	27,260	16	436,160
2	Mr. Akram Zaeer	Technician	CUI, Wah	07.07.2019	267,233	4,200	19	79,800
3	Mr. Safdar Nazeer	Assistant Professor	CUI, Wah	23.08.2019	1,919,273	15,607	15	234,105
4	Mr. Azhar Mehmood	Naib Qasid	CUI, Attock	21.01.2019	410,057	4,200	24	100,800
5	Mr. James Masih	Sweeper	CUI, Sahiwal	30.06.2018	267,233	4,200	31	130,200
6	Mr. Siraj ul Haq	Cook	CUI, Wah	01.07.2018	267,233	4,200	31	130,200
7	Mr. Aurangzeb	Driver	CUI, Principal Seat	30.06.2018	267,233	4,200	31	130,200
8	Mr. Azmat Din	Security Supervisor	CUI, Islamabad	15.10.2018	267,233	4,200	27	113,400
Total					**5,399,986**	**68,067**		**1,354,865**

Audit observed that the employees were appointed on contract basis.

Audit is of the ivew that payment of commutation and monthly penstion to contract employees was irregular.

DAC directed that matter may be referred to Establishment Division and Law and Justice Division for opinion.

Audit recommends that DAC's directives be complied with.

13.5.11 Non-production of record of China Study Centre

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 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 the 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.

The management of COMSATS established China Study Centre (CSC) which serves as a focal point at CUI for all China related activities including those pertaining to the educational, scientific, technological, business and cultural domains.

The management did not provide the details relating to the establishment of study center at CUI and fee/charges realized from the students.

Audit is of the view that in the absence of record, the authenticity for the establishment of center and income realized/expenditure made could not be ascertained.

DAC directed that record regarding China Study Centre be presented to audit at the earliest.

Audit recommends that DAC’s directives be complied with.

13.5.12 Non production of record of Endowment Fund and other income-Rs.111.885 million

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 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 the 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.

The management of COMSATS University, Islamabad shown Rs.51.164 million and Rs. 60.721 million in its receipt account as endowments and other income respectively for the year 2019-20.

Audit observed that management failed to provide the records/details of investment of Endowment Fund and realization of other income.

Audit is of the view that non-provision of record of endowment fund and income, the authenticity could not be ascertained.

DAC directed that record of endowment fund be provided to Audit.

Audit recommends that DAC's directives be complied with.

13.5.13 Irregular appointment of faculty 544 members

Clause 6 of the COMSATS Institute of Information Technology, Tenure Track System Statutes 2009 states that for appointments to various faculty vacancies, applications shall be invited through due publicity in the national press.

Annexure I of the guidelines for appointments on TTS issued vide letter No Ref.DG.QA/HEC/TTS-105/05/09-86 dated 14.06.2018 states that for endorsement from the HEC minutes of the Selection Board and Minutes of BoG/Senate is perquisites.

COMSATS University appointed Nine Hundred and Four (904) faculty members on Tenue Track System (TTS) for its seven campuses all over the country. Details ae as under:

S. No.	Campus	Appointed With Advertisement	Appointed Without Advertisement	Total
1	Islamabad	118	179	297
2	Abbottabad	48	75	123
3	Lahore	93	177	270
4	Sahiwal	44	13	57
5	Vehari	24	41	65
6	Attock	24	22	46
7	Wah	9	37	46
Total		**360**	**544**	**904**

Audit observed as under:

i. 544 faculty members out of 904 were appointed without advertisement in the national press and prior to the approval of Selection Board and BoG.

ii. 38 faculty members of Islamabad, Abbottabad, Lahore and Vehari were appointed without the approval of competent authority i.e. Selection Board and Board of Governors.

iii. 29 faculty members were appointed directly without sending the dossier of each candidate to an independent Technical Review Panel (TRP) as given in rules mentioned above. Further detail of the MPhil and PhD produced and currently under their supervision since appointment was also not provided.

iv. HEC endorsed the appointments of 117 faculty members which was neither approved from the Selection Board nor from the Board of Governor.

Audit is of the view that appointment were made in violation of rules and instructions of the HEC.

Neither the management replied nor convened DAC till finalization of the report.

Audit recommends that inquiry may be held to fix the responsibility.

Comsats University, Lahore Campus

13.5.14 Irregular appointment as Assistant Professor without advertisement- Rs. 9.386 million

Rule 6 of the Tenure Track System Statutes, 2009 states that for appointments to various faculty vacancies, applications shall be invited through due publicity in the national press.

The management of COMSATS Islamabad made appointment of Dr. Mukhtar Ahmad as Assistant Professor on contract w.e.f. 23.05.2015 in Tenure Track System Scale vide CIIT/HR(ISB)/Phy/2015/9560, dated 17th June, 2015 and transferred to COMSATS Lahore and incurred an expenditure of Rs. 9.386 million on account of pay & allowances upto 31.12.2021. The officer joined his service w.e.f. 11.09.2015.

Audit observed that the appointment of the officer was made on contract basis for a period of 3 years without advertisement of post in the national press. The appointment period of the officer was further extended for 3 years w.e.f. 23.05.2018 to 22.05.2021 and w.e.f. 23.05.2021 to 31.12.2021.

Audit is of the view that appointment in TTS scale without advertisement of post was irregular.

Neither the management replied nor convened DAC till finalization of the report.

Audit recommends to investigate the matter for fixing of responsibility.

13.5.15 Irregular appointments without advertisement of posts in the national print media - Rs. 16.559 million.

Rule 8(a) of COMSATS Services Statutes 2009 states that appointments to all posts shall be made by initial recruitment on the basis of merit and fitness, after due publicity of the vacancies in the national press, in accordance with the conditions of educational/professional qualifications and experience.

Rule 21(b) of Employees Service Statutes 2009 also states that probation, in the case of an initial appointment to a regular post in the institute's service, shall be for a period of one year, extendable for further one year.

The management of COMSATS Lahore Campus appointed officers / staff but the vacancies were not advertised in the national print media. An expenditure of Rs. 16.559 million was incurred on pay and allowances. The details are given below:

S. No	Name of Employee	Date of Appointment	Designation	Pay scale	Pay per month	Amount
1	Arfa Tariq	02.06.16	Lab Engineer	Fixed on 02.06.2016	33,500	2,077,000
2	Faisal Tariq	10.08.16	Lab Engineer	Fixed on 10.8.18	32,000	1,888,000
3	Abeeha Natiq	30.04.18	Sr. Administrative Assistant	Fixed SG-IV	30,000	1,140,000
4	Arooj Mehmood	23.04.18	Assistant	Fixed SG-IV 23.4.18	39,300	1,493,400
5	Muneeb Tahir	11.07.16	Sr. Administrative Assistant	Fixed SG-IV 11.7.16	30,000	1,800,000

6	Fazal Abbas	08.09.16	Assistant	Fixed SG-IV 08-09-2016	30,000	1,740,000
7	Zarqa Rizwan	18.07.16	Sr. Administrative Assistant	Fixed SG IV 18.07.16	30,000	1,800,000
8	Azhar Manzoor Rehmat	29.12.16	Assistant program Officer	Fixed 21.01.16	39,000	2,106,000
9	Sahzad Hassan	01.08.17	Internee Assistant		20,000	940,000
10	Neelam Ejaz\	08.04.16	Assistant	Fixed 08.04.16	25,000	1,575,000
Total						**16,559,400**

Audit observed that

i. Appointments were made without existence of clear vacancy.

ii. The appointments were made without advertisement of posts in the national press.

Audit is of the view that the appointments without making advertisement in the print media was irregular.

Neither the management replied nor convened DAC till finalization of the report.

Audit recommends that the matter may be investigated for fixing of responsibility.

13.5.16 Irregular expenditure due to appointments without advertisement of posts - Rs. 29.543 million

Rule 8A of Employees Service Statutes 2009 states that "appointments to all post shall be made by initial recruitment on the basis of merit and fitness, after due publicity of the vacancies in the national press, in accordance with the conditions of educational professional qualification and experience, as shown in the Schedules appended with these Statues, except for meeting the urgent requirements of the institute with the approval of the Competent Authority".

Cabinet Secretariat Establishment Division Notification No F.53/I/2008-SP dated 22.10.2014 for recruitment in Ministries / Division / 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 newspaper.

Management of COMSATS University Lahore Campus made recruitment of the following Officers/ officials against different positions and incurred an expenditure of Rs.29.543 million on pay and allowances. The details are given below:

S.No	Name of Employee	Designation	Period of Payment	Pay Per Month (Rs)	Total Amount (Rs)
1	Mr. Muhammad Irfan	Software Developer (OG-I Fixed)	03.10. 07 to 30.09.08	19,000	228,000
		Software Developer (OG-I)	01.10.08 to 30.06.16	21,000	1,953,000
		Software Developer (OG-II)	01.07.16 to 31.12.21	88,873	5,865,618
2	Mr. Muhammad Shahzad	Library Assistant	01.08.02 to 30.10.03	7,000	105,000
		Library Assistant	31.10.03 to 14.03.08	7,400	388,500
		Coordination Officer (OG-I)	15.03.2008 to 30.06.2016	19,000	1,890,500
		Deputy Registrar (OG-II)	01.07.2016 to 31.12.2021	88,873	5,865,618
3	Mr. Zulfishan Shamair.	Research Associates.	12.02.2016 to 30.06.2021	32,000	2,080,000
4	M/s. Tasneem Rani		14.03.2016 to 30.06.2021	30,000	1,920,000
5	Misbah Saddique		21.9.2016 to 30.06.2021	35,000	2,000,000
6	Kainat Khalid		23.9.2016 to 30.06.2021	32,000	1,824,000
7	Hina Saleem	Sr. Admin assistant	01.12.2017 to 31.12.2021	41,000	2,009,000
8	Asim Mushtaq	Assistant	01.08.2017 to 31.07.2018	25,000	300,000
			01.08.2018 to 31.12.2021	26,584	1,089,944
9	Zeshan Akram	LDC	01.12.2017 to 31.07.2018	21,000	168,000
			01.08.2018 to 31.12.2021	22,724	931,684
10	Muneeb Abaas	LDC	01.07.2018 to 31.12.2021	22,014	924,588
Total					**29,543,452**

Audit observed that the appointments were made without advertising the posts in print media.

Audit is of the view that appointments without advertisement of posts were irregular.

Neither the management replied nor convened DAC till finalization of the report.

Audit recommends to investigate the matter for fixing responsibility.

13.5.17 Non recovery of dues from the officers on study leave abroad - Rs. 42.500 million.

Rule 9 of Employees Service Rules 2009 states that "study leave may be granted once in entire service to an employee for pursuing advanced training/degree Programme, to the following extent".

Total Service Rendered in the Institute	**Nature of Study Leave**	**Duration.**
Less than 24 months	Without Pay	3 years.
24-83 months	On half average pay	3 years.
84 months and above	On average pay	3 years.

The above indicated period of study leave may be further extended up to another two years without pay if leave granting authority is satisfied that extension of leave is absolutely necessary for successful completion of the degree/ training objectives.

The employee seeking study leave shall have to execute a surety bond to return and serve the Institute in an appropriate position, of which the Institute shall be the sole judge, for a period of three years, if the study leave is up to two years, or for five years if the study leave is more than two years.

In case of default, the employee shall be bound to refund all monies paid to him /her during study leave, in addition to payment of Rupees 2.5 Million as liquidated damages, recoverable either from the employee concerned or from his/her personal guarantor.

Clause 12 of terms & conditions of undertaking for study abroad states that after completion of higher studies the scholar shall neither overstay abroad nor shall submit request(s) to the CUI authorities seeking any permission concerning thereof.

Management of COMSATS Lahore Campus granted study leave to the officers of University, in order to accomplish their MS/M.Phil. leading to PhD in various foreign Universities.

Audit observed that:

i. The officers availed study leave/ex-Pakistan leave but did not return after expiry of extended period of leave.
ii. Management did not initiate disciplinary proceedings for recovery of liquidated damages along with pay & allowances paid during study leave period.

Audit is of the view that action of the management put the university into loss due to non-recovery of liquidated damages and pay & allowances for study period abroad.

Neither the management replied nor convened DAC till finalization of the report.

Audit recommends to initiate disciplinary proceedings against the concerned besides recovery of dues.

13.5.18 Less recovery of house rent allowance and non-recovery of 5% maintenance allowance- Rs. 6.426 million.

Fundamental Rules 45 and 45-A states that "the government servant allocated government accommodation shall not be eligible for house rent allowance".

COMSATS Senate Notification No. CUI-TD/Bud (21)/695 dated 03.06.2021 states that "the occupants will be offered option either to continue in the campus provided residence in lieu of monthly house rent allowance or vacate the residence.

The management of COMSATS University Islamabad, Lahore Campus allotted accommodation to its 24 employees. Details are attached.

House Rent Allowance Paid during FY 2020-21 (Rs.)	House Rent Recovered during F.Y (2020-21) (Rs.)	Un- Recovered (Difference) Rs.	Non-withheld 5% of Basic Pay p.a (Rs)	Total Overpayment (Rs.)
9,251,649	3,876,870	**5,374,779**	**1,051,525**	**6,426,304**

Audit observed that:-

i. An amount of Rs.9,251,649 @ 45% of the running basic pay was paid as house rent allowance out of which Rs. 5,374,779/- was still lying unrecovered.

ii. Management did not withheld Rs. 1,051,525/- @ 5% of basic pay as house maintenance charges.

iii. In this way an amount of Rs.6,426,304/- is lying pending to be recovered from the residents of university accommodation.

Audit is of the view that less recovery of house rent allowance and house rent charges deprived the university from the benefit of its due receipt.

Audit recommends that the amount may be recovered besides fixing the responsibility for delayed recovery.

Centre of Excellence in Molecular Biology, Punjab University, Lahore,

13.5.19 Unauthorized opening of bank accounts in commercial banks and retention - Rs. 98.722 million

Rule 2(j) of Centers of Excellence, Financial Rules, 1996 states that “bank means the National Bank of Pakistan”.

Management of the Centre of Excellence in Molecular Biology, Lahore was maintaining 10 bank accounts as per following details:

S. No.	Bank Account No.	Name of Bank	Title of Account	Amount
1.	3927	NBP	Recurring Grant	1,371,552
2.	2629	HBL	CEMB Stipend	10,989,537

3.	1510-02	HBL	Pension Fund	210,529
4.	28192	HBL	GP Fund	653,026
5.	28193-1	HBL	B. Fund	1,333,023
6.	170-5	ABL	CEMB Fees	1,604,263
7.	3880-4	ABL	CEMB Foreign Purchase (Recurring)	81,142,827
8.	211-7	ABL	CEMB Guest House	718,195
9.	2722-7	ABL	CEMB Security	609,989
10.	1940-1	ABL	CEMB Foreign Purchase Project	89,492
Total				**98,722,433**

Audit observed that out of 10 accounts 9 were opened in other banks in violation of the financial rules of CEMB.

Audit is of the view that opening of bank accounts in banks other than NBP was irregular.

Neither the management replied nor convened DAC till finalization of the report.

Audit recommends that bank accounts may be maintained as per the provision of the Centers of Excellence, Financial Rules, 1996.

13.5.20 Mis-procurement of Lab. Chemicals/ Reagents etc. - Rs.105.00 million

Rule 29 of Public Procurement Rules, 2004 states that procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding documents. Failure to provide for an unambiguous evaluation criteria in the bidding documents shall amount to mis-procurement.

The management of CEMB, Lahore purchased Lab. Chemicals, Lab. Plastic Wares and Reagents etc. amounting to Rs. 105.00 million during 2019-20 through foreign purchase.

Audit observed that the management neither formulated appropriate evaluation criteria nor issued the mandatory evaluation report in the form of prescribed proforma, at the time of evaluation of bids, as the same was not included in the bidding documents.

Audit further observed that copies of bank drafts / pay orders of 2% earnest money submitted by the bidders were not available on record.

Audit is of the view that non-inclusion of appropriate evaluation criteria and non- announcement of the result of bid evaluation in the prescribed format tantamount to mis- procurement.

Management did not reply and DAC was not convened till finalization of this report.

Audit recommends that inquiry may be held to fix the responsibility.

13.5.21 Mis-procurement of goods and services - Rs.53.573 Million

Rule-29 of PPRA rules 2004 states that procuring agencies shall formulate an appropriate evaluation criterion listing all the relevant information against which a bid is to be evaluated. Such evaluation criteria shall form an integral part of the bidding documents. Failure to provide for an un-ambiguous evaluation criteria in the bidding documents shall amount to mis-procurement.

Management of CEMB, Lahore purchased various goods and services (local purchase) through open tenders amounting to Rs. 53.573 million during 2019-20 as per following detail:

S. No.	Tender No.	Date	Amount
1	NP-15-019	24.07.19	12,602,159
2	LP-16-019	06.08.19	1,806,673
3	Lp-17-019	13.08.20	1,708,248
4	LP-18-019	22.08.19	1,982,424
5	Lp-19-019	16.09.19	1,358,520
6	NP-20-019	15.10.19	8,772,294
7	Lp-21-019	25.11.19	911,131
8	LP-22-019	16.12.19	1,495,639
9	LP-23-019	13.12.19	1,651,531
10	Lp-01-020	22.01.20	820,319
11	LP-02-020	22.02.20	1,655,713
12	LP-03-020	28.02.20	1,203,226
13	Lp-04-020	09.03.20	14,478,748
14	LP-05-020	25.03.20	1,275,000
15	LP-06-020	06.05.20	431,935
16	LP-07-020	03.06.20	1,419,315
Total			**53,572,875**

Audit observed that the management neither formulated appropriate evaluation criteria nor issued the mandatory evaluation report in the form of prescribed proforma, at the time of evaluation of bids, as the same was not included in the bidding documents.

Audit further observed that copies of bank drafts / pay orders of 2% Earnest money submitted by the bidders were not available in the procurement record.

Audit is of the view that non-inclusion of appropriate evaluation criteria and non- announcement of the result of bid evaluation in the prescribed format tantamount to mis- procurement at the part of the management.

Management did not reply and DAC was not convened till finalization of this report.

Audit recommends that recovery be affected and responsibility be fixed for irregularity.

Centre for Clinical Psychology, University of Punjab, Lahore

13.5.22 Unauthorized opening of bank accounts and retention of funds Rs. 88.176 million

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"

Rule 4(1) of Cash Management and Treasury Single Account Rules 2020 states that "no Government office shall open, operate or maintain a bank account for any purpose, except in accordance with the Act and these rules."

Rule 4(3) of Cash Management and Treasury Single Account Rules 2020 further states that "subject to sub-rule (5), any approval granted by Finance Division prior to commencement of these rules, for opening of bank accounts in scheduled banks by Government offices stand revoked on commencement of these rules and the SBP shall instruct all scheduled banks not to open account of any Government office. The accounts already opened shall be closed and balance therein shall be transferred to the Federal Consolidated Fund using treasury challan provided in Form 32A of the Federal Treasury Rules."

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.

Management of Centre for Clinical Psychology (CCP), Lahore, maintained fifteen (15) bank accounts during financial years 2009-10 to 2019-20.

Audit observed that:

i. Above accounts were opened without approval of Finance Division.
ii. Heavy balances were retained in these bank accounts without any authority.
iii. Most of the funds were transferred to these bank accounts from Recurring Grant Account.

Audit is of the view that opening of bank accounts without approval of Federal Government and retention of heavy balances in these accounts was unauthorized.

Neither the management replied nor convened DAC till finalization of the report.

Audit recommends that the amounts may be deposited into Federal treasury.

13.5.23 Irregular investment of funds Rs.15.00 million.

Para 7 of GFR states that "moneys may not be removed from the Public Account for investment or deposit elsewhere without the consent of the Ministry of Finance.

Finance Division letter Dated 02.07.2003 "In terms of Finance Division (Budget Wing) O.M No.F4(I)2002-BR-11 dated 02.07.2003 investments of working balance / surplus funds may be made subject to fulfillment of various requirements including competitive bidding process."

Management of Centre for Clinical Psychology (CCP), Lahore made investments of Rs.15.00 million in Term Deposit Receipts (TDRS) during financial year 2019-20.

Audit observed that;

i. The management transferred funds from Recurring Grant Account No.4002458439 to Pension Fund Account No.4002458475 without approval of Federal Government.

ii. Instead of surrendering the funds to government, un-utilized balances at the close of financial year were invested by the management in TDRs without approval of federal government and without following the laid down criteria in Finance Division's above referred OM.

Audit is of the view that investment of funds, provided as recurring grant, without approval of federal government was irregular and un-authorized.

Audit is also of the view that process followed by the management made the investment non-transparent.

DAC directed the management to strictly follow the provisions of Finance Division's OM and relevant rules.

Audit recommends that DAC directives may be complied with.

13.5.24 Irregular expenditure due to grant of advance increments - Rs.8.874 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.

The management of Centre for Clinical Psychology (CCP), Lahore appointed officers/staff during financial year 2009-10 to 2019-20. Detail is given below:

S. No.	Name	No. of Increments granted on Appointment	No. of Increments granted on Promotion	Amount
1.	Dr. Saima Dawood	03		127,186
2.	Ms. Mujeeba Ashraf	02		125,069
3.	Ms. Aasma Yousaf	03	04	1,948,073
4.	Ms. Humaira Naz	02	05	1,211,947
5.	Ms. Faiza Safdar		04	978,602
6.	Ms. Hidna Iqbal	06		1,364,137
7.	Ms. Rabia Dasti	05		1,138,354
8.	Ms. Tahreem Arshad	02	05	1,837,083
9.	Ms. Meeshal Tariq	04		143,564
Total				**8,874,015**

Audit observed that:

i. Advance increments were granted to the officers on their appointment as well as on promotion.

ii. Advance increments were not allowed as per Center for Clinical Psychology, Employees Service Rules 1997.

iii. An amount of Rs.8.874 million was paid in excess of entitlement.

Audit is of the view that expenditure incurred on grant of advance increments was irregular and unauthorized.

DAC directed that a report may be submitted in this regard for PAO and recovery of un-entitled advanced increments be affected.

Audit recommends that DAC directives may be complied with.

13.5.25 Irregular expenditure on contribution to Punjab University (PU) Medical College & Hospital Rs.5.00 million.

Para-12 of GFR Vol. 1 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.

Management of Centre for Clinical Psychology (CCP), Lahore, made payment of Rs.5.00 million to the treasurer University of the Punjab, Lahore vide cheque No.55967354 dated 08.03.2019 from Recurring Grant A/c No.4002458439.

Audit observed that the payment was made to P.U as contribution for construction of PU. Medical and Dental College & Hospital.

Audit further observed that prior approval of Federal Government was not obtained for making such contribution.

Audit is of the view that expenditure on payment of contribution to PU hospital was irregular & unauthorized.

DAC directed that recovery may be affected at the earliest.

Audit recommends that DAC directives may be complied with.

Federal Urdu University of Arts, Science & Technology, Islamabad

13.5.26 Non-investment of unspent balance - Rs. 386.543 million

Rule-8 of Pension Rules, 2004 of FUUAST, Islamabad states that if the accounts in the Pension Fund are surplus to the requirements for the purpose of pension, the surplus fund may, with the prior approval of the Vice Chancellor, be invested in such manner as may be necessary.

Rule-7 of Employees Contributory Provident Fund Rules, 2004 of FUUAST, Islamabad states that the provident fund shall be invested either in the Saving Certificates and or any gill edged securities at the discretion of the University and subject to such rules as may be prescribed in this behalf. All investments and securities shall be held jointly by the Registrar and the Director Finance. Interest accrued on Provident Fund deposits shall be credited to the University Funds. At the end of each financial year interest at such rate as may be fixed by the Government of Pakistan in regard to the General Provident Fund shall be drawn from the University Fund and added to the principal. Provided that when an account is finally closed in the middle of year the interest for that period shall be worked out and added to the principal.

In terms of Finance Division (Budget Wing)'s O.M. No. F.4(1)/2002-BR-11 dated 02.07.2003, investment of working balance/surplus funds may be made subject to fulfillment of various requirements including competitive bidding process.

The management of Federal Urdu University for Science and Technology (FUUAST), Islamabad is maintaining a Bank account No. 17427900240301 with HBL, H-9 Branch, Islamabad for the purpose of Pension Fund and a Bank account No. 17427900130801 with HBL, H-9 Branch, Islamabad for the purpose of General Provident Fund. The accumulated balances of Pension Fund were Rs. 332,617,275 and GP Fund was Rs. 53,926,011 on 30.06.2020.

Audit observed that the management did not invest the surplus amount in profitable instruments such as government securities.

Audit is of the view that the University suffered loss due to non-investment of funds.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the responsibility may be fixed for non-investment.

13.5.27 Irregular re-imbursement of medical charges - Rs. 25.243 million

Rule-5 of Medical Attendance Rules, 2004 of the Federal Urdu University for Science and Technology, Islamabad states that only one benefit Medical Allowance or Medical Attendance/ Treatment shall be admissible at one time.

The management of FUUAST, Islamabad reimbursed Rs. 25,243,406 on account of medical treatment during the years 2017-18 to 2019-20. Details are as under:

Period	**Name of Hospital**	**Amount**
2017-18	M/s Kulsum International, Islamabad	5,526,802
2018-19	-do-	2,715,336
2019-20	-do-	1,036,641
2017-18	M/s Ahmed Medical Complex, Rawalpindi	3,366,687
2018-19	-do-	5,636,206
2019-20	-do-	6,961,734
Total		**25,243,406**

Audit observed that the employees who got medical treatment from private hospitals were also drawing Medical Allowance at the prescribed rates.

Audit is of the view that the payment of Medical Allowance in addition to treatment from private hospitals was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that inquiry may be initiated to fix the responsibility besides the recovery of Medical Allowance.

13.5.28 Irregular payment of Qualification Allowance – Rs. 10.980 million

Finance Division O.M. F.No. 3(6)Imp/2016-Vol-II-4 dated 04.01.2017 states that O.M. dated 01.07.2016 has explicitly defined that all those who acquires/possesses the degree of M.Phil. recognized by the Higher Education Commission (HEC) will be allowed M.Phil allowance @ 25% of the existing amount of Ph. D Allowance (i.e. @ Rs. 2,500 per month).

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 FUUAST, Islamabad paid an amount of Rs. 23,821,943 on the account of qualification allowance to the employees during the financial years 2017-18 to 2019-20 and out of total expenditure, Rs. 10,980,000 was paid as MS Allowance @ Rs. 5,000 per month.

Audit observed as under:

i. Qualification Allowance (i.e. M.Phil. Allowance) was paid over and above the prescribed rates i.e. Rs. 2,500 P.M.

ii. The subject allowance was granted without approval of competent forum.

iii. The Qualification Allowance was allowed from 01.07.2016 by the Finance Division but payment was made before the effective date.

Audit is of the view that payment of qualification allowance to MS or equivalence degree holder instead of M.Phil degree holder was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends discontinuation of irregular practice besides recovery of irregularly paid amount of Qualification Allowance.

13.5.29 Irregular payment of Medical Allowance over and above prescribed rates - Rs..28.212 million

In terms of Finance Division O.M No. F-16(1)-Reg-6/2010-778 dated 05.07.2010 states that Medical Allowance is allowed to civil servant in BPS-1 to BPS-15 @ Rs.1,000 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. Moreover, Finance Division vide O.M No. F1(3)-Imp/2015-630 dated 07.07.2015, increased the medical allowance of BPS-1 to BPS-15 @ Rs.1500 per month and from BPS-16 to BPS-22 @ 25% of the allowance drawn earlier.

Islamabad High Court in W.P. No. 768/2011 gave its verdict on 11.11.2016 that Rule 12 of the Rules of Business, 1973, inter-alia requires that every order made by a Division, autonomous or otherwise, functioning under the control of federal government; varying terms and conditions of service of government servants having financial implications would be subject to previous consultation with the Finance Division.

The management of FUUAST, Islamabad paid Rs. 49,956,343 as Medical Allowance to its employees through payroll during the financial years 2017-18 to 2019-20. The detail is as under:

Sr. No.	FY	Amount
1	2017-18	15,495,208
2	2018-19	17,081,570
3	2019-20	17,379,565
	Total	**49,956,343**

Audit observed as under:

i. Medical Allowance at an enhanced rate(s) was paid without approval of the Finance Division as it was paid over and above the rates applicable to the civil servants.

ii. An amount of Rs. 28,212,437 was paid during the financial years 2017-18 to 2019-20 in excess of rates approved by the Finance Division.

Audit is of the view that the payment of Medical Allowance in excess of rates approved by the Finance Division was irregular, unauthorized and thus held recoverable.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility may be fixed for irregularity besides recovery.

13.5.30 Irregular appointments over/ above sanctioned posts

Rule-3 of Service Rules of Federal Urdu University, Islamabad states that the Senate would create, abolish, upgrade or downgrade any post and may amend, modify, add or delete any condition laid in the appendix from time to time.

The management of FUUAST, Islamabad filled 194 posts of teaching and non-teaching employees, as per following details:

Sr. No.	Post/ Designation	BPS	Sanction Strength	Working Strength	Over sanctioned posts
1	Assistant Registrar	17	2	3	1
2	Lab Engineer	17	6	7	1
	Assistant Professor	17	46	55	9
3	Computer Operator	12/11	1	2	1
4	Lab Assistant	9	3	4	1
5	Lab Assistant	7	2	4	1
6	Driver	5	9	12	3
7	Carpenter	4	1	2	1
8	Electrical Helper	3	1	2	1
9	Security Guards (Chowkidar/ Naib Qasid/ Attendant/ Mali Cleaning Staff	2	65	92	27
10	Assistant Director Sports	-	0	1	1
11	Consultant	-	0	1	1
12	Project Manager	-	0	1	1
13	Surveyor	16	0	1	1
14	Staff Nurse	11	0	1	1
15	Programmer	-	0	2	2

16	Data Analyst	-	0	1	1
17	Staff Nurse	-	0	1	1
18	Patwari	-	0	1	1
19	Legal Advisor	-	0	1	1
	Total		**136**	**194**	**57**

Audit observed that Fifty Seven (57) employees were appointed in excess of the sanctioned strength. Out of 57 employees, 11 were appointed without having any post in approved strength of the University.

Audit is of the view that the appointments over and above the sanctioned posts were irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends fixing of responsibility on the person(s) at fault, besides de-hiring the employees over and above the sanctioned strength.

13.5.31 Non-establishment of Computer Lab – Rs. 20.000 million

Para 7.1 of Manual of Development states that the objectives of any effort in project planning and analysis is to have a project that can be implemented to the benefit and socio- economic uplift of the society. The contractors pre-qualified and short-listed, tenders floated for civil works, equipment, and their installation, contracts awarded, all in timeliness with the objective of initiating the operations and getting them fully underway for achieving the goals envisaged without any time and cost over-run, in order that the economic benefits accrue according to the promises made in the scheme.

Rule-11(i) of Financial Rules, 2004 of Federal Urdu University, Islamabad states that separate accounts shall be maintained for recurring budget, development budget, donations and other grants.

The management of FUUAST, Islamabad received a grant amounting to Rs. 20 million vide Cheque No. A478720 dated 25.06.2018 from President of Pakistan for Establishment of Computer Lab during financial year 2017-18.

Audit observed that the management deposited the grant in Assignment Account No. 4114755530 on 26.06.2018 with NBP which was utilized for establishment of new campus of the University.

Audit further observed that the same was further transferred to HBL freedom account No. 1742-79001886-03 (current account) on 24.12.2018 which deprived the University from its due profit and undue favour was extended to the bank.

Audit is of the view that non-establishment of Computer Lab and retention of funds in to commercial bank was unauthorized and irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends establishment of Computer Lab at the earliest besides fixing of responsibility for irregularity.

Centre Of Excellence in Marine Biology (CEMB), Karachi

13.5.32 Irregular payment of Medical Allowance over and above the prescribed rates - Rs. 7.702 million

Finance Division O.M. Nos.F-1(1)Imp/2010-622 dated 05.07.2010 and No.F- 1(4)Imp/2014-663 dated 07.07.2014 state that, Medical Allowance is allowed to civil servants in BPS-1 to BPS-15 @ Rs. 1,200 per month and from BPS-16 to BPS-22 @ 15% of the existing basic pay in Basic Pay Scales, 2008 w.e.f. 01.07.2014.

Rule 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 the Centre of Excellence in Marine Biology (CEMB), Karachi paid Medical Allowance to BPS-1 to BPS-15 @ Rs. 3,000 per month and @ 15% of basic pay with minimum of Rs. 3,000 per month to BPS-16 and above with effect from 01.12.2014 vide Office Order No. CEMB/5944/15 dated 12.01.2015. An expenditure amounting to Rs 7.702 million was incurred during the period 2016-2020, as per following details:

Year	Amount (Rs.)
2016-17	2,101,948
2017-18	1,928,732

2018-19	1854102
2019-20	1,817,265
Total	**7,702,047**

Audit observed that Medical Allowance over and above the prescribed rates was paid without approval of the Finance Division.

Audit is of the view that the payment of Medical Allowance in excess of rates approved by the Finance Division was irregular, unauthorized and thus held recoverable.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility may be fixed for irregularity besides recovery.

13.5.33 Non-Production of projects' record – Rs. 41.601 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.

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 details along with supporting record / stock register / completion reports etc. of ongoing / completed projects assigned by the HEC or other local and foreign agencies to the faculty members of Centre of Excellence in Marine Biology (CEMB), Karachi were called for on 27.04.2021 and 05.05.2020.

In response, the management provided list of eight (08) ongoing/completed projects for the period 2016-2020 worth of Rs. 41,601,778.

Despite repeated requests the management did not provide the record to Audit.

Audit is of the view that in the absence of auditable record, Audit could not ascertain the authenticity of the expenditure incurred.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends fixing of responsibility for non-production of record besides provision of record to Audit for scrutiny.

Federal Urdu University of Arts, Science & Technology, Karachi

13.5.34 Irregular and unauthorized payment of 20% Special Allowance - Rs.32.123 million

Finance Division O.M. No.F.10(2)R-3/2012 dated 06.03.2013 allowed Special Allowance @ 20% of running basic pay w.e.f. 01.03.2013 to all the officers and staff working in the Federal Ministries/Divisions only.

The management of Federal Urdu University of Arts, Science and Technology, Karachi paid Rs. 32.123 million @ 20% of running Basic Pay as Special Allowance to the employees during 2020-21.

Audit observed that payment of Special Allowance was made in violation of the instructions of the Finance Division.

Audit is of the view that the payment of Special Allowance in violation of the instructions of the Finance Division was irregular and unauthorized.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the irregular payment may be stopped forthwith and the amount paid irregularly be recovered.

13.5.35 Irregular and unauthorized payment of Orderly Allowance - Rs.6.630 million

Para-iv of HEC Directives Letter No. F.P.2-15 states that the universities shall stop paying all such allowances that are not part of BPS or the SPS adopted by the universities. Furthermore, the universities shall stop paying such allowances to the non-entitled cadres that are admissible to specific cadres, for instance Orderly Allowance which is admissible only to administrative positions faculty members.

The management of Federal Urdu University of Arts and Science Technology, Karachi paid Orderly Allowance to all BPS-20 and above employees up to Oct-2021

Audit observed that the management paid Orderly Allowance to various non- administrative officers/ teaching faculty of PBS-20 and above @ Rs.14,000 in contravention of above directives.

Audit is of the view that the payment of Orderly Allowance to non-administrative officers/ teaching faculty was irregular and unauthorized.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that payment of orderly allowance to non-entitled officers / faculty members may be stopped and recovery of irregularly paid amount be made.

13.5.36 Recovery of outstanding dues from affiliated colleges/institutes - Rs.14.250 millions

Rule 26 of GFR Vol-I states that it is the responsibility of every controlling officer to see that all sums due to the government are regularly and promptly assessed and realized.

The management of Federal Urdu University of Arts Science and Technology, Karachi afforded affiliation to various colleges/institutes.

Audit observed that the management had not recovered the dues amounting to Rs.14.250 million from those institutes during 2020-21.

Audit is of the view that non-recovery of dues deprived the University from its due receipts.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends recovery of outstanding dues at the earliest.

Quaid-i-Azam University, Islamabad

13.5.37 Irregular payment of salaries to junior rank faculty members - Rs. 18.790 million

Section 2.01(a) of HEC Model Tenure Track Process Statutes version 2.0, 2008 states that the tenure track process normally involves an initial term contract appointment of a faculty member for a period of three years. For a faculty member appointed at a junior rank (not higher than Assistant Professor) it will be followed by a second term contract appointment for an additional period of three years. A tenure decision must be made for such a faculty member in the third year of the second term contract appointment. Faculty members initially appointed at a junior rank will thus normally serve six years, before a final tenure decision is made.

Section 2.3.4(a) of HEC Model Tenure Track Process Statutes version 2.0, 2008"Tenure Review" states that in the final year of faculty member's probationary period, it is mandatory that a full review report be made.

Terms and Conditions of the appointment of Assistant Professors states that if not given tenure at the end of the 6th year, service will be terminated upon three months' notice.

The management of Quaid-I-Azam University, Islamabad paid Rs. 18.790 million to nine (9) junior rank faculty members during the year 2019-20. Details are as under:

S. No	Name	Designation	Department	Date of Appointment	Amount (Rs.)
1	Dr. Khalid Saleem	Assistant Professor	Computer Science	08.08.2009	2,310,708
2	Dr. Ghazanfar Farooq Siddique	Assistant Professor		09.09.2009	2,096,220
3	Dr. Rao Nadeem Alam	Assistant Professor	Anthropology		1,667,244
4	Dr. Inam Ullah Leghari	Assistant Professor		03.03.2012	1,881,732
5	Dr. Farooq H. Munis	Assistant Professor	Plant Sciences	09.07.2012	2,412,450
6	Dr. Javeria Qazi	Assistant Professor	Biotechnology	27.05.2011	2,739,684
		Assistant			

7	Dr. Muhammad Tehsin	Professor	DSS	28.01.2011	1,427,611
8	Dr. Muhammad Jamil	Assistant Professor	Economics	19.07.2012	1,695,700
9	Dr. Umer Masood Qureshi	Assistant Professor	Plant Sciences	19.07.2012	2,558899
Total					**18,790,248**

Audit observed that monthly salaries to junior rank faculty members after completion of six year period were made without final tenure decision in violation of HEC Model Tenure Track Process Statutes version 2.0, 2008 and the services were not terminated in accordance with the terms and conditions of the service.

Audit is of the view that payment of salaries to junior rank faculty members after completion of six year period and without final tenure decision was irregular.

Neither management replied nor was DAC convened till finalization of report.

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

13.5.38 Mis-procurement of different items - Rs. 42.306 million

Rule 10 of Public Procurement Rule, 2004 states that specifications shall allow the widest possible competition and shall not favour 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.

Rule 38 of 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 validity.

The management of Quaid-I-Azam University, Islamabad purchased different items for Rs. 42.306 million from different firms during the year 2019-20.

Audit observed that the purchases were made from the firms whose rates were not lowest which resulted into loss to the government. Advertisement for purchase of medicines was made by incorporating brand name instead of generic in violation of Public Procurement Rules, 2004.

Audit is of the view that by limiting the tenders the management deprived the Government of the benefit of competitive rates and the purchases made in violation of Public Procurement Rules, 2004 were resulted in mis-procurement.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that inquiry may be held to fix the responsibility.

13.5.39 Irregular payment of 20% Special Allowance - Rs. 31.979 million

Finance Division vide O.M. No. F.10(2)R-3/2012 dated 06.03.2013 conveyed approval of the Prime Minister for the grant of Special Allowance @ 20% of running Basic Pay with effect from 01.03.2013 to all the officers and staff working in the Federal Ministries/Divisions only.

The management of Quaid-I-Azam University, Islamabad paid Rs. 31.979 million on account of Special Allowance @ 20% of running Basic Pay to the employees of University during 2019-20.

Audit observed that Special Allowance to the employees of University was paid without approval of the Finance Division as Special Allowance was only admissible to the employees of Ministries/ Divisions.

Audit is of the view that payment of Special Allowance without approval of the Finance Division was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that irregular payment be stopped forthwith, and payment be made only after approval of the Finance Division.

13.5.40 Irregular payment of remuneration to Visiting Faculty - Rs. 100.841 million

Serial 12 of the ‘Quaid-i-Azam University, Islamabad Service Statutes’ states that unless in any case it is otherwise distinctly provided, the whole time of a University employee shall be at the disposal of the University and he/she may be employed in any manner required by the competent authority without claim or additional remuneration.

The Syndicate of QAU in its 152nd meeting held on 31.07.2010 approved the minimum and maximum teaching load for the faculty members:

i) The required teaching load of a faculty member shall be two courses with a minimum of 3-credit hours of each (a total of at least 6 credit hours per semester).

ii) The maximum teaching load shall be three courses per semester. For teaching the extra course prior permission from the Vice-Chancellor will be sought by the concerned Chairpersons. Remuneration shall be paid for this extra course.

iii) In exceptional circumstances the Chairperson may recommend with justification to the Vice-Chancellor for relaxation of the maximum work load. However, no remuneration shall be paid for such cases.

The management incurred an expenditure of Rs.100.841 million on payment of remuneration of 1078 number of visiting teaching staff (255 internal and 823 external) appointed on contract in the following faculties of the University during the year 2019-20. Details are as under:

Name of Faculty	Regular Faculty		Visiting Faculty	
	Fall 2019	**Spring 2020**	**Fall 2019**	**Spring 2020**
Biological Sciences	44	45	105	99
Natural Sciences	60	27	115	78
Social Sciences	50	29	263	163
Total	**154**	**101**	**483**	**340**
Grand Total	**255**		**823**	

Audit observed as under:

i. The payment of remuneration to the internal faculty's members was made in violation of the Service Statutes of the University. The Syndicate approved minimum and maximum teaching load for the faculty members and payment of remuneration for extra course was paid without observing basic requirement to meet the work load.

ii. The appointment of visiting faculty members for a semester was made without proper procedure as eligibility criteria for selection of visiting faculty members was not placed on record.

iii. Need assessment report for each discipline/faculty was not placed on the record.

Audit is of view that all payments made to visiting faculty members without following any procedure were irregular and un-authorized.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the amount may be recoverd from the internal faculty.

International Islamic University, Islamabad

13.5.41 Non-production of record relating to investment – Rs.2,018.907 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.

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 Islamic International University (IIU), Islamabad provided statements of fund position in different accounts of the university which also shows the amount invested during the year 2020-21. Details are as under:

(Rs. in million)

S. No	Fund	Total Fund	Tools	Amount
1	IIU Trust	512.087	TDR	501.247
			Sakuk	1.817
2	IIU Trust Endowment Fund	246.098	TDR	100.00
3	Pension Fund	679.310	TDR	638.103
4	GP Fund	916.808	TDR	777.740
Total				**2,018.907**

The management did not provide the record relating to investment i.e. procedure followed, return/profit on investment, date of investments made and total volume of investment to audit.

Audit is of the view that in the absence of above the record the authenticity of the fairness of the investment affairs cannot be ascertained.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends fixing of responsibility for hindering the auditorial functions of the Auditor General of Pakistan besides production of record to Audit

13.5.42 Payment of Medical Allowance at excessive rates - Rs. 225.183 million

Finance Division vide letter No.1(3)Imp/2015-630 dated 07.07.2015 states that the amount of Medical allowance for the employees up to BPS 16 will be Rs 1500/- per month and for BPS 17 & above Rs 15% of the basic pay.

The management of Islamic International University (IIU), Islamabad had adopted the salary structure of the Federal Government.

Audit observed that management of IIUI paid Medical Allowance @ 60% of the running pay, maximum of Rs. 10,400 per month to its employees. Details are as under:

Pay Scales	Strength	Rate Paid	Rate Admissible	Overpayment
16 and above	11249	10,400	7,500 (maximum)	32,622,100
1 to 15	21636	10,400	1500	192,560,400
Total				**225,182,500**

Audit is of the view that Medical Allowance paid in excess of rates prescribed by the Finance Division was irregular and unauthorized which resulted into overpayment of Rs. 225,182,500 during the year 2020-21.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends discontinuation of irregular payment of Medical Allowance besides recovery of overpaid amount.

13.5.43 Irregular and unauthorized retention of revolving / reserve fund - Rs.760.002 million

Rule 44 (1) of the IIU Financial Rules, 1992 states that annual statement of expenditure and receipts of all accounts of the university and its institutes duly audited by the external auditors shall be submitted by the president to the Board for consideration..

The management of International Islamic University (IIU), Islamabad did not provide the annual statement of expenditure and receipts of its accounts of the university and institutes duly audited by the external auditors. Instead statement of receipts and expenditure sent to the HEC was provided to Audit.

Audit observed that the statement of receipt and expenditure submitted to the HEC did not disclose the amounts retained in the reserve / revolving fund. The details of funds, are as under:

S. No.	Fund	Amount
1.	University revolving fund as per Bank Statement	35,712,667
2.	Transport Revolving Fund	56,804,396
3.	IIU Trust Account	512,087,000
4.	Trust endowment Fund	146,098,235
5.	Revolving fund account	9,300,057
	Total	**760,002,355**

Audit also observed that there was no approval of the HEC or the Federal Government for creation of such revolving / reserve funds.

Audit is of the view that creation and retention of funds without approval of HEC and the Federal Government was irregular and unauthorized.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter may be inquired and responsibility be fixed to irregular and unauthorized retention of funds.

13.5.44 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 auditoria 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 International Islamic University (IIU), Islamabad was requested to provide the following record vide requisition dated 30.08.2021 & 15.09.2021 and repeated verbal requests were also made in order to verify the authenticity of record:

i. Annual statement of expenditure and receipts for the year 2020-21 of all accounts of the university & its institutes duly audited by the external auditors as approved by the Board.
ii. Record of Reserve fund of Sharia Academy
iii. Detail of outstanding charges / receivables.
iv. Detail of Development Projects with approved PC-I / Administrative approvals, details of project wise & head wise expenditure incurred, Paid vouchers of development expenditure other than works.
v. A certificate regarding theft, embezzlement, fraud etc during the period under audit.
vi. Complete detail of investments with rate of return and maturity dates.
vii. Personal & Salary files of following officers / officials:
    a. Dr. Ismail Barohi
    b. Chief Security Officers.
viii. Total liability of pension of the university employees.

Despite repeated requests the management did not provide the record to Audit.

Audit is of the view that in the absence of auditable record, Audit could not ascertain the authenticity of the record.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that responsibility be fixed for hindering the auditorial functions of the Auditor General of Pakistan besides production of record to Audit.

Allama Iqbal Open University, Islamabad

13.5.45 Non-recovery of penalty on PSDP project due to delayed work - Rs. 19.67 million.

Clause 47.1 of the Special Condition of Contract states that liquidated damages shall be 0.1% of cost of balance of each day of delay in completion of work subject to maximum of 10% of contract price.

The management of AIOU started new construction works during 2020-21. The completion periods were 12 months. Details are as under:

S. No.	Work	Start Date	Contract Price	Amount
1.	Construction of AIOU Regional office building & Staff Residential at Kalat (Balochistan)	15.06.2020	49,839,545.25	5,307,168
2.	Construction of AIOU Regional Office Building Moro (Sindh)	15.06.2020	149,584,473	80,220,762
3.	Construction of AIOU Regional Office Building Sukkar (Sindh)	15.06.2021	152,427,425	69,601,988

Audit observed that works were not completed up to 30.09.2021 i.e. 107 days delayed but the management did not recover liquidated damages amounting to Rs. 19.67 million from the subsequent payments.

Audit is of view that undue favour was extended to the contractors.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that recoveries be made and be deposited into Government Treasury.

13.5.46 Variation in work done - Rs. 6.097 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 AIOU provided the detail of expenditure against different works done during the year 2020-21. The statement includes construction work of RO Sukkar, on which the expenditure incurred during the year was shown Rs.75,699,086.

Audit observed that as per MB, the value of work done was Rs.69,601,988. The whereabouts of difference amount of Rs. 6,097,098 was not known.

Audit is of the view that the possibility of misappropriation cannot be ruled out. Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter may be inquired and responsibility may be fixed for misstatement/variance.

13.5.47 Payment on account of purchase of Rack Mounted Servers without Installation and commissioning - Rs. 26.03 million.

As per Clause 5 of the Purchase Order, training, installation and commissioning will be responsibility of the supplier which will be done within 15 days after delivery.

The management of AIOU issued purchase order on 02.01.2020 to M/s Mega Plus, Islamabad, for the purchase of 05 Rack Mounted Servers, Server Virtualization and Software Licensing for Rs. 26,030,400.

The supplier submitted his claim of Rs 26,030,400 including sale tax amount of Rs.3,782,195 on 22.04.2020.

Audit observed management made payment to the supplier and there was no proof that items purchased were installed, commissioned and staff was provided training.

Audit is of the view that undue favor was extended to the supplier. Audit recommends that responsibility may be fixed.

13.5.48 Irregular exemption on account of Income Tax and Sale Tax without credible Import Documents. Rs. 6.132 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 AIOU purchased stationary items during the year 2020-21 from different suppliers. Details are as under:

S. No.	Voucher No./Date	Item	Supplier	Cost	Sales Tax
1.	9784 26.06.21	Paper for examination	M/s Atiq Traders, Karachi	5,450,000	791,880
2.	1459 26.03.21	Toners	M/s SEESAM Solutions Islamabad	3,691,840	536,422
3.	12165 30.06.21	Toners	M/s Riz Technologies Karachi	33,066,281	4,804,502
Total				**42,208,121**	**6,132,804**

Audit observed that deduction of income tax and 20% of sale tax were not made on the plea that items were imported but in the import documents, the name of the firms, quantity imported and tax amounts were not matched.

Audit is of the view that exemption granted was not based on the reliable documentary evidence.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends fixing of responsibility on persons at fault besides recovery of Taxes.

CHAPTER 14

HOUSING AND WORKS DIVISION

14.1 Introduction

Following functions have been assigned to the Ministry of Housing and Works as per Rules of Business, 1973 amongst the other functions:

i. Acquisition and development of sites, construction, furnishing and maintenance of Federal Government buildings, except those under the Defence Division.

ii. Provision of Govt owned office accommodation and residential accommodation for officers and staff of the Federal Government.

iii. Coordination of Civil Works Budget;

iv. Execution of Federal Government works.

v. Provision of Government owned office accommodation and residential accommodation for officers and staff of the Federal Government; acquisition; requisitioning and hiring of residential accommodation and payment of compensation or rent.

vi. Land and buildings belonging to the Federation wherever situated, and revenues derived therefrom.

vii. Administration of the Federal Government Lands and Buildings (Recovery of Possession) Ordinance, 1965.

viii. Matters relating to the National Construction (Domestic) Limited.

ix. Administrative control of the National Housing Authority.

ATTACHED DEPARTMENTS/ AUTONOMOUS BODIES

1. Estate Office.
2. National housing Authority
3. Office of the Director General, Pakistan Public Works Department.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	2	1	382.477	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

14.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Housing and Works Division for the financial year 2018-19 was Rs.303.015 million, out of which the Division expended an amount of Rs.307.489 million. Grant-wise detail of current and development expenditure is as under:

(Rupees in million)

Type of Grant	Grant No.	Original Grant	Supply Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess / (Savings)	Excess / (Savings)% age
Current	50	160.000	0.012	-0.002	160.010	158.732	-1.278	(0.80%)
	52	143.000	0.005	0.000	143.005	148.757	5.752	4.02%
Grand Total		**303.000**	**0.017**	**-0.002**	**303.015**	**307.489**	4.474	1.48%

Audit noted that there was an overall excess of Rs.4.474 million, only 1.48% of the Final grant. There was no major variance in excess and savings w.r.t Original and Final grant.

14.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 14.85million, were raised in this report during the current audit of **Housing And Works 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*	0.00
B	*Procurement related irregularities*	
C	*Management of account with commercial banks*	13.69

D	*Recovery*	
E	*Internal Control*	0.00
4	Value for money and service delivery	
5	Others	1.15

14.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Housing and Works	2003-04	10	10	9	1	90%
	2009-10	2	2	0	2	0%
	2011-12	3	3	0	3	0%
	2015-16	1	1	0	1	0%
	2017-18	2	2	0	2	0%
	Total	**18**	**18**	**9**	**9**	**50%**

The Draft Audit Report including following Paras was issued to the PAO on 30.10.2019 followed by reminder 13.12.2019 with the request to reply and also arrange the DAC meeting to discuss the Paras.

14.5 AUDIT PARAS

14.5.1 Unauthorized allotment of Government accommodation to ineligible Government Servants

Rule 3(5) of the Accommodation Allocation Rules,2002 states that "a Federal Government Servant (FGS) who owns a house in his own name or in the name of his spouse or dependent Children at the station of his posting shall not be allowed Government accommodation and shall be allowed self-hiring of the house"

Mr Amir Mohyuddin, Joint Secretary (Estate), an officer of BPS 20 of Secretariat Group was allotted Government owned accommodation (House No 13/A Street No. 31 F-8/1 Islamabad) w.e.f 30.08.2019.

Further, Mr Allah Bakhsh Sangi, Deputy Secretary (Estate), an officer of BS-19 of Ministry of H&W is the owner of House No 243, Street No 13, Block B, CBR Town, Islamabad was allotted Government owned accommodation (House No F-27, Cat-II G-10/3 Islamabad) w.e.f 21.01.2021

Audit observed that record such as General Waiting List, approval of competent authority, etc. relating to allotment of House No. 14-B, Street 27, F-8/1, Islamabad and House No. F-27, Cat-II G-10/3 Islamabad was not provided to Audit.

Audit further observed that allotment of Government accommodation to Government Officer who owns a house in his own name at the station of his posting where he was residing on self-hiring basis was unauthorized in terms of Rule 3(5) of the Accommodation Allocation Rules,2002

Audit is of the view that allotment of Government accommodation without lawful order was unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for the irregularity.

14.5.2 Irregular withdrawal of contractors' security and examination fee from service charges account -Rs. 1.154 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 fund allotted to spending units are expended in the public interest and upon objects for which the money was provided.

An amount of Rs 1,153,695 was withdrawn from service charges account No.1663004150188755 being maintained in National Bank's Holiday in Branch Islamabad in favor of Mr. Faheem Ayaz Kundi, Executive Engineer Project Civil Division III, Pak PWD Islamabad as detailed below:

Cheque No	Date	Particulars	Amount(Rs)
97279854	24.12.2020	Contractors security	217,720
97279855	24.12.2020	Examination fees	935,975

Audit observed that an amount of Rs 1,153,695 was withdrawn from service charges account being maintained for the upkeep and maintenance of Federal Lodges at Islamabad but vouchers in support of expenditure show that contractors security and reimbursement of examination expenses were paid which was irregular as it did not relate to maintenance of Federal Lodges.

Audit is of the view that expenditure out of Service Charges Account worth Rs. 1.154 million was irregular.

The management replied that the bank account meant for service charges of the Federal Lodges was also being used for retention of contractor’s security, exam fee, etc.

Reply was not accepted as funds of other accounts/offices cannot be mixed with this specific account meant for service charges of the Federal Lodges.

Audit recommends that service charges account may be separated from other accounts and previous irregularity be got condoned under intimation to Audit.

14.5.3 Unauthorized retention of Semi-permanent accommodation beyond legally allotted period

Rule 4(1a) of the Allotment of Semi-Permanent Accommodation in Federal Government Hostels Rules, 2019 states that accommodation shall be allotted on semi-permanent basis to the Federal Government employees, holding posts in BS-17 and above on regular basis for a period of twelve months, extendible for further six months for the Federal Lodges subject to revalidation of the allotment after every six months

The management of Federal Lodge-I &II under M/o H&W allotted rooms/Family suites in FederalLodge No. 1&2, Islamabad to the Federal Government Employees on 30.10.2019 or prior to it:

Audit observed that initial allotment as well as extension of allotment expired on 30.04.2021 but the said employees have not vacated their accommodation despite lapse of a period of more than at least three months. Audit further observed that revalidation of the allotment after expiry of six months was not conducted as no such report was provided to Audit.

Audit is of the view that non-implementation of Rule 4(1a) of the Allotment of Semi-Permanent Accommodation in Federal Government Hostels Rules, 2019 is serious lapse on the part of the local management as non-vacation of Rooms/Family suites from unauthorized occupants has deprived the waiting candidates from the facility of Government accommodation.

The management replied that the concerned allottees were issued notices on 22.04.2021 for vacating of accommodation in Federal Lodges/Hostel, Islamabad after expiry of their allotment on 30.04.2021.The competent authority has granted one-time extension to those allottees for next six months due to pandemic situation of COVID-19 in the country whose allotment is going to expire on 30.10.2021.

The reply was not accepted as extended period upto 30.10.2021 has also been expired but Lodges were not got vacated.

Audit recommends to fix responsibility for unauthorized retention of semi-permanent accommodation beyond legally allotted period.

14.5.4 Allotment of Government accommodation to a Joint Secretary in non-transparent manner

Rule 7(1) of the Accommodation and Allocation Rules, 2002 states that "The allotment of Government owned accommodation shall be made to the most senior FGS on GWL of a particular class or category of accommodation."

Mr. Muhammad Yaseen Shar Baloch, Joint Secretary, Ministry of Housing & Works was allotted with Government owned Residential Accommodation House No.19 Cat-II I-8/1 Islamabad. Ministry of Housing & Works vide Letter No 19 dated 09.01.2019 changed the said accommodation to House No.14-Type-G Street-12, F.6/3, Islamabad.

Audit observed that the following record was not available with Ministry of Housing & Works.

i. Allotment letter for House No. 19-Cat-II, I-8/1.
ii. Application form for allotment of Cat-II House at Islamabad and the covering letter of M/o H&W forwarded to Estate Office, Islamabad.
iii. Vacation of House No.19 Cat-II, I-8/1.
iv. General Waiting List (GWL) showing Seniority of the applicant.

Audit is of the view that allotment of Government accommodation to an officer in January, 2019 or even before posted from Karachi to Islamabad on 02.05.2018 in the absence of above mentioned record was irregular.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for the irregularity.

14.5.5 Irregular allotment of Government owned accommodation to a Section Officer

Rule 7(1) of the Accommodation and Allocation Rules, 2002 states that "The allotment of Government owned accommodation shall be made to the most senior FGS on GWL of a particular class or category of accommodation."

Mr. Faaiz Aali Gill Section Officer, an officer of BS-18 was posted in M/o Housing and Works on 05.11.2020 and was allotted government owned residential accommodation House No. 6-E, G-7/3-2, Islamabad w.e.f 13.01.2021.

Audit observed that record such as allotment letter, occupation report, General Waiting List, etc was not available as no such record was provided to Audit.

Audit is of the view that allotment of Government owned accommodation in the absence of relevant record was irregular.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for the irregularity,

14.5.6 Unauthorized maintenance of bank account in Commercial Bank-Rs.13.694 million

Cash Management and Treasury Single Account Rules 2020 are in force since 24th July 2020 with the approval of the Federal Government, which inter alia requires closure of existing Bank Accounts maintained by Ministries, Divisions, Attached Departments and transfer of Balances to Central Account No.1(Nonfood) maintained in the state bank of Pakistan.

Rule 3 (2) of the Allotment of Semi-Permanent Accommodation in Federal Government Hostels Rules, 2019 states that the Comptroller or as the case may be the assistant comptroller at the respective Hostel shall be responsible for maintaining proper record of vacation and occupation, payment of rent, service charges, etc. and its proper upkeep.

Rule 3(4) of the Allotment of Semi-Permanent Accommodation in Federal Government Hostels Rules, 2019 states that routine upkeep of accommodation shall be carried out by respective comptroller or assistant comptroller at their own level. The expenses shall be borne out of service charges and the same is intimated to the Ministry.

The Ministry of Housing and Works is maintaining bank account No. 1663004150188755 in National Bank of Pakistan's Holiday Inn Branch Islamabad, in the name of Executive Engineer, project Civil Division, for Service Charges in Federal Lodges/Gulshan-E-Jinnah Islamabad, having a closing of Balance of Rs. 13,694,305 as on 30.06.2021.

Audit observed that operation of account in commercial bank in violation of Cash Management and Treasury Single Account Rules, 2020 was unauthorized.

Audit further observed that maintenance of Bank Account in the name Executive Engineer instead of Assistant Comptroller was irregular in terms of Rules 3(2) & (4) of the Allotment of Semi-Permanent Accommodation in Federal Government Hostels Rules, 2019.

Audit is of the view that maintaining a commercial bank account by the Ministry in the name of irrelevant person is unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for the irregularity.

14.5.7 Expenditure out of Service Charges account without approval of the Assistant Comptroller

Rule 3(2) of the Allotment of Semi-Permanent Accommodation in Federal Government Hostels Rules, 2019 states that the Comptroller or as the case may be the assistant comptroller at the respective Hostel shall be responsible for maintaining proper record of vacation and occupation, payment of rent, service charges, etc. and its proper upkeep

Rule3 (4) of the Allotment of Semi-Permanent Accommodation in Federal Government Hostels Rules, 2019 states that routine up-keep of accommodation shall be carried out by respective comptroller or Assistant comptroller at their own level. The expense shall be borne out of service charges and the same is intimated to the Ministry.

The expenditure relating to service charges are being incurred with the approval of Joint Secretary (Estate) M/o H &W.

Audit observed that expenditure relating to upkeep and maintenance from service charges is being incurred with the approval of Joint Secretary Estate Instead of Assistant Comptroller Federal Lodges/Hostels in violation of Rule3(2)(4) of the Allotment of Semi-Permanent Accommodation in Federal Government Hostels Rules, 2019.

Audit is of the view that approval of expenditure from service charges by the Joint Secretary Estate instead of the relevant authority i.e. Assistant Comptroller was irregular.

The management replied that the said procedure was adopted for check and balance regarding the spending of amount from service charges for upkeep of the Gulshan-e- Jinnah and Federal Lodges Islamabad.

The reply was not accepted as expenditure was not being sanctioned by the relevant authority mentioned in the rules.

Audit recommends that responsibility may be fixed for the irregularity.

CHAPTER 15

MINISTRY OF INDUSTRIES AND PRODUCTION

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. 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. Administrative, financial, operational, personnel and commercial matters of Pakistan Garments Corporation.
10. Ghee Corporation of Pakistan Limited, and Pakistan Edible Oils Corporation Limited.
11. National Fertilizer Corporation, Lahore.
12. Development of Industries (Federal Control) (Repeal) Ordinance, 1979.
13. Economic Reforms (Protection of Industries) Regulation, 1972.
14. 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);

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 2020-21) Rs. in million	Revenue/Receipt Audited (FY 2020-21) Rs. in million
1	Formations	10	2	84.693	-
2	Assignment Accounts (Excluding FAP)	2	2	251.328	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

15.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Industries and Production Division for the financial year 2020-21 was Rs.20,778.14 million, out of which the Division expended an amount of Rs.20,748.25 million. The Division had 4 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

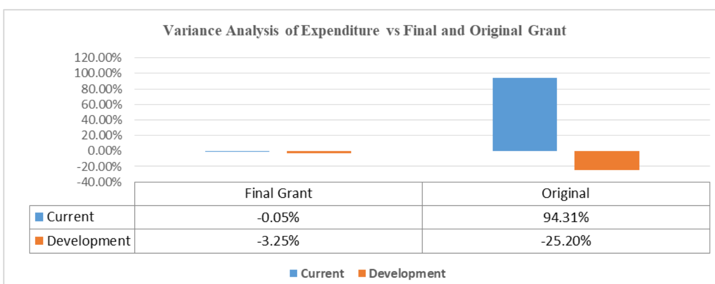
Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
80	Current	320.10	85.00	-25.93	379.17	369.95	-9.22	-2.43%
81	Current	952.35	77.38	0.00	1,029.73	1,029.72	-0.01	0.00%
82	Current	9,058.91	9,616.75	-419.15	18,675.66	18,675.64	-0.02	0.00%
83	Current	84.10	0.00	-9.00	75.10	74.54	-0.56	-0.75%
	Current Total	**10,415.46**	**9,779.13**	**-454.08**	**20,159.66**	**20,149.86**	**-9.80**	**-0.05%**
189	Development	800.00	382.80	-564.32	618.48	598.39	-20.08	-3.25%
	Grant Total	**11,215.46**	**10,161.93**	**-1,018.41**	**20,778.14**	**20,748.25**	**-29.88**	**-0.14%**

Audit noted that there was an overall savings of Rs.29.88 million, which was due to saving in Current and 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 25.20% with respect to Original grant which reduced to savings of 3.25% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 94.31% of excess in expenditure w.r.t original allocation reduced to 0.05% of saving 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. 21.88million, were raised in this report during the current audit of **Ministry Of Industries And Production**. 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*	21.88
D	*Recovery*	
E	*Internal Control*	
4	Value for money and service delivery	
5	Others	

15.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	3	3	1	2	33
2012-13	2	0	0	2	-
2013-14	5	0	0	5	-
2014-15	5	5	0	5	-
2015-16	1	1	1	0	100
2016-17	12	0	0	12	-
2018-19	4	0	0	4	-
2019-20	6	0	0	6	-
2020-21	2	0	0	2	-
Total	**40**	**9**	**2**	**38**	22

15.5 AUDIT PARAS

Department of Explosives, Regional Office, Lahore

15.5.1 Non-reconciliation of receipts with AGPR and difference thereon – Rs. 21.883 million

Para-26 of GFR Vol-I states that subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts, it is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

The management of Department of Explosive, Lahore collected fees amounting to Rs. 333,950,382 on account of issuance of licenses to individuals during 2017-18 to 2020-21.

Audit observed that there is a variation of figures of receipt as per statement provided by the department. The departmental figure was shown as Rs.333,950,382 whereas the amount booked by AGPR was Rs. 355,833,579. Detail is given below:

S. No.	Financial Year	Departmental Figure	AGPR Figure	Total Difference
1.	2017-18	53,693,123	54,249,374	556,251
2.	2018-19	62,451,421	64,947,004	2,495,583
3.	2019-20	46,973,683	48,396,949	1,423,266
4.	2020-21	170,832,155	188,240,252	17,408,097
	Total	**333,950,382**	**355,833,579**	**21,883,197**

Audit further observed that the department did not reconcile its receipt statements with AGPR sub-office, Lahore.

Audit is of the view that non-reconciliation of departmental figures with AGPR figure was lapse on the part of management.

Neither the management replied nor was DAC convened.

Audit recommends that receitps should be reconciled with the AGPR, sub-office, Lahore at the earliest and factual position be intimated to audit.

CHAPTER 16

INFORMATION TECHNOLOGY AND TELECOMMUNICATION DIVISION

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.

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 2020-21) Rs. in million	Revenue/Receipt Audited (FY 2020-21) Rs. in million
1	Formations	55	3	10,690.917	1,550.367
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	-

16.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Information Technology And Telecommunication Division for the financial year 2020-21 was Rs.13,317.26 million, out of which the Division expended an amount of Rs.13,198.72 million. The Division had 3 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

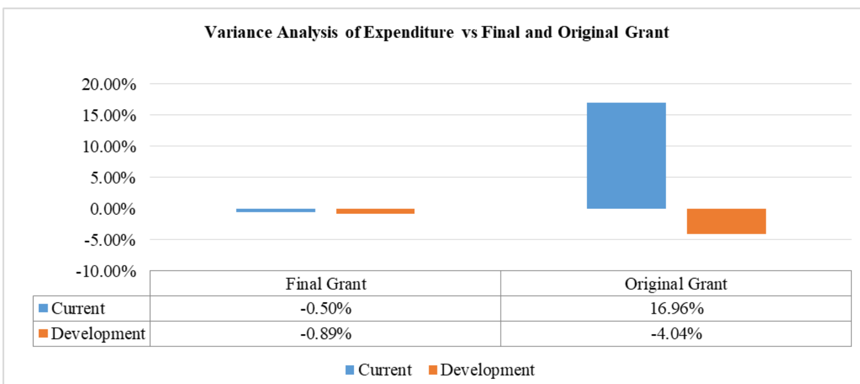
Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
88	Current	365.88	22.00	-98.47	289.41	276.42	-12.99	-4.49%
89	Current	4,611.22	1,085.61	0.00	5,696.83	5,686.21	-10.62	-0.19%
90	Current	832.52	1,107.61	0.00	832.52	832.52	-23.61	-2.84%
Sub-Total Current		**5,809.62**	**2,215.22**	**-98.47**	**6,818.76**	**6,795.15**	**-34.23**	**-0.50%**
170	Development	6,672.98	819.41	-993.89	6,498.50	6,403.58	-57.85	-0.89%
	Total	**12,482.61**	**3,034.63**	**-1,092.36**	**13,317.26**	**13,198.72**	**-92.08**	**-0.69%**

Audit noted that there was an overall savings of Rs.92.08 million, which was due to savings in Current and Developments 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 4.04% with respect to Original grant which reduced to savings of 0.89% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 16.96% of excess in expenditure w.r.t original allocation reduced to 0.50% 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. 138.55million, were raised in this report during the current audit of **Information Technology And Telecommunication 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*	138.55

C	*Management of account with commercial banks*	
D	*Recovery*	
E	*Internal Control*	
4	Value for money and service delivery	
5	Others	

16.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	2	2	2	0	100
2011-12	10	0	0	10	-
2014-15	1	0	0	1	-
2016-17	5	0	0	5	-
2018-19	3	0	0	3	-
2019-20	11	0	0	11	-
2020-21	2	0	0	2	-
Total	**34**	**2**	**2**	**32**	100

16.5 AUDIT PARAS

National Information Technology Board (NITB)

16.5.1 Irregular and unnecessary procurement of Oracle Software - Rs. 138.547 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.

Terms and condition para 5 (5.1) of Purchase Order dated 07.06.2021 states that the seller shall complete the installation of the software License at the SITES no later than Four weeks of the Delivery Date. The time for Installation shall be of essence.

Terms and condition para 5 (5.2) of Purchase Order dated 07.06.2021 states that upon completion of installation and configuration of the software at the sites, the seller shall notify the purchaser in writing that the software is ready for testing for acceptance. The seller shall no later than three days after the notification afore-said conduct test-run on the software in the presence of the Purchaser's representative and the purchaser shall, subject to there being (a) Full compliance with the technical and functional specifications set out in Annexure.

Terms and condition para 5 (5.3) of Purchase Order dated 07.06.2021 states that upon acceptance as afore-said, the Purchaser shall issue the Acceptance Certificate.

The management of NITB procured Oracle Software for Rs. 138,547,500 during FY 2020-21. Detail is as below:

(Amount in Rs.)

S. No.	Bill No. / Date	Name of Firm	Description	Quantity	Amount
1.	IIL-210009 / 08.06.2021	M/s Ora Tech Systems (Pvt) Ltd	Oracle Software	12	117,559,697
2.	IIL-210009-A / 06.07.2021				20,987,803
Total					**138,547,500**

Audit observed that supply order was issued on 07.06.2021 and the management paid Rs. 138.548 million to the contractor for supply and installation of software on 08.06.2021 which showed that the payment was made without installation and testing of software.

Audit is of the view that payment before supply and installation of sotware was irregular and unauthorized.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that inquiry may be held to fix the responsibility.

16.5.2 Irregular appointments without approved Recruitment Rules

According to Establishment Division's O.M. No. F.53/I/2008-SP dated 22.10.2014 Initial appointment shall be made strictly in accordance with the provisions contained in the Recruitment Rules of the post concerned. In the absence of Recruitment Rules, Ministries/ Divisions/ Attached Departments/ Subordinate Offices/ Autonomous Bodies/ Semi-autonomous Bodies/ Corporations/ Companies/ Authorities etc. are first required to frame the Recruitment Rules and lay down the eligibility conditions for such appointments. No recruitment shall be made in the absence of approved Recruitment Rules.

The management of NITB recruited the following staff during Financial Year 2020-21:

S. No	Name of Staff	Designation	Date of Appointment

1.	Mr. Ammar Nabi Qureshi	Assistant	19.03.2021
2.	Mr. Muhammad Hassan Khanzada	Assistant	22.03.2021
3.	Mr. Muhammad Shehroze Khan	Assistant	01.07.2021
4.	Mr. JamshedPervaiz	Sweeper	16.12.2020
5.	Mr. Salman Gill	Sanitary Worker	16.12.2020
6.	Mr. Ahmed Faraz	Naib Qasid	16.12.2020
7.	Mr. Adnan Javed	Driver	09.06.2021

Audit observed that recruitments were made in the absence of recruitment rules.

Audit is of the view that the appointments of staff without approved recruitment rules, is held as irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that recruitment rules may be got approved without further delay besides of condonation of irregularity already committed.

CHAPTER 17

INFORMATION AND BROADCASTINGDIVISION

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. 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 2020-21) Rs. in million	Revenue/Receipt Audited (FY 2020-21) Rs. in million
1	Formations	68	1	465.924	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

17.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Info & Broadcasting Division for the financial year 2020-21 was Rs.9,627.43 million, out of which the Division expended an amount of Rs.9,442.42 million. The Division had 4 current grant. Grant-wise detail of current and development expenditure is as under:

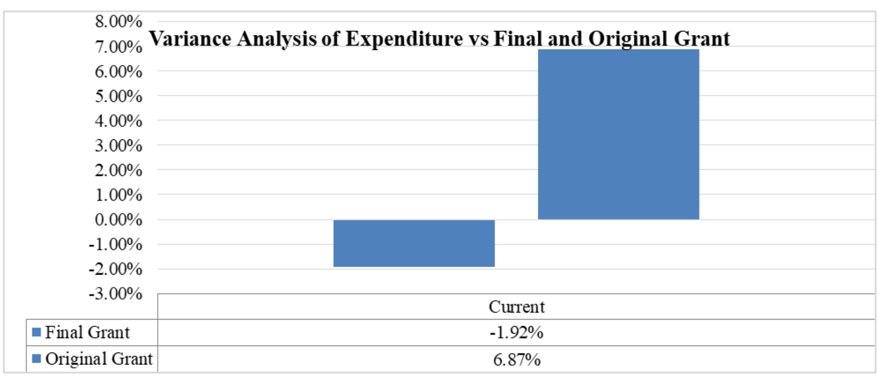
Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
84	Current	569.77	0.94	-41.55	529.16	481.27	-47.89	-9.05%
85	Current	1,284.32	39.36	-42.47	1,281.21	1,197.09	-84.12	-6.57%
86	Current	6,111.13	1,685.48	-850.00	6,946.60	6,872.98	-73.62	-1.06%
87	Current	870.46	1,725.77	0.00	870.46	891.07	20.62	2.37%
	Total	**8,835.68**	**3,451.55**	**-934.02**	**9,627.43**	**9,442.42**	**-185.01**	**-1.92%**

Audit noted that there was an overall savings of Rs.185.01 million, which was due to saving 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 expenditure the 6.87% of excess in expenditure w.r.t original allocation reduced to 1.92% of savings 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. 21.50million, were raised in this report during the current audit of **Information And Broadcasting 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*	13.73
B	*Procurement related irregularities*	
C	*Management of account with commercial banks*	
D	*Recovery*	
E	*Internal Control*	7.78
4	Value for money and service delivery	
5	Others	

17.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2012-13	18	0	0	18	-
2013-14	17	17	0	17	-
2014-15	7	0	0	7	-
2015-16	4	4	3	1	75
2016-17	11	4	0	11	-
2019-20	24	0	0	24	-
2020-21	21	0	0	21	-
Total	**102**	**25**	**3**	**99**	12

17.5 AUDIT PARAS

Press Information Department, Islamabad

17.5.1 Irregular payment of rent of hired houses - Rs. 13.726 million

Para 2(vi) of Ministry of Housing and Works O.M. No. F.2(3)/2003-Policy dated 31.07.2004 states that all payment will be made through cross cheques, which will be forwarded to the manager of the bank for depositing in account of the owner.

The management of Press Information Department (PID), Islamabad incurred an expenditure of Rs. 13.726 million on payment of rent for residential buildings of thirteen (13) employees.

Audit observed that rent was paid to the employees on the basis of un-registered special power of attorney from 'Sub-Registrar'.

Audit is of the view that payment of rent other than the owners without having a legal authority is irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that practice may be discontinued besides regularization of irregularity.

17.5.2 Irregular payments in cash - Rs. 7.778 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.

The management of Press Information Department (PID), Islamabad drawn Rs. 7.778 million in the name of DDO during the year 2020-21 for cash purchases**.**

Audit observed that the cash payments were drawn in the name of DDO instead payment through cross cheques in the names of venders.

Audit is of the view that drawl of cash payments for purchases is violation of Federal Treasury Rules and deprived the government from its due receipts.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that matter may be looked into and fix the responsibility.

CHAPTER 18

MINISTRY OF INTER PROVINCIAL COORDINATION

18.1 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-2020-21) Rs. in million	Revenue / Receipt Audited (FY 2020-21) Rs. in million
1	Formations	25	7	1,488.117	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

18.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Inter Provincial Coordination Division for the financial year 2020-21 was Rs.1,131.24 million, out of which the Division expended an amount of Rs.1,112.93 million. The Division had 3 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

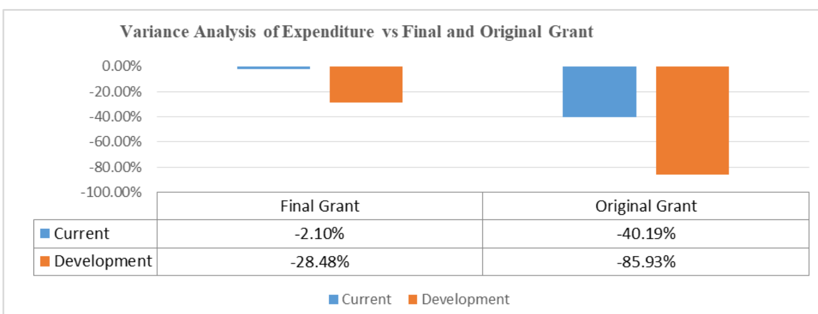
Grant No.	Type of Grant	Original Grant	Supp - taryGrant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
100	Current	406.78	0.00	-130.77	276.02	272.73	-3.29	-1.19%
101	Current	160.67	16.71	-3.74	173.64	166.45	-7.19	-4.14%
102	Current	1,074.66	0.00	-528.68	545.98	542.94	-10.48	-1.92%
Total Current		**1,642.12**	**16.71**	**-663.19**	**995.64**	**982.12**	**-20.96**	**-2.10%**
172	Development	929.49		-793.89	135.60	130.81	-38.62	-28.48%
Total		**2,571.61**	**16.71**	**-1,457.08**	**1,131.24**	**1,112.93**	**-59.58**	**-5.27%**

Audit noted that there was an overall savings of Rs.59.58 million, which was due to less expenditure in the 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 85.93% with respect to Original grant which reduced to savings of 28.48% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 40.19% of savings in expenditure w.r.t original allocation reduced to 2.10% of savings in expenditure w.r.t final allocation, as depicted in the graph below:



18.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 511.79million, were raised in this report during the current audit of **Ministry 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	0.00
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	

A	*HR/Employees related Irregularities*	
B	*Procurement related irregularities*	9.45
C	*Management of account with commercial banks*	66.97
D	*Recovery*	22.45
E	*Internal Control*	57.76
4	Value for money and service delivery	324.99
5	Others	30.17

18.4Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	7	7	1	6	14
2011-12	5	5	0	5	-
2012-13	11	0	0	11	-
2013-14	11	2	1	10	50
2015-16	6	6	5	1	83
2016-17	29	0	0	29	-
2017-18	5	0	0	5	-
2018-19	29	0	0	29	-
2019-20	13	0	0	13	-
2020-21	57	0	0	57	-
Total	**173**	**20**	**7**	**166**	35

18.5AUDIT PARAS

Pakistan Squash Federation

18.5.1 Non non-provision of Act/ Resolution/ Ordinance/legal Framework regarding establishment of Pakistan Squash Federation, Islamabad

Section 14(2) of the 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 the 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.

Management of Pakistan Squash Federation, Islamabad was requested to provide the Act/Ordinance/Resolution/Legal Framework under which Pakistan Squash Federation was established. Despite record requisitions dated 20.05.2021 and 02.06.2021 the management did not provide the record.

Audit is of the view that in absence of any legal framework under which Pakistan Squash Federation was established, Audit could not ascertain the status of the formation.

The management replied that PSF Constitution, accounts SOP, PSF Tour guide and Rules of Business etc. were provided to Audit. It was further replied that PSF was established by Pak Navy in 1953 under Presidential Order and was then handed over to PAF in 1972. Ministry of Sports & Tourism (devolved) issued a notification which shows that PSF was a recognized and affiliated body of the Government of Pakistan. Moreover, a list of appointment holders at PSF since 1975 duly recognized by Pakistan Sports Board (PSB) was also provided.

The reply was not accepted because neither Presidential Order nor any document was provided regarding establishment of the PSF. Further, PSF constitution quoted in the reply had no legal backing.

DAC held on 30.11.2021 directed the management to get the relevant record verified from Audit.

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

Pakistan Veterinary Medical Council, Islamabad

18.5.2 Undue favour to the contractor on the account of civil works – Rs.4.992 million

Clause-IT-15 of instructions to bidder time for completion states that the work called for in the Contract Documents are required to be completed within five months following receipt of Engineer's/ Clients order to proceed with construction.

Cluase-15 of conditions of contract states that if the contractor fails to complete the works within the time for completion, the contractor's only liability to the employer for such failure shall be to pay the amount in the contract for each day for which he fails to complete the works i.e. some percentage as on the day basis access suitable but not more than 5% of the overall contract price/ final work done.

The management of PVMC, Islamabad awarded civil work of internal, external plaster and misc. work to M/s Shaheer and Hassan Construction against the tender amounting to Rs. 5,576,570 and advised to start the work w.e.f. 15.03.2018.

Audit observed as under:

i. The completion date was 15.08.2018 whereas the contractor did not complete the civil work till the time of audit.

ii. The management did not impose the penalty on non-completion of work within stipulated time.

iii. As per record, the contractor made vast variation in the scope/ cost of work without the approval of the employer/ engineer-in-charge.

iv. An amount of Rs. 1,048,944/- was paid to the contractor which was not included in Bill of Quantities.

v. An amount of Rs. 256,695 was paid to the contractor as escalation charges vide 5th invoice whereas escalation was not included in the contract.

Audit further observed that a meeting was held on 23.05.2019 between Prof. Masood Rabbani, President PVMC and Mr. Muhammad Hayyat, contractor in which contractor has committed that he will complete remaining contraction work in two months.

Audit is of the view that the undue favour was extended to contractor.

The management replied that taking up the matter with M/s Hi-Tech Services and position will be explained to audit accordingly.

The management has accepted audit observation.

The management did not convene DAC till finalization of report.

Audit recommends that the matter may be investigated and responsibility may be fixed for non-carrying out work within due time.

18.5.3 Irregular payment on the account of residential hiring – Rs. 3.455 million

In terms of Para-2(iv) of decentralization of hiring of residential accommodation dated 31.07.2004, each ministry/ division/ department will constitute an Assessment Committee comprising three officers headed by a BPS-19 officer (in case of Departments, Chairman of the Committee will be the representative of the administrative Ministry/Division) to assess the rent of the house and submit assessment report keeping in view the rental ceiling of the allottee and covered area according to specification as prescribed in the Accommodation Allocation Rules, 2002. The committee may co-opt a technical person from any technical department if deemed appropriate.

The management of PVMC, Islamabad paid Rs. 3,544,641 on the account of hiring of houses to its employees. The detail is as under:

S. No.	Name of Officer/ Official	Period	Amount
1	Col. Aqil Hameed Chaudhary, Secretary	Oct, 2018 to Sept, 2019	390,132
2	Mr. Abdul Wahab, Assistant	2017-18 to 2019-20	697,191
3	Mr. Abid Hussain Ghazanfar, UDC	-do-	611,064
4	Mr. Shaukat Yab Khan, A.D (Admn)	-do-	914,364
5	Mr. Muhammad Azeem, Steno Typist	-do-	841,890
Total			**3,454,641**

Audit observed as under:

i. The assessment committee was not constituted in light of instruction of M/o Housing & Works.

ii. The related documents were not available in relevant files.

iii. The payments were made to the officers/ officials without assessment of houses.

iv. Income Tax was not deducted from payments of hiring.

Audit is of the view that in the absence of supporting documents and without assessment reports the authenticity of the expenditure could not be ascertained.

The management replied that the payment on account of residential hiring has been stopped. A hiring committee in PVMC Secretariat has now been constituted vide notification dated 29.03.2021. In future the payments under this head shall be made only after compliance of the guide lines issued by the M/o Housing & Works in this regard. The procedure regarding deduction of income tax from the payment to be paid to the owner of the house will be followed in future in letter and spirit.

The management has accepted audit observation.

Audit recommends that inquiry may be conducted to fix the responsibility besides recovery of amount paid.

Gun and Country Club, Islamabad

18.5.4 Variations in balances of Club's ledgers - Rs. 54.300 million

Para D (7) of Accounting and Financial Manual of Gun and Country Club states that Accounts Assistant will prepare monthly bank reconciliation statement for all bank accounts which will be checked by Accountant for accuracy. The bank reconciliation statement will be approved by the Secretary through Manager Finance.

The management of Gun & Country Club (GCC), Islamabad maintaining bank accounts in Allied Bank and Faysal Bank. The detail of bank accounts and bank ledgers are as under:

S.No.	Date	Bank	Account No.	Bank Balance	Ledger Balance	Difference
1.	30.06.2021	Allied Bank Current Account	60019	5,194,891	(30,113,734)	35,308,625
2.	30.06.2021	Faysal Bank Saving Account	2504	347	(18,991,496)	18,991,843
Total				**7,435,383**		**54,300,468**

Audit observed as under:

i. Allied Bank Current Account was reflecting bank balance of Rs. 5.194 million on 30.06.2021 but bank ledger of GCC was reflecting Rs. (-) 30.114 million.

ii. Faysal Bank Saving Account was reflecting bank balance of Rs. 347/- on 30.06.2021 but bank ledger of GCC was reflecting Rs. (-) 18.992 million.

Audit is of the view that variation in closing balances amounting to Rs. 54.300 million creating doubts about the activities/books of accounts.

Neither the management replied nor was a DAC meeting convened.

Audit recommends inquiry to fix responsibility.

18.5.5 Overstated amount in Club's ledger - Rs.46.079 million

Para D (7) of Accounting and Financial Manual of Gun and Country Club states that Accounts Assistant will prepare monthly bank reconciliation statement for all bank accounts which will be checked by Accountant for accuracy. The bank reconciliation statement will be approved by the Secretary through Manager Finance.

The management of Gun & Country Club (GCC), Islamabad maintaining saving bank accounts in Allied Bank. The ledger is reflecting balance of Rs. 49.537 million as on 30.06.2021.

Audit observed that the bank was reflecting balance of Rs. 3.459 million while Club's ledger was depicting balance of Rs. 49.537 million. Hence an amount of Rs. 46.078 million in ledger was overstated without any evidence.

Audit is of the view that overstatement of bank balance by the club is serious violation of keeping accounting record in proper manner.

Neither the management replied nor was a DAC meeting convened.

Audit recommends inquiry to fix responsibility.

18.5.6 Recovery of outstanding amount from members - Rs. 22.445 million

Para IX (6) of Gun & Country Club Rules, 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 & Country Club (GCC), Islamabad issued membership to various persons. Members were continuously availing Club facilities and its services.

Audit observed that an amount of Rs. 22.445 million was receivable from its members on account of monthly subscriptions, food, expenses etc. since long but the management fail to recover the outstanding amount from its members.

Audit also observed that the management has no record for how long the amount was pending against members, as no aging report for Rs. 22.445 million was provided to Audit on request.

Audit is of the view that non-recovery of outstanding amount from members deprived the GCC from its due receipts.

Neither the management replied nor was a DAC meeting convened.

Audit recommends that serious efforts be made for effecting the recovery besides disallowing the defaulters from availing the club facilities.

18.5.7 Non-payment of Property Tax – 30.174 million

Clause 89 (1) of the Islamabad Capital Territory Local Government Act, 2015 states that the property tax, under this Act, shall be collected by Metropolitan Corporation.

CDA before the honorable Supreme Court of Pakistan stated that 72 acres of land was occupied by the Gun & Country Club since, 2002.

The management of the Gun & Country Club (GCC), Islamabad occupied 72 acres land of CDA from 2002 to date.

Audit observed as under:

i. An amount of Rs. 30.174 million was outstanding against GCC on account of Property Tax from 2004 to 2021.

ii. No provision in the books of accounts was provided for above tax liability.

Audit is of the view that non-payment of property tax deprived the Government from its due receipts.

Neither the management replied nor was a DAC meeting convened.

Audit recommends that due amount of tax be immediately deposited under intimation to Audit.

18.5.8 Irregular procurement of food items from M/s METRO – Rs.9.450 million

Rule 15 (1) of Public Procurement Rules, 2004 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 and in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids. Such pre-qualification shall solely be based upon the ability of the interested parties to perform that particular work satisfactorily.

Rule 16 (3) of Public Procurement Rules, 2004 states that the procuring agency shall promptly notify each supplier or contractor submitting an application to pre-qualify whether or not it has been pre-qualified and shall make available to any person directly involved in the pre-qualification process, upon request, the names of all suppliers or contractors who have been pre-qualified. Only suppliers or contractors who have been pre-qualified shall be entitled to participate further in the procurement proceedings.

The management of the Gun & Country Club (GCC), Islamabad advertised for pre-qualification of vendors on 20.01.2019 and an amount of Rs. 9.45 million was spent on Food & Beverage expenses during 2020-21.

Audit observed that pre-qualification of vendors were carried out in which M/s. METRO Cash and Carry did not participated but the management procured all food items from M/s METRO.

Audit is of the view that procurement of food items from M/s METRO that has not participated in pre-qualification process was irregular, non-competitive and against the instructions of Public Procurement Rules, 2004.

Neither the management replied nor was a DAC meeting convened.

Audit recommends that matter be inquired and responsibility be fixed.

18.5.9 Irregular investment against Finance Division's direction – Rs.320.00 million.

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 shall not be kept in one bank, setting up of in-house professional treasury management functions, formation of Investment Committee.

The management of the Gun & Country Club (GCC), Islamabad invested Rs. 320.00 million in Allied Bank at mark up of Rs. 7% during 2020-21.

Audit observed as under:

i. Open competitive process was not observed

ii. Investment Committee was not formed

iii. Investment was made in one bank and risk was not diversified

Audit is of the view that investment in violation of Finance Division was irregular.

Neither the management replied nor was a DAC meeting convened.

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

18.5.10 Variation in Trial Balance – Rs. 20.894 million

Para N (3) of Accounting and Financial Manual of Gun and Country Club states that Manager Finance will carry out primary review and ensure accuracy and completeness of the periodic financial statements.

The management of the Gun & Country Club (GCC), Islamabad showing Debit Balance of Trial Balance as Rs. 738.412 million and Credit Balance of Rs. 717.518 million during audit for the financial year during 2020-21.

Audit observed that GCC's accounts reflecting variation of Rs. 20.894 million which does not reflect accuracy in accounts.

Audit is of the view that variation in Trail Balance does not reflect true and fair picture of accounts.

Neither the management replied nor was a DAC meeting convened.

Audit recommends that matter be inquired, corrections be made and responsibility be fixed.

CHAPTER 19

MINISTRY OF INTERIOR

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.

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-2020-21) Rs. in million	Revenue / Receipt Audited (FY 2020-21) Rs. in million
1	Formations	243	54	133,451.683	22,728.365
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)				

19.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Interior Division for the financial year 2020-21 was Rs.210,333.41 million, out of which the Division expended an amount of Rs.211,775.26 million. The Division had 9 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

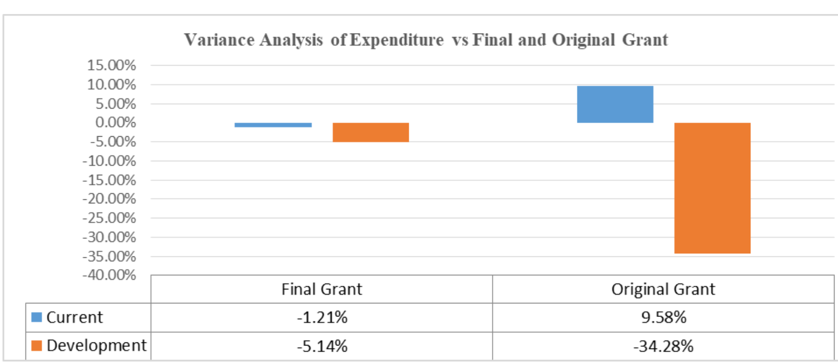
Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
91	Current	1,135.19	0.00	-379.75	755.45	714.30	-41.15	-5.45%
92	Current	5,854.04	1,974.33	-246.16	7,582.22	7,504.25	-77.96	-1.03%
93	Current	5,029.24	90.00	-35.70	4,993.54	4,951.57	-41.96	-0.84%
94	Current	9,933.19	1,354.55	-3,489.04	12,758.01	11,014.11	-1,743.89	-13.67%
95	Current	2,964.94	1,621.33	0.00	4,586.27	4,571.13	-15.14	-0.33%
96	Current	93,282.26	6,470.91	-1,273.28	98,479.89	101,902.55	3,422.66	3.48%
97	Current	11,311.96	54.06	0.00	11,366.03	11,833.43	467.41	4.11%
98	Current	2,299.88	1,603.83	0.00	3,903.71	3,902.99	-0.72	-0.02%
99	Current	25,947.62	1,911.97	-5.00	27,854.60	27,853.15	-1.45	-0.01%
	Current Total	**157,758.33**	**15,080.98**	**-5,428.93**	**172,279.69**	**174,247.49**	**1,967.80**	**1.14%**
171	Development	14,721.31	1,615.00	-1,224.87	10,199.12	9,674.62	-524.50	-5.14%
	Grand Total	**198,427.26**	**18,607.95**	**-6,658.80**	**210,333.41**	**211,775.26**	**1,441.85**	**0.69%**

Audit noted that there was an overall excess of Rs.1,441.85 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 34.28% with respect to Original grant which reduced to savings of 5.14% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 9.58% of excess in expenditure w.r.t original allocation reduced to 1.21% of savings 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.33,446.95 million, were raised in this report during the current audit of **Ministry Of Interior**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	0.00
2	Reported cases of fraud, embezzlement and Misappropriation	48.11
3	Irregularities	
A	*HR/Employees related Irregularities*	3,819.56
B	*Procurement related irregularities*	2,959.83
C	*Management of account with commercial banks*	22,284.08
D	*Recovery*	89.63
E	*Internal Control*	2,534.89
4	Value for money and service delivery	1,144.30
5	Others	556.55

19.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	9	9	3	6	33
2011-12	21	0	0	21	-
2012-13	46	0	0	46	-
2013-14	19	19	13	6	68
2014-15	38	0	0	38	-
2015-16	5	1	1	4	100
2016-17	46	46	15	31	33
2017-18	58	58	25	33	43
2018-19	48	16	9	39	56
2019-20	65	16	6	59	38
2020-21	65	0	0	65	-
Total	**420**	**165**	**72**	**348**	44

19.5AUDIT PARAS

InteriorDivision (Main)

19.5.1 Mis-procurement of printers and laser fax machines without tender – Rs. 3.213 million

Rule 9 of Public Procurement Rules (PPR), 2004 states that a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority's website as well as on the website of the procuring agency in case the procuring agency has its own website.

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.

Rule 50 of Public Procurement Rules, 2004 states that any unauthorized breach of these rules shall amount to mis-procurement

The management of Ministry of Interior, Islamabad procured 29 printers and 16 laser fax machines costing Rs. 2.032 million and Rs. 1.181 million, respectively through quotation during 2020-21.

Audit observed that the management procured 45 items of printers and laser fax machines without advertisement and procured through quotations by splitting the procurement.

Audit is of the view that procurement of items without advertisement violated the competitive process as required in Rules 12 of Public Procurement Rules, 2004.

The management replied that Annual tender for procurement of various items, inter alia including printers and laser fax machines was floated but no bidder became successful as per specification.

The reply of the management is not accepted because the management was required to follow the Public Procurement Rules, which was not followed.

Audit recommends that matter be probed and responsibility be fixed.

19.5.2 Illegal and unauthorized payment to M/s GUERNICA International without valid contract - Rs. 67.459 million

Clause 1.1 of Contract for legal services states that this agreement is between the client (GoP) and the Consultant (Toby M. Cadman), and shall be in force for a period of twelve (12) months and shall commence on 1st February 2019.

Clause 4.1 of the Contract for legal services states that the Client (GoP) agrees to pay the Consultant a sum of Twenty-Five Thousand Pounds (£ 25,000), per month, each and every month, for the duration of this contract.

The management of Ministry of Interior, Islamabad made a first Contract for legal services with M/s GUERNICA International British Law Firm (Mr. Toby M. Cadman) for period of 12 months w.e.f. 1st February 2018 to 31st January, 2019 @ monthly payment of Twenty-Five Thousand Pounds (£ 25,000). The Ministry of Interior further paid Rs. 67.459 million to M/s GUERNICA International British Law Firm (Mr. Toby M. Cadman) for 1st February 2019 to 31st January, 2020.

Audit observed as under:

i. An amount of Rs. 67.459 million was paid to M/s GUERNICA International British Law Firm (Mr. Toby M. Cadman) for period of 1st February 2019 to 31st January 2020 without signing of agreement within contract period of 12 months, i.e., 1st February 2019 to 31st January 2020.

ii. The contract was signed by the Secretary, Ministry of Interior on 08.02.2021 after expiry of two years and payment for non-contract period was made.

Audit is of the view that payment to foreign legal firm without validity of contract was illegal and unauthorized.

The management replied that the Law Firm continued working on the cases and also forwarded a request for renewal of contract for period of 12 months w.e.f. 1st February 2019 to 31st January 2020. The primary reason of non-renewal of the contract was the audit objection on the previous contract i.e. from July 2018 to January 2019 regarding that the PPRA rules have not been followed and the case was not processed through Ministry of Law & Justice and Office of the Attorney General of Pakistan.

They also stated that after processing of the case, Law & Justice Division endorsed the proposal of signing the agreement for the purpose of regularization of the activities and expenses incurred. Accordingly a summary to the Cabinet was initiated on 13.01.2021 for obtaining technical supplementary grant amounting to £310,000 equivalent to Rs. 67,459,100/- to discharge the liabilities of second engagement period.

The reply of the management is not acceptable because there was no agreement between International Law Firm and Government of Pakistan during the period 1st February 2019 to 31st January 2020 and the Secretary Interior was signing the agreement on 08.02.2021 after expiry of two years. If one party (Law firm) forwarded agreement for signature for one year contract and second party (GoP) did not sign contract during the tenure of contract, would payment be legitimate.

Audit recommends matter may be inquired and responsibility be fixed.

19.5.3 Unauthorized issuance of 1110 arm licenses without approval of Ministry of Interior

Rule 11 of GFR Volume-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 Ministry of Interior, Islamabad provided detail of issuance of arms licenses which include 78 prohibited and 02 non-prohibited bore license during 2020-21.

Audit observed that both Ministry of Interior and NADRA provided detail of arms licenses issued during 2020-21. When lists were compared, Audit found discrepancy in the number of arms licenses provided by both MOI and NADRA. Detail provided by NADRA showed that MOI approved/issued 427 arms licenses whereas MOI provided detail containing only 80 (78 prohibited and 2 non-prohibited) arms licenses during the period. MOI failed to provide detail of 347 arms licenses issued without the approval of the competent authority.

Audit is of the view that without approval of Ministry the issuance of 347 arms licenses indicates absence of effective internal control which may lead towards fraudulent practices.

The management replied that MoI is approving authority for the issuance of NPB and PB arms license; whereas, NADRA is responsible to process MoI approved licenses. In the year 2020-21, NADRA has processed 1190 arms licenses and their approval was granted by MoI in the years 2018-2019, 2019-2020 and 2020-2021.

The reply of the management is not accepted because the management was requested to provide detail of license issued during 2020-21 which was provided and stated that 78 NPB and 2 PB arms licenses were issued. However, analysis of the record provided by NADRA confirmed that during 2020-21 total 427 licenses were issued. Therefore, it is confirmed that difference of 347 licenses were issued without approval of competent authority, i.e., Federal Government.

Audit recommends that matter may be inquired at high level and responsibility be fixed for unauthorized issuance of licenses without approval of Federal Government.

19.5.4 Delay in depositing arm license fee in to Government account - Rs.150.747 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. 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.

The management of Ministry of Interior, Islamabad provided documents from NADRA regarding collection of arm licenses fee amounting to Rs. 150.747 million during 2020-21.

Audit observed that the amount of license fee Rs. 150.747 million remained in NADRA account for more than a month and remained out of Federal Consolidated fund.

Audit is of the view that delay in depositing of arm license fee into Government Treasury deprived the Government of its due amount.

The management replied that NADRA were submitting the government share in Federal Treasury Officer (FTO) on fortnightly basis. In FY2020-21, NADRA collected and deposited Rupees 150.7 million in FTO.

The reply of the management is not acceptable because from the given record it reveals that NADRA was depositing after a month and violating the government rules regarding immediately (next day) depositing the fund.

Audit recommends that matter may be inquired, interest amount accrued by NADRA be deposited into government treasury and responsibility be fixed for delay in depositing the amount.

19.5.5 Delay in depositing e-visa fee in to Government account - Rs. 622.852 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. 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.

The management of Ministry of Interior, Islamabad provided documents from NADRA regarding collection of e-visa fee amounting to Rs. 622.852 million during 2020-21.

Audit observed as under:

i. The amount of e-visa fee Rs. 622.852 million remained in NADRA account for more than 45days and remained out of Federal Consolidated Fund.

ii. There was no reconciliation between MoI and NADRA.

iii. MoU between NADRA and MoI regarding collection of e-visa amount and charging of commission was not provided.

iv. In the absence of MoU / agreement audit is not in a position to verify the amount deducted by NADRA from e-visa fee.

Audit is of the view that delay in depositing of e-visa fee into Government Treasury deprived the Government from timely depositing of its due amount.

Neither the management replied nor was DAC convened.

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

Chief Commissioner, ICT, Islamabad

19.5.6 Unauthorized Maintenance of Fleet of 21 Vehicles - Rs. 6.233 million

Para-XV of Annexure to the Cabinet Division's 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.

Para-3 of Cabinet Division's U.O. dated 23.02.2012 states that all other vehicles, in excess to above authorized vehicles being used for Protocol/General/Operational duties may immediately be surrendered to the Cabinet Division, Central Pool of Cars by 01.03.2012. The vehicles become surplus due to enforcement of this Policy and over and above the number of entitled officers shall be intimated to the Cabinet Division with a Certificate by the Principal Accounting Officer. Each Ministry/Division/Department will prepare and submit to the Cabinet Division and Finance Division every month a report on the expenditure relating to the CNG, POL and the repair/maintenance of the operational/general duty vehicles, so that the resultant financial impact/savings of the Policy could be assessed.

The Office of Chief Commissioner, Islamabad, was maintaining twenty-one (21) vehicles (including 04 motorcycles) and incurred expenditure of Rs. 6,233,942on POL and repair & maintenance during 2020-21.

Audit observed that revised Authorization of Vehicles was not obtained from the Vehicle Authorization Committee of the Cabinet Division.

Audit is of the view that retention and maintenance 22 vehicles without obtaining authorization from the Cabinet Division was irregular.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends authorization of vehicles from the Cabinet Division at the earliest.

Commandant Kurram Militia

19.5.7 Unauthorized payment of Outstation Allowance –Rs.289.445 million.

According to Finance Division's Notification No. F.No.11(5)R-I/2008-91/12 dated 01.02.2012 the ISD allowance was restored for Civil Armed Forces with the instructions that "the ISD cost would be borne by the requisitioning authority".

Para-09 of GFR Vol-I states that as a general rule no authority may incur any expenditure or enter into any liability involving expenditure from public funds until the expenditure has been sanctioned buy 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.

The management of Commandant Kurram Militia incurred an expenditure of Rs.289,445,588 on account of Outstation duty Allowance to the FC personnel during the year 2020-21.

Audit observed that the allowance was paid to all the FC personnel irrespective of their deployment and entitlement moreover requisition of the Federal/Provincial government was also not available on record.

Audit is of the view that in the above circumstances, the payment of the allowance is irregular and unauthorized.

The management replied that proposal for Supplementary Grant was forwarded to Ministry of Interior through head of department.

Reply is irrelevant.

The management did not convene the DAC till finalization of the report.

Audit recommends that the amount may be recovered and deposited in to the government treasury.

19.5.8 Unauthorized payment on account of Unattractive Area Allowance - Rs.16.774 million.

According to Finance Division's OM No.27(I)-5/2012 dated 01st July, 2016 Unattractive Area Allowance (UAA) has been allowed only for specified areas of Chitral, Kohistan, Dir & merged areas of Hazara and Mardan Divisions, Swat, Buner, Shangla and Malakand Division.

The management of Kurram Militia incurred an expenditure of Rs.16.774 million on account of unattractive area allowance during the financial year 2020-21.

Audit observed that payment of unattractive area allowance was not admissible to the personnel of Kurram Militia who were not performing their duties at the specified areas for the entitlement of Unattractive area allowance.

Audit is of the view that payment of unattractive area allowance was in violation of the above stated Government instructions.

The management replied that Unattractive Area Allowances is allowed to troops the unit in letter of GOP the No.F-II(6) reg-I /2008CR-5 dated 01.07.2016.

Reply of the management is not accepted as no letter was produced.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that the irregular paid allowance be recovered.

Commandant Orakzai Scouts, Commandant Chitral Scouts, Commandant Khyber Rifles

19.5.9 Irregular payment in cash - Rs.10.589 million

According to APPM Para 4.6.3.1 the normal method of payment of monthly salaries of all government employees shall be by credit transfer direct to a bank account nominated by the employee. This is the most secure and economical method of payment, and it automatically ensures that recipients have access to their salary on the due date. Moreover, direct credit has tangible advantages, over payment by cheque or cash, against risks of theft or fraudAccording to Rule 157 (1) of FTR Cheques drawn in favor of government Officers and departments in settlement of Government dues shall always be crossed "A/C payee only' not negotiable".

The Commandant Orakzai Scouts at Kalaya paid Rs.10,589,082- on account of various expenditure headduring the year 2020-21

Audit observed that the management during the entire financial year 2020-21 drew cheques for Rs.10.589 million in the name of DDO, (Commandant Orakzai Scouts) instead of drawing in the names of concerned vendors, afterwards fate of payments to the vendors was not found on record as actual payee receipts were not available in record.

Audit is of the view that the management committed violation to the government rules repeatedly which is serious lapse on the part of management.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends for proper inquiry and responsibility may be fixed against at fault and result may be intimated to audit.

19.5.10 Irregular payment due to extension of fresh ration contract agreements-Rs. 705.651 million.

Rule-12 (1) of PPRA Rules 2004 states that procurements over forty thousand rupees and up to the limit of one 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 4 opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

Rule-12 (2) of PPRA Rules 2004 states that all procurement opportunities over one 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 following units have paid Rs.705,651,834 to various contractors on account of fresh ration during the financial year 2020-21 as per detail below:-

S.No	Name of office	Amount
1	Commandant Chitral Scouts	226,482,154
2	Commandant Tirah Rifles	217,963,229
3	Commandant Orakzai Scouts	261,206,451
Total		**705,651,834**

Audit observed that the previous contract agreements of 2017-18 and 2018-19 were extended till period of 2020-21 but no fresh tenders were invited to obtain competitive rates.

Audit is of the view that contracts were required to be awarded through open competition according to the above mentioned rule.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that inquiry may be held to fix the responsibility.

19.5.11 Loss to government due to non-deduction of sales tax on milk powder - Rs.10.166 million.

According to Collectorate of Sale Tax Peshawar letter No. ST (Tech) Govt/31/2001/4191 dated 13/6/2001, sales tax shall be deducted at the prescribed rate and invoice shall be got verified from the sales tax Collectorate where the supplier is located.

The Commandant Orakzai Scouts, at Kalaya made total payment of Rs.59,798,925 to contractor Mr. Muhammad Imran & Co on account of Milk supply during the year 2020-21. Details are as under.

S. No	Month	Name of Contractor	Amount	GST @17%
1	Jul-20	Muhammad Imran & Co	4,751,775	807,801.75
2	Aug-20	Muhammad Imran & Co	4,726,350	803,479.50
3	Sep-20	Muhammad Imran & Co	4,849,950	824,491.50

S. No	Month	Name of Contractor	Amount	GST @17%
4	Oct-20	Muhammad Imran & Co	5,185,500	881,535
5	Nov-20	Muhammad Imran & Co	5,010,488	851,782.88
6	Dec-20	Muhammad Imran & Co	5,161,125	877,391.25
7	Jan-21	Muhammad Imran & Co	5,272,538	896,331.38
8	Feb-21	Muhammad Imran & Co	4,728,225	803,798.25
9	Mar-21	Muhammad Imran & Co	5,363,363	911,771.63
10	Apr-21	Muhammad Imran & Co	4,805,813	816,988.13
11	May-21	Muhammad Imran & Co	5,066,925	861,377.25
12	Jun-21	Muhammad Imran & Co	4,876,875	829,068.75
		Total	**59,798,927**	**10,165,817**

Audit observed that the bills were claimed on letter head pad of the contractor, without having bill No., date, amount of sales tax etc. Further the vendor was paid the entire amount of the claim wihout verifying the amount of sales tax claimed in the invoices.

Audit is of the view that due to non-deduction of sales tax the Government was put to loss of Rs.10,165,817.

The department replied that detail sale tax deduction will be submitted during verification.

The management has accepted the audit observation.

The management did not convene the DAC till finalization of the report.

Audit recommends that the amount may be recoverd and deposited into the government treausry.

19.5.12 Irregular payment of pay and allowances in cash -Rs. 1,561.048million

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 following unites drew an amount of Rs. 1,561,048,514 on account of pay and allowances of Frontiner Corps personnel's during the financial year 2020-21. Details are as under:

S.No	**Name of office**	**Amount in Rs.**
1	Commandant Chitral Scouts	94,717,343
2	Commandant Tirah Rifles	364,314,543
3	Commandant Khyber Rifles	1,102,016,628
	Total	**1,561,048,514**

Audit observed that pay and allowances were drawn in the name of DDOs and disbursed in cash.

Audit is of the view that payment of salaries in cash was irregular and unauthorized.

The managements replied that pay of newly appointed recruits have been paid through DDOs.

The managements accepted the audit observation.

The management did not convene the DAC till finalization of the report.

Audit recommends that responsibility may be fixed for manual drawl and disbursement of salaries besides ensuring that the practice may be abandoned in future.

Director General Immigration and Passport, Islamabad

19.5.13 Irregular signing of agreement for indefinite period with foreign business concern without government approval - Rs. 16.187 million

Rule-56(2) of Rules of Business, 1973 "Channels of Communications" states that allrequests to a foreign Government or an international organization for economic or technical assistance shall be made through the Economic Affairs Division, which shall correspond with the foreign Government, etc., in accordance with the prescribed channel. The Economic Affairs Division may allow, by general or special orders, such requests to be made direct.

Para-19 of GFR Vol-I (General Principle of Contracts) states that no contract involving an uncertain or indefinite liability or any condition of an unusual character should be entered into without the previous consent of the Ministry of Finance.

The management of Directorate General of Immigration and Passports hired the services of M/s JURA JSP GmbH, Vienna, Austria and signed three addendums through repetition for the period of five year in each occasion (i.e.17.6.2009 to 16.6.2014, 17.6.2014 to 16.6.2019 and 17.6.2019 to 16.6.2024) on same terms and conditions as agreed by NADRA by signing the initial agreement dated 23.08.2004. The addendums were signed by amending NADRA being substituted by DG I&P for supply of certain services by JURA JSP GmbH to DG I&P. The DG I&P paid Rs. 16.187 million equivalent to 100,810 US$ @ US$ 0.03 for each successful printing /affixing of IPI generated image on passport as royalty/ for use of IPI feature to M/s JURA JSP through Consulate General of Pakistan, Frankfurt, Germany only during the year 2019-20 for 3,360,331 passport issued during the period 25.07.2019 to 24.04.2020.

Audit observed as under:

i. DG I&P entered into agreements/addendums with foreign international organizations without prior permission of the government.

ii. The agreement/addendums were required prior vetting from Ministry of Law which was not made.

iii. Such arrangement is still in practice after a lapse of 17 years at same rates whereas IT related items are deteriorating day by day.

iv. The contract was renewed repeatedly for seventeen years but no consent of Ministry of Finance was obtained.

v. Amounts were paid to M/s JURA JSP through Consulate General of Pakistan, Frankfurt, Germany by releasing lump sum amount but adjustment account was not available with the management.

Audit is of the view that signing of agreement as well as addendums with international organization is irregular.

The management replied that in 2004 while transforming manual passport system to Machine readable passport system in compliance with ICAO instruction, M/s NADRA designed MRP data-page with IPI security feature by engaging M/s Jura, the inventor and the only provider/supplier of the IPI technology in the world. Moreover, the proprietary IPI feature has been developed by M/s Jura in 1997 and since then no company in the world could offer anything similar. The contract for generation of IPI images to the portrait on the Machine Readable Passport followed a professional and lengthy market research by M/s NADRA with the intention to find an ICAO compatible feature that strongly and effectively secures the passport data-page against counterfeiting and data manipulation. This IPI feature is applied world-wide, at present in 44 countries on 61 documents. Therefore, DGIP inherited this feature from M/s NADRA in 2009. This security feature is only applicable to Machine Readable Passport during personalization. Now, department is switching to new technology of e-Passport and this feature is not included in the design of e-passport and the same will be discontinued. For payment purpose, IMPASS counts the number of passports issued using the IPI feature and conveys to M/s Jura which in return generates invoice on quarterly basis. Before payment IMPASS accounts department verifies the claim of the vender from IMPASS database and process it, hence, the payment is based on actual consumption after each passport issued.

The reply of the management is not satisfactory being irrelevant.

The management did not convene the DAC till finalization of the report.

Audit recommends that responsibility be fixed for the irregularity besides regularization.

19.5.14 Issuance of Passports through online system before acknowledgment of fee and retention thereof- Rs. 569.012 million

Para-4(8)(iii)of Passport &Visa Manual, 2006 “General Rules and Specific Conditions for issuance of passports” states that all fees shall be deposited in the specified branch of the National Bank of Pakistan in Pakistan and the challans thereof submitted to the concerned Passport Office. In foreign countries, all fees shall be paid at designated bank.Cash handling by the Pakistan Mission shall preferably be avoided. Passport and visa fee once deposited is not refundable. Before issuing the passport, the Examiner/Superintendent is to verify from the bank scroll that the fee has actually been realized from the applicant and his name is entered in the scroll. In Machine Readable Passports, the bank receipt number shall invariably be entered by the Data Entry Operator at the time of issuance of Token. Case number/tracking number is to be recorded in the bank scroll. A certificate to this effect should be recorded on the declaration form before issuing the passport.

Rule 92 of FTR Volume-I states that any person paying money into a treasury or the Bank on Government account shall present with it a memorandum (or challan) in Form T. R. 6, showing distinctly the nature of the payment, the person or Government officer on whose account it is made, and all the information necessary for the preparation of the receipt to be given in exchange for the proper account classification of the credit and, where necessary, for its allocation between Government and departments concerned. As far as possible, separate challans shall be used for moneys creditable to different heads of accounts.

The management of Director General (I&P), Islamabad entered in to a contract with NADRA through Addendum No. 3 on 13.10.2016 for providing online application processing service for renewal of passport applicants. The online system will facilitate the overseas applicants in applying renewal of their passports in different categories and online payments through debit/credit cards.

Audit observed that total 145,752 numbers of applications were processed through Online System during 2019-20 and charged Rs. 748.545 million as regular fee from the applicants. In addition to regular fee, NADRA collected service fee @ Rs.2,500. As per agreement, NADRA was legally responsible to deposit the regular passport fee + Service fee share of DG I&P of Rs. 91.095 million (145,752 x Rs. 2,500 x 25%) into Government Account by close of every business day. The fee was either short received or received after lapse of several months but passport was issued by the DG I&P to the applicants without the verification of the examiner/superintendent from the bank scroll in contrary to Passport &Visa manual, 2006. The detail of regular/service fee share and short deposit is as under:

Applications processed	**Regular Fee (Rs. in million)**	**Rate of Service Fee (Rs.)**	**DG I&P's Share @25% (Rs.in million)**	**Govt. Share (Rs. in million)**	**Amount acknowledged by treasury (Rs. in million)**	**Short deposit (Rs. in million)**
145,752	748.545	2500	91.095	839.640	270.628	569.012

Audit is of the view that issuance of passport to the applicants without acknowledgment of fee was irregular and retention of Government Funds by NADRA was unauthorized.

Neither the management replied nor was a DAC meeting convened.

Audit recommends that responsibility may be fixed for the irregularity besides recovery of the amount retained by NADRA.

19.5.15 Non-depositing of service fee realized through processing of Executive Passport by NADRA - Rs. 308.163 million

Article 78(1) of the Constitution of Islamic Republic of Pakistan states that all revenue received by the Federal Government, all loans raised by the Government, all monies received by it in repayment of any loans, shall from part of the consolidated fund to be known as Federal Consolidated fund.

The management of DG I&P, Islamabad managed 133,984 numbers of Passports through Executive Passport Offices (EPOs) during the period 2019-20. National Database Registration Authority collected Rs.334.960 million as service fee from the applicants. Rs.26.797 million @ Rs. 200 per passport was transferred into Government Account as DG I&P share and remaining of Rs. 308.163 million @ Rs. 2,300 per passport was retained by NADRA.

Audit observed that NADRA retained Rs.308.163 million contrary to the provision of the Constitution of Islamic Republic of Pakistan. Service fee charged from the applicants was part of the Federal Consolidated fund and was required to be deposited into Government Treasury.

Audit is of the view that retention of service fee by NADRA was irregular.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility be fixed for the irregularity besides depositing back the retention amount into Government account.

19.5.16 Non reconciliation of passport & visa receipts - Rs. 21,696.356 million

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, realised and duly credited in the Public Account.

Para 89(4)(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.

The management of Directorate General of Immigration and Passports, Islamabad realized receipt of Rs. 21,696.356 million on account of issuance of Passport and Visa during financial year 2019-20.

Audit observed that DG I & P, Islamabad is responsible for collection and reconciliation of fee from all segments like passport fee, visa revenue, change of profession fee, duplication fee etc but scrutiny of record revealed that management neither developed any mechanism of reconciliation of government receipts nor made any effort to tally the actual fee in respect of applications received and processed. Similarly, visa revenue, change of profession fee, duplication fee etc was not reconciled.

Audit also observed that 3,777,419 number of passports personalized did not match the revenue figure of 3,866,549 passports during the period 01.07.2019 to 30.06.2020.

Audit is of the view that non-reconciliation of receipt is serious lapse on the part of the management which may lead to misappropriation of Govt. money.

The management replied that DG I&P is collecting and reconciling the fee received from all RPOs/ EPO's/ Missions, revenue like Passport Fee, Visa Fee, Change of Profession Fee, Duplication Fee, etc are deposited in the relevant head C03806. Finance Division has opened another account C03897 for collecting of different fees. Now both the head of accounts C03806 and C03897 are operational. All kinds of the fee will be deposited in different accounts separately in future. Now the department has finalized 1-Link with NBP to resolve such kind of issues and the same will be implemented soon.

The management has accepted the audit observation but reconciliation of visa revenue, change of profession fee; duplication fee etc. was not reconciled.

Audit recommends that efforts may be made to reconcile the amounts.

19.5.17 Unauthorised renewal of passport of overseas Pakistanis through online system

Rule 14-A of the Rules of Business, 1973 states that no division shall without previous consultation with the Revenue Division, authorize the issue of any order, other than order in pursuance of any general or special delegation made by the Revenue Division which will affect directly or indirectly the collection of revenue from federal taxes, levy of taxes, duties, cesses or fee.

The Director General (I&P), Islamabad entered into a contract with NADRA through Addendum No. 3 to the agreement on 13.10.2016 for providing online application processing service for renewal of passport. The online system will facilitate the overseas applicants in applying online for their passports in different categories and complete their applications with instant online payments through debit/credit cards.

Audit observed that Rules of Business, 1973 mandated the Directorate General (Immigration & Passports) for processing/issuing the Machine Readable Passports to the applicants. The authorizing for processing of passport of overseas Pakistanis to the officials of NADRA was violation of the Rules of Business, 1973.

Audit is of the view that authorizing NADRA for process of passport of overseas Pakistanis without making amendments in the Rules of Business, 1973 was irregular.

Neither the management replied nor was DAC convened.

Audit recommends that corrective measures be taken.

19.5.18 Irregular Procurement of Service of DHL -Rs. 30.830 million

Section-4 of Post Office Act, 1898 states that wherever within Pakistan Posts or Postal Communications are established by the Federal Government, the Federal Government shall have the exclusive privilege of conveying by post, from one place to another, all letters, and shall also have the exclusive privilege of performing all the incidental services of receiving, collecting, sending, dispatching and delivering all letters.

Cabinet Division vide U.O.No.7-1/2018-Min-I dated 20.03.2018 directing all Government offices to use the services of Pakistan Post for mailing their domestic and international correspondence.

The Directorate General of Immigration and Passports, Islamabad procured the courier services of M/s DHL Pakistan Pvt. Ltd, Karachi for carrying the booklets from Islamabad to Mission Abroad and within the designated Regional Passport Offices in Pakistan. An amount of Rs. 30.830 million was paid to the firm during 2019-20.

Audit observed that the services of M/s DHL Pakistan Pvt. Ltd, Karachi were acquired contrary to Post Office Act and Cabinet Division’s instructions.

Audit is of the view that procurement of courier services contrary to Post Office Act was irregular.

The management replied that case has already been taken up with Pakistan Post for delivery of passports to Pakistan Missions Abroad and international home delivery of passports. The draft contract with M/s Pakistan Post is in finalization process. Once, the contract will be finalized the services of M/s DHL Pakistan will be withdrawn and replaced with Pakistan Post. Right now, the services of M/s DHL have been hired just as a stopgap arrangement for the intervening period.

The management accepted the irregularity.

The management did not convene the DAC till finalization of the report.

Audit recommends that responsibility be fixed for the irregularity besides regularization.

19.5.19 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 DG Immigration and Passport, Islamabad was requested to provide the following record during the course of audit of financial year 2020-21:

i. Up-to-date list of absconders and action taken against them.
ii. Detail of the contracts entered by the DG Immigration and Passport during the period of audit.
iii. Copies of MoUs / agreement signed with local as well as International organizations or body, if any.
iv. Detail of appointments including reemployment after superannuation made in the audit period.
v. Detail of penalty or damages imposed to the vendors. Any deficiency noted and requested to the vendors for rectification.
vi. List of unserviceable items.

Audit observed that above enlisted record was not produced for the cross examination and audit scrutiny.

Audit is of the view that non-production of record hinders audit function.

Neither management replied nor was DAC convened till finalization of report.

Audit recommends that disciplinary action be taken against those hindering the audit activity.

19.5.20 Non-recovery of the amount of indemnity bond from the absconders - Rs.22.50 million

Para (xi) of Establishment Division's OM No. 4/3/2016-T-IV dated 16.02.1016 states that the tenure fixed each foreign posting shall be strictly followed and will not be extendable.

Para 5 of the policy of posting of IMPASS staff at Pakistan missions abroad states that posting shall be actualized after all codal formalities i-e IB clearance, visa issuance, and issuance of No Objection Certificate (NOC). All staff selected will be posted for a period of 24 months (non-extendable), which will be deemed started at the day of assumption of charge at the respective Mission. The posting shall cease at the end of 24th month automatically and pay shall stopped forthwith.

An employee may be repatriated even before the expiry of posting abroad period with the approval of Director General, IMPASS.

Further Para 6 of the policy of posting of IMPASS staff at Pakistan missions abroad states that all staff selected will have to submit undertaking stating that they will serve IMPASS for the minimum of two years after their repatriation and if they fail to do so, they will have to deposit amount mentioned in bond to IMPASS. All regular officers/officials will have to fill the Indemnity Bond of Rs. 2,500,000 and in case of contractual employee an Indemnity Bond of Rs. 800,000. (Absconders will be placed on blacklist and necessary action will be taken under the rules.

The management of DG I&P provided the list of 09 absconders, who were posted abroad, with their designation and posting tenure. Enlisted employees were posted abroad during 2014 to 2016, as follows:

1. Shahzad Masood Khan Database Software Specialist
2. Zulfikar Ali Network Engineer
3. Hassan Raza Khan Hardware Engineer
4. Naseem Haider Kacho System Incharge
5. Jameel ud din Khan Assistant Manager (Inv)
6. Shamim Ahmed Network Engineer
7. Jawad Zia Technical Officer
8. Suleman Akbar Hardware Engineer
9. Haroon Jamil System Administrator (OS)

Audit observed that the management failed to recover the amount @Rs.2.5 million per person per indemnity bond from the absconders. Furthermore, management did not provide the updated list of absconders and action taken against them, hence audit was unable to ascertain the recovery on account of indemnity bond.

Audit is of the view that absconders violated the provision of indemnity bond and policy of posting of staff at Pakistan Missions Abroad and failure to take action against the absconders, for recovery of the amount of indemnity bond, is negligence and undue favour to incumbents on the part of the management

The management did not convene the DAC till finalization of the report.

Audit recommends that the legal action be taken to recover the amount of indemnity bond along with other disciplinary action.

19.5.21 Loss due to inefficient and uneconomical tendering – Rs.6.383 million

Rule 4 of Public Procurment 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 38B of Public Procurment Rules, 2004 states thatSingle responsive bid in goods, works and services.- (1) The procuring agency shall consider single bid in goods, works and services if it- (a) meets the evaluation criteria, ensures compliance 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:

The management of DG Immigration and Passport floated a tender titled as “Bulk IT equipment, furniture and fixture, machinery & equipment etc.” on 14.11.2019. 29 Firms participated in the tendering process. Tender was divided into 28 different LOTs like Hardware Lots, General Lots, Software Lots etc. Financial bids, of 24 technically qualified firms, were opened on 17.06.2020. Meeting was held and work orders for an amount of Rs.327.869 million in total were issued to qualified firms on 30.06.2020.

Composition of the Purchase Committee was as under:-

1. Director (HQ) Chairman
2. Manager (Logistics) Member
3. Hardware Specialist (ops.) Member
4. Assistant Director / Superintendent (Gen) Member

M/s SKN traders was a single bidder for GN-Lot-02. M/s SKN Traders was issued a work award worth Rs.11,909,500 on 30th June, 2020. Rates quoted by the firm for 10 different items were as follows:

COMPARATIVE STATEMENT FOR GN- LOT-02				
S.No	Particulars	Qty	SKN Traders	
			Unit Rate	Total
1	Fridge (HD) Full size	1	152,000	152,000
2	Microware oven Full size	1	51,000	51,000

COMPARATIVE STATEMENT FOR GN- LOT-02				
3	Water dispenser	2	32,500	65,000
4	Paper cutter (Heavy duty)	3	10,500	31,500
5	Punching machine (Heavy duty)	6	30,000	180,000
6	Air Conditioner 2.0 tons DC Inverter	20	215,000	4,300,000
7	Air Conditioner 1.5 tons DC Inverter	30	170,000	5,100,000
8	IBM Electric Typewriter or equivalent	2	79,000	158,000
9	Vacuum cleaner (Heavy duty)	1	172,000	172,000
10	Automatic lamination rolls shredder	2	850,000	1,700,000
Total inclusive of all taxes				**11,909,500**

Audit observed that rates quoted by the firm were higher than market rates and further the requirements as stated in Public Procurment Rules, 2004 for acceptance of single tender were not followed. The management while evaluating the prices did not exercise due diligence and entered into procurement contract with the firm. This negligence on the part of the management resulted in a loss of Rs. 6,383,201to the Government Exchequer.

Audit observed that the firm quoted the prices without mentioning of their model Nos. and specifications, which are directly related to Prices. Furthermore, where brand was mentioned the firm supplied brands other than the quoted brands. Instances of difference in quoted brand and supplied brand are enlisted here under:

i. In case of water dispenser the firm quoted price for Dawlance 3 taps and invoiced for ECOSTAR brand whereas supply was made of ORIENT brand.

ii. In case of Shredder financial proposal for brand AURORA was submitted and one Shredder supplied was that of a local brand.

iii. In case of punching machine price quoted by the firm was for OPAL brand whereas supply was made of FUJI brand.

iv. In case of typewriter price was quoted for new IBM typewriter whereas used type-writer was delivered.

v. In case of Air conditioners price was quoted as Gree / Greenair or equivalent and AC supplied were that of Greenair. GreenAir is a local company and prices of its ACs can, in no case, be that of GREE brand. Furthermore, audit also observed that the firm delivered goods which were also not as per their quoted brands.

Audit is of the view that due to negligence on the part of the management, an estimated loss of Rs. 6.383 million was inflicted.

Neither the management replied nor was a DAC meeting convened.

Audit recommends inquiry into this matter and fixation of responsibility besides recovery of loss.

Federal Investigation Agency (Headquarters) Islamabad

19.5.22 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 Cyber Crime Wing FIA Islamabad was requested to provide the following record/information vide requisition dated 11.03.2021, dated 29.03.2021 and dated 06.04.2021:

1. List of DDO(s) NR3C Phase-III Project during the period under audit.
2. Detail of Court and NAB cases, if any.
3. File regarding Inquiry initiated against Mr. Adeel, Constable in case of purchase of five diesel generators 25-KVA from M/s Fast Track during financial year 2019-20.
4. "The Federal Investigation Agency, Anti-Corruption Circle, Islamabad vide letter No.FIA/ACC/RE-49/2020/241 dated 17.02.2020 and subsequent reminder dated 12.05.2020 requisitioned the record/information i.e Advertisement regarding purchase of equipment's, detail of firms applied for tenders/bidding process, notification of members, company profile of M/s Fast Tracks, purchase orders and mode

of payments etc. under Section 94 Cr.P.C in inquiry No. RE-49/2020. It is requested that copy of inquiry report along with action taken in the light of inquiry report may be provided to Audit".

Audit observed that the management of the Cyber Crime Wing did not provide the above record to Audit till 07.04.2021 despite repeated written & verbal requests.

Audit is of the view that due to non-production of above record the scrutiny of record could not be carried out/completed by the Audit.

Neither the management replied nor was a DAC meeting convened.

Audit recommends appropriate action against the persons concerned responsible for non-production of record. All relevant record may be provided to audit.

19.5.23 Irregular expenditure on repair/maintenance on 147 vehicles without authorization -Rs. 55.402 million

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.

Para 3 of Cabinet Division authorization U.O. dated 23.02.2012 states that all other vehicles, in excess to above authorized vehicles being used for Protocol/General/Operational duties may immediately be surrendered to the Cabinet Division, Central Pool of Cars by 01.03.2012.

The vehicles become surplus due to enforcement of this Policy and over and above the number of entitled officers shall be intimated to the Cabinet Division with a Certificate by the Principal Accounting Officer. Each Ministry/Division/Department will prepare and submit to the Cabinet Division and Finance Division every month a report on the expenditure relating to the CNG, POL and the repair/maintenance of the operational/general duty vehicles, so that the resultant financial impact/savings of the Policy could be assessed".

a) Federal Investigation Agency (HQ), Islamabad is maintaining fleet of 103 vehicles. An expenditure of Rs. 43.398 million has been incurred on repair/maintenance and POL during financial year 2019-20 as under:

Expenditure incurred on POL Rs.	Expenditure on Repair/ maintenance Rs.	Total Rs.
31,748,787	11,650,000	43,398,787

b) Federal Investigation Agency Islamabad Zone, Islamabad was maintaining fleet of 44 vehicles. Total fleet of 44 vehicles contains 07 luxury tempered vehicles i.e. 03 Toyota Hilux Surf, 01 Toyota Land Cruiser, 01 Toyota Corolla XE, 01 Mitsubishi Pajero and 01 Toyota Mark-X. An expenditure of Rs. 12.004 million was incurred on repair/maintenance and POL during financial year 2019-20 as under:

Expenditure incurred on POL Rs.	Expenditure on Repair/ maintenance Rs.	Total Rs.
10,922,461	1,082,034	12,004,495

Audit observed as under:

i. Revised Authorization of vehicles was not obtained from the Vehicle Authorization Committee as per instructions of the Cabinet Division. Thus maintenance and operation of fleet of 147 vehicles and incurring of heavy expenditure of Rs. 55.402 million during financial year 2019-20 is irregular.

ii. No detail of the vehicles becoming surplus due to enforcement of monetization policy (over and above the number of entitled officers) was intimated to the Cabinet Division with a Certificate by the Principal Accounting Officer.

iii. No monthly report was prepared and sent to the Cabinet Division and Finance Division on the expenditure relating to the POL and repair/maintenance of vehicles.

Audit is of the view that the maintenance of fleet of 103 vehicles and incurring of heavy expenditure of Rs.55.402 million on POL and repair & maintenance was unauthorized.

Neither the management replied nor was a DAC meeting convened.

Audit recommends that matter may be inquired besides justification of expenditure on tampered vehicles.

19.5.24 Procurement without need assessment - Rs.27.619 million

Para 145 of GFR Volume-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 for 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.

a) Integrated Border Management System, Islamabad and "Cyber Patrolling Unit" under FIA (HQ) purchased physical assets i.e. Finger Print devices, Fax machine, toners, networking cables testers etc. for installation at various Offices of FIA amounting to Rs. 24.541 million from 2010 to 2020.

b) Similarly, Federal Investigation Agency, Islamabad purchased 5361 uniform items out of which 2645 items amounting to Rs. 3.079 million were lying in the store**.**

Audit observed that the items purchased during 2010 to 2020 were lying in the store without any utility. The useful life of the said machines and toners, etc. and warranty period was also expired.

Audit is of the view that procurement of items without any need was wastage of funds.

Neither the management replied nor was a DAC meeting convened.

Audit recommends that inquiry may be held to fix the responsibility.

19.5.25 Appointment of a Technical Assistant on the basis of tempered educational Documents

According to Establishment Division's O.M No. F.40/650-S.E dated 21.06.1950 instances have come to the notice of the Federal Government wherein forged educational certificates have been submitted by certain persons seeking employment under Government. If it is found that a forged certificate has been produced or that the individual, producing a certificate, is not the one to whom it was issued, suitable disciplinary action must be taken against the person concerned, including dismissal from Government service, (if the persons are in Government service) and a ban on future employment. In specific cases the matter should be reported to the Police for criminal prosecution.

Mr. Khizer Hayat was appointed as Technical Assistant (Information System) on contract basis in Integrated Boarder Management System (IBMS) under FIA (HQ) vide offer of appointment No. 6-1/2009(Rect)/138 dated 28.07.2011 for a period upto 30.06.2012.Later on, his contract period was extended from time to time.

The services of IBMS employees were regularized on the basis of Honorable Islamabad High Court judgment passed in ICA No. 340/2017 and services of Mr. Khizer Hayat was regularized despite having tempered educational document as conveyed by BISE, Karachi vide its letter dated 11.06.2020.On 10.08.2020, the Director General, FIA ordered to forward the matter to ACC, Islamabad to initiate a regular inquiry within stipulated time period (i.e 30 days) before registering criminal case.

Audit observed as under:

i. Despite issuance of orders by the DG FIA neither an inquiry was initiated against the said employee nor criminal case registered.

ii. No action was taken against the officers/officials responsible for selection of the official who served for a period of 10 years in the IBMS on the basis of tempered educational documents.

iii. The present posting and whereabouts of the said employee and payment of pay & allowances was not known to Audit.

Audit is of the view that selection of employees on the basis of tempered document and non-verification of educational document was violation of government rules.

Neither the management replied nor was a DAC meeting convened.

Audit recommends inquiry into the matter to fix responsibility.

19.5.26 Payments to firms on the basis of fake delivery challans - Rs. 13.672 million

Rule-148 of General Financial Rules, Vol-I 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".

According to Section-4 of the Request for Proposals for purchase of Digital Forensic Tools, Software Network equipment, furniture, computers, machinery and stationery etc. "payment will be made 100% after supply of equipment's".

i. Integrated Boarder Management System under FIA (HQ), Islamabad purchased furniture and hardware items from various firms.

a. Purchase order was issued to M/s Fast Tracks on 13.12.2017. The delivery challan No. Nil dated 18.12.2017 was submitted by the said firm. The firm had also submitted cheque No. 2411526451 dated 27.06.2018 amounting to Rs. 209,000 in favour of Director IBMS.

b. Similarly, the supply orders were issued to M/s Techaccess Pakistan (Pvt) Ltd, M/s In Tech and M/s Digital Machine on 26.04.2018 and 22.06.2018 respectively. The delivery challans dated 31.05.2018, 23.06.2018 and 22.06.2018 were submitted by the said three firms. These firms also submitted 04 cheques for total amount of Rs. 4,991,505/- in favour of Director IBMS.

ii. National Response Centre for Cyber Crime(NR3C) Phase-III Project under FIA, Islamabad floated open tender for purchase of Digital Forensic Tools, Software Network equipment, furniture, computers, machinery and stationery etc. on 05.04.2020 with closing dated on 23.04.2020. M/s Hamson Pvt. Ltd, Islamabad offered the lowest rate of Rs. 1,154,163/- for supply of 5 Access Data Forensic Tool Kit. The supply order No. FIA/NR3C.P-III/Tender Forensic/2019-20/186 dated 18.05.2020 was issued to the firm for supply of one Computer Forensic Analysis Tool with 3 years licensing at total cost of Rs. 1,154,163/-. The firm vide letter No. LE/NR3C/Tender-TS.416573E/01 dated 28.05.2020 excused to fulfil the contract on the contention that they have quoted price of software and licence renewal separately and combination of both items make single software. Collective price of both items is Rs. 2,304,982.

Later on, the management decided to purchase the software from M/s Helma Engineering (the second lowest firm) at cost of Rs. 1,694,593/- per license. The supply order No. FIA/NR3C P-III/Tender-Forensic/2019-20 dated June, 2020 for 5 Nos of computer Forensic Analysis Tools costing Rs. 8,472,964/- was issued. The payment was made to the firm vide cheque No. 7861316 dated 29.06.2020 for Rs. 7,845,458/- (net amount). The firm submitted two separate delivery challans No. 836 dated Nil and No. 854 dated 21.07.2020.

Audit observed as under:

i. The four suppliers failed to supply the items to the IBMS in time. The management made payments to the firms on the basis of fake delivery challans after obtaining five cheques amounting to Rs. 5.200 million to justify advance payments in violation of rules. The whereabouts of cheques are not known to Audit.

ii. No inspection of equipment's was carried out by the Inspection Committee and no stock register containing total number of items received and issued to concerned sections/officers was provided to Audit.

iii. The delivery challan No. 836 submitted by M/s Helma Engineering was without date and no officer/official has received the software but the payment of Rs. 8.472 million was made to the firm on 29.06.2020 on the basis of fake delivery challan.

iv. Later on, another delivery challan No. 854 dated 21.07.2020 of the same software was submitted by the same firm which was entered in the stock register on 21.07.2020. The firm had supplied the software after receiving payment in advance which was against the terms & conditions given in the RFP.

Audit is of the view that the payments were made in advance to the suppliers by extending undue favour at the cost of public exchequer.

Neither the management replied nor was a DAC meeting convened.

Audit recommends inquiry into the matter to fix responsibility against the persons concerned for the lapses.

19.5.27 Purchase of computers having lower specifications-Rs. 7.980 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 30(1) of Public Procurement Rules, 2004 states that "all bids shall be evaluated in accordance with the evaluation criteria and other terms and conditions set forth in the prescribed bidding documents. Save as provided for in sub-clause (iv) of clause (c) of rule 36 no evaluation criteria shall be used for evaluation of bids that had not been specified in the bidding documents".

National Response Centre for Cyber Crime (NR3C) Phase-III Project FIA, Islamabad floated open tender for procurement of Digital Forensic Tools, Investigation Software/Tools, Network equipment, furniture, computers, machinery and stationery etc. on 27.11.2018 with closing dated on 17.12.2018. The Purchase order dated 03.06.2019 was issued to M/s Fast Track for provision of 100 Computers amounting to Rs.7,980,000 as per detail given below:

Product	Quantity	Technical Specifications required as per RFP	Technical Specifications accepted as per firm's bill
Computer (All-in One)	100	Processor: 7th Generation Intel Core i5 Graphic: Intel HD Graphics 630 Operating System: Genuine Windows 10 Pro 19.5" Diagonal widescreen	Processor: 6th Generatioon Core i5 Desktop Computer HP Pro One 400/600 Operating System: DOS Display: 18.5" screen

Audit observed as under:

i. As per Technical Evaluation Report the specifications of computer were the same as mentioned in RFP. But in the Financial Bid Evaluation Report the specifications of computer were changed and the rate of Rs. 79,800per computer having lower specifications was accepted and 100 computers purchased in violation of Rule 30(1) of Public Procurment Rules, 2004.

ii. In the financial bid only one firm M/s Fast Track participated and offered the rate of Rs. 79,800(per computer) of lower specifications but neither market survey was conducted to evaluate the price quoted by the firm nor the tender was re-advertised as per instructions issued by the PPRA.

iii. The FIA Anti-Corruption Circle, Islamabad initiated inquiry into the matter but despite lapse of considerable period the Inquiry Committee neither finalized and submitted the Inquiry Report to the competent authority nor provided to Audit. Resultantly, no action could be taken against the concerned officers/officials and the firm to recover the loss.

Audit is of the view that purchase of computers below the specifications sheer breach of Public Procurement Rules, 2004. The undue favour was extended to the firm at the cost of public exchequer.

Neither the management replied nor was a DAC meeting convened.

Audit recommends that the inquiry already initiated by the FIA Anticorruption Circle may be finalized and outcome of inquiry report be shared with the Audit.

19.5.28 Unauthorized maintenance of Welfare Fund Account -Rs. 6.297 million

Rule-25 of General Financial Rules 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.

Federal Investigation Agency (HQ) Islamabad was maintaining “Chairman Welfare Fund Committee” Account No. 01262021791101 with Faisal Bank, F-11, Markaz Branch, Islamabad.

As per bank statement there was closing balance of Rs. 6,297,982/- as on 08.01.2021 which includes an amount of Rs. 5,677,728/- received from encashment of Regular Income Certificates vide National Savings Centre, G-10,Islamabad Cheque No.127226. The amount was deposited in bank account on 09.09.2020. The proposed FIA Welfare Fund Rules, 2020 were sent to Ministry of Interior vide letter No. HQ/FIA Welfare/2020 dated 05.10.2020.

Audit observed as under:

i. The Bank Account was being maintained without the approval of Finance Division.

ii. The FIA Welfare Fund Rules were not got approved from Finance Division.

iii. The income received from investment was deposited into bank account instead of Government Treasury.

Audit is of the view that in the absence of approved Welfare Fund Rules from Finance Division, the maintenance of bank account and deposit of income received from investment was unauthorized.

Neither the management replied nor was a DAC meeting convened.

Audit recommends that approval of the Federal Government may be obtained for maintenance of Welfare Fund.

19.5.29 Unauthorized withdrawl of honorarium -Rs. 6.500 million

Rule-205 of FTR Volume-I states 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.

Federal Investigation Agency (HQ) Islamabad sanctioned honorarium amounting to Rs.5,869,608 for employees of FIA Islamabad Zone during financial year 2015-16 against which the expenditure of Rs.6,500,000 was incurred as under:

Sanction No. & Date (issued by FIA HQ)	Budget Allocation	Amount sanctioned	Expenditure incurred Rs.
Accounts/FIA/Honoraria/2015-16/1176 dated 14.06.2016	6,500,000	3,096,300	6,500,000
Accounts/FIA/Honoraria/2015-16/661 dated 12.04.2016		2,500,938	
Accounts/FIA/Honoraria/2015-16/223 dated 01.02.2016		272,370	
Total Rs.	**6,500,000**	**5,869,608**	**6,500,000**

Audit observed as under:

i. An expenditure of Rs. 6.500 million was incurred against sanction of Rs. 5.870 million and the whole amount was withdrawn in the name of DDO in violation of rules.

ii. Out of Rs. 6.5 million disbursement record of Rs. 3.921 million was not available in the record.

Audit is of the view that in the absence of relevant record the authenticity of the the expenditure could not be ascertained.

Audit is also of the view that withdrawl of honorarium in excess of sanctioned amount could lead to misappropriation of fund.

Neither the management replied nor was a DAC meeting convened.

Audit recommends fixing of responsibility against the persons concerned besides provision of disbursement record to Audit.

District Officer Frontier Constabulary Islamabad

19.5.30 Less deduction of Conveyance Allowance - Rs.2.720 million.

According to Finance Division (SR-II) 8-2/70 dated 17.07.1977, conveyance allowance, Motor Car, Motor cycle maintenance allowance are not admissible during the period of leave.

The District Officer Frontier Constabulary Islamabadincurred an expenditure of Rs. 5.435 million on account of Conveyance Allowance @ 1,932/ head/month and Rs. 4.413 million on account of Ration Allowance @ Rs.2506/head/month during the 2016-20 to 2019-20.

Audit observed that Conveyance Allowance Rs.2,715 million and Ration Allowance amounting to Rs. 2.006 million was less deducted during the said period.

Audit is of the view that less deduction of allwoances resulted in loss to the government.

Neither management replied nor DAC was convened till finalization of the report.

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

19.5.31 Unauthentic drawl on account of Arrears of Ration Allowance-Rs.10.480 million

Rule 205 of FTR 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 District Officer Frontier Constabulary Islamabad, under the control of Headquarters Frontier Constabulary Peshawar (Ministry of Interior), drew an amount of Rs.10,479,780 on account of arrears of ration money during the financial year 2015-16, as detailed below:

S.No	Cheque No	Date	Amount
1	5986862	27.06.2016	1,872,026
2	5986865	27.06.2016	1,636,227
3	5986866	27.06.2016	324,052
4	5986867	27.06.2016	1,072,790
5	5986868	27.06.2016	1,270,701
6	5986871	27.06.2016	1,349,119
7	5986872	27.06.2016	1,914,879
8	5986873	27.06.2016	1,039,986
Total			**10,479,780**

Audit observed that:

i. Estimates/calculations on the basis of which the budget was demanded from the Headquarter FC Peshawar, showing number of men, their tenure, etc. was not available on record.
ii. Release and sanction of the Commandant Frontier Constabulary was not available on record.
iii. Further disbursement record i.e. acknowledgment of receipt / actual payee receipts / acquaintance rolls were not available on record.
iv. Strength returns showing No. of men who remained on leave for the period from July 2011 to June 2016 and payrolls showing available strength for the period for which the arrears were claimed, were not available on record.

Due to non-availability above mentioned relevant record in support of subject arrears, audit could not authenticate the subject drawl of Rs.10,479,780.

Audit holds that the management was bound to maintain the complete record in support of expenditures incurred out of Public Exchequer.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that the matter may be inquired into to ensure that no over drawl/overpayment was made besides ensuring that any overpayment found, may be recovered and deposited into the Government treasury and fixing responsibility against personnel at fault.

Islamabad Capital Territory Police, Islamabad

19.5.32 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.

Management of ICT Police was requested to provide the following record during the course of audit of financial year 2020-21:-

i. Copy of BO/NIS.

ii. Annual report of physical & financial progress relating to the 5 Development Projects and audit certificate from DG Audit Works thereof

iii. Record relating to recruitment made during the period under audit.

iv. Detail of officers / officials re-employed after superannuation, if any.

v. List of staff and officers who retired from service, suspended (showing period of suspension) and granted long leave during the period under audit.

vi. Appropriation and surrender orders for the FY 2020-21.

vii. Detail of allottee of houses in Police Line Colony along with date of allotment.

viii. Inventory record of the Mal Khana of the Islamabad Police.

ix. Detail of Court cases, NAB/FIA cases, if any.

x. Summary of Mal Khana for the Financial Year 2020-21, relating to 8 listed Police Stations.

xi. Detail of disbursement (of Stock and out of Welfare Fund) made to 8 listed Police Station.

xii. Receipt estimates of for the Financial Year 2020-21

Audit observed that above enlisted record was not produced for the cross examination and audit scrutiny.

Audit is of the view that non-production of record hinders audit function.

Neither the management replied nor was DAC convened.

Audit recommends inquiry into the matter for fixation of responsibility.

19.5.33 Non-disclosure of record relating to Welfare Fund

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.

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."

The management of ICT Police was requested to provide the following record during the course of Audit.

i. Sources of Welfare Fund

ii. Receipt estimates of for the Financial Year 2020-21

iii. Detail of Loan disbursed out of Welfare fund.

iv. Record regarding welfare fund alongwith relevant files, vouchers, cash book, bank statement.

v. List of bank accounts alongwith annual consolidated bank statements and counter foils of Cheque books.

The management of ICT police did not provide the requisite information / record despite repeated requests. Despite the fact the organization had a consolidated receipt, during the previous year, of Rs.27,811,054 from various sources like from contractors of two petrol pumps, car wash/tyre shop, SMS services from I-Tel, FM Radio 92.4, Profit of Regular Income Certificate etc. Furthermore, Islamabad Police is also maintaining a Bank A/c # 3010055430 being maintained with NBP, F-8 Markaz, Islamabad.

Audit is of the view that non-provision of the above mentioned record despite the fact of its existence is a willful hindrance in the audit function.

Neither the management replied nor was DAC convened.

Audit recommends inquiry for fixation of responsibility.

19.5.34 Mis-interpretation of Prime Minister's approval regarding payment of incentives

Ministry of Interior (with the approval of Prime Minister's vide U.O. No. 1061/PSPM/09 dated 13.03.2009 and concurrence of the Finance Division vide their U.O. No. F.11(8)-R-I/2008-1306/S/FS/09 dated 13.03.2009) notified the following pay package to the employees of Islamabad Capital Territory Police vide their letter No. 14/4/2004-ICT-I dated 14.03.2009, w.e.f. 01.04.2009:

i. Allowance equal to one month's basic pay.

ii. House rent ceiling to be paid in cash.

iii. 20 DAs fixed Daily Allowance (DA) per month to officials on operational duties only.

The management of ICT Police incurred an expenditure of Rs.1,090,433,145on account of Fixed Daily Allowance to 10,294 employees. Available strength of ICT Police, for the year 2020-21, is 10,343. Whereas organogram of ICT Police shows that there are various wings comprising of operational and non-operational duties. Summary of employees (grade-wise) drawing Fixed DA is as under:

(Rupees)

BPS	Nos.	Amount	BPS	Nos.	Amount
1	97	8,842,400	11	1,047	108,331,336
2	129	12,289,600	14	470	65,637,798
3	131	12,008,000	15	20	2,813,600
4	4	384,000	16	196	27,712,787
5	19	1,654,400	17	57	7,858,039
6	2	211,200	18	26	3,470,080
7	6,533	676,242,022	19	9	1,473,600
9	1,549	160,893,783	20	5	610,500
			Total	**10,294**	**1,090,433,145**

Audit observed that the Fixed TA/DA was meant to facilitate the employees on operational duty however to the contrary 100% of the employees are being extended the facility of Fixed DA. Deductions are only made from the employees who are on leave.

Finance Division vide its reference F.No.11(8)-R-I/2008-796 dated 11.11.2009 requested IG Police to define the term "OPERATIONAL DUTY" however instead of defining the term "OPERATIONAL DUTY" a certificate No.10-5/2213/A dated 12.02.2021 was issued declaring entire staff of ICT Police as 'Operational'.

Audit is of the view that practice of extending the facility of Fixed DA to all the employees without bifurcating into operational and non-operational duties is against the basic objective of the facility. Furthermore, declaring all the employees as on Operational Duty is un-authorized and contrary to the approval of the Prime Minister.

Neither the management replied nor was DAC convened.

Audit recommends implementation of incentives as per Finance Division's U.O. No. F.11(8)-R-I/2008-1306/S/FS/09 dated 13.03.2009.

19.5.35 Cost and time overrun in executing the development projects – Rs. 690.76 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 management of ICT Police got approved 5 development projects during the years 2004 to 2017. Executing agency for the said projects was Capital Development Authority. Initial cost for these projects was Rs.339.349 million. Detail of the projects is as follows:

S. No.	Project Name	Original Cost	2nd Revised Cost	Actual Completion date	Time Over run (as of 21-10- 2021	Cost over run
1	Construction of 15 Houses (CAT-II) for Superintendents of Police in Police Lines Headquarters, Sector H-11, Islamabad	79.244	151.971	Ongoing	153 Months	72.727
2	Construction of Admin Block, Magazine Quarter Guard, (03) Barracks for (240) men each, MT Shed, Horse Stable and Parade Ground in Diplomatic Enclave, Islamabad.	114.652	280.848	Ongoing	206 Months	166.196
3	Construction of (05) Police Barracks for 100 men each near "K" Block Islamabad.	56.802	364.668	Ongoing	206 Months	307.866
4	Construction of (04) Police Barracks (100 men each) in Sector F-7, F-8, G-9 & G-10, Islamabad (Revised).	41.445	185.416	Ongoing	206 Months	143.971
5	Construction of police station at Markaz I-16, Islamabad.	47.206		12/31/2020	49 Months	0
	Total	**339.349**	**982.903**		**820**	**690.76**

Audit observed that out of these 5 projects, 4 projects (Sr. No. 1 to 4) were revised twice. Resultantly the cost of the projects increased by Rs.690.76 million. The cost of project was increased by 204% of the original cost. Furthermore,there was time overrun ranging from 49 months to 206 months as on 21.10.2021.

Audit is of the view that due to delay in execution of the project cost of the project was exorbitantly increased and public exchequer was put to a loss of Rs. 690.76 million.

Neither the management replied nor was DAC convened.

Audit recommends inquiry to fix responsibility for causing cost and time overrun in completion of the above mentioned projects

19.5.36 Accumulation of massive liability on account of Encashment and Financial Assistance Package – Rs. 1,361.02 million

Para 14 fo GFR Vol-I states that that delay in the payment of money indisputably due by Government is contrary to all rules and budgetary principles and should be avoided vide also paras 105 and 106.

Para 105 of GFR-Vol-I states that it is an important financial principle that money indisputably payable should not, as far as possible, be left unpaid, and that money paid should under no circumstances be kept out of accounts a day longer that is absolutely necessary even though the payment is not covered by proper sanction. It is no economy to postpone inevitable payments and it is very important to ascertain, provide for in the budget estimates, liquidate and record the payment of all actual obligations at the earliest possible date.

The management of ICT Police was requested to provide the list of Shuhadas and in-service deaths and payment of their subsequent dues.

Audit observed that there was an accumulated liability of Rs.1,167,752,224 on account claims in light of PM's Financial assistance Package for the families of employees who died during service. Furthermore there were 449 Nos. of pending claims for encashment of LPR amounting to Rs.193,263,560.There were 302, out of 449 claims which have been delayed upto 5 years.

PENDING PAYMENT TO THE FAMILIES OF SHUHADA/DECEASED OFFICER/OFFICIALS AS ON 21.09.2021		
Head of Account	**Nos. of cases**	**Payment to be made**
A05216 (Compensation)	217	342,737,000
A05224 (Cost of Plot)	210	803,400,088
A05219 (Education Expenses)	305	9,015,136
A05225 (Marriage Grant)	16	12,600,000
	Total Amount	**1,167,752,224**
Encashment of LPR	**449 cases**	**193,263,560**
	Grand Total	**1,361,015,784**

Audit is of the view that accumulation of liabilities of Rs.1,361.02 million is serious lapse on the part of the management of Police department. This lapse is depriving the families of Shuahadas, deceased employees and even the retired employees.

Neither the management replied nor was DAC convened.

Audit recommends early resolution of the matter as huge accumulation of liabilities is a serious lapse on part of the management.

Punjab Rangers, Lahore

19.5.37 Unauthorized payment on account of Railway Concession Vouchers- Rs. 10.906 million

Para 11 of the Finance Division O.M No F.1(2)/Imp/2005 dated 01.07.2005 states that in a year Two Railway Concession Vouchers (Officers, Troops and Clerical Staff) in a year (maximum Rs 500) shall be admissible to Civil Armed Forces' (CAF) employees. The allowance is subject to the conditions applicable to Pak. Army.

The management of Punjab Ranger, Lahore paid an amount of Rs.10,905,999 on account of railway concession vouchers during the year 2020-21.

Audit observed as under:

i. The payment was made without any contingent claim.

ii. The accounts office booked the expenditure under the head of A03805-TA/DA without having any supporting document and then it was transferred to the head of account A03811-Railway Concession Vouchers

iii. In addition to Railway Concession Voucher, expenditure of Rs. 93,443,650 was also incurred, during 2020-21, under the head of account A03805-TA/DA.

Audit is of the view that payment without supporting document of travelling in the rail was unauthorized.

The management replied that Ministry of Finance has approved 2 x Railway Concession Vouchers in a year (maximum Rs.500) for the troops of Civil Armed Forces vide para IIV of their Office Memorandum number F.1 (2)/Imp/2005 dated 1 July 2005 and being paid to entire force, getting prior approval of head of department and issuance of sanction order under head A03811–Railway Concession Vouchers through contingent claim. Therefore, the maximum amount of Rs.500 per year is being paid to the entire force through contingent claims. In this way 100% troops of the force are equally benefitted from the facility provided by Government of Pakistan.

Reply was not accepted because payment of railway vouchers without any journey through Pakistan Railway was irregular.

The management did not convene DAC meeting till finalization of the report.

Audit recommends to stop the irregular practice besides recovery of the amount already paid.

19.5.38 Issuance of medicines without having drug testing laboratory report- Rs. 258.991 million

According to the Sub-Section 2 of the Section 22 of the Drugs Act, 1976,the Government Analyst, as far as may be , shall submit the report within sixty days of the receipt by him of the sample of the drug and , if he is not able to do so for reasons beyond his control, shall communicate the reasons to the inspector in writing and shall endorse its copy to the [Central Licensing Board or, as the case may be, the Registration Board or the Provincial Quality Control Board] who shall have the sample tested from the same or any other Government Analyst or a Government Drug Testing Laboratory or any other laboratory and shall ensure the receipt of results of such test and analysis within a further period as may be prescribed and shall make the test report available to the inspector for further action.

Pakistan Ranger Lahore incurred an expenditure of Rs 258.991 million on purchase of medicines and surgical disposables during the year 2020-21.

Audit observed that medicines purchased in bulk and the same were taken on charge and issued to the patients without being tested from laboratory.

Audit is of the view that use of medicines without lab test report is violation of rules and putting the life of the patients at stake.

The management replied that Technical board of specialist doctors of Pakistan Rangers Teaching Hospital has already been established within our organization which is our internal technical assessment and evaluation system. The prime role of the technical board is to closely monitor all process of medicines compliance and efficacy throughout the financial year.

Reply was not accepted because the action of the management is in violation of Drug Act, 1976.

The management did not convene DAC meeting till finalization of the report.

Audit recommends inquiry to fix the responsibility.

19.5.39 Loss due to purchase of medicines and lab items other than the lowest- Rs 11.442 million

Rule36(b)ofPublicProcurementRules,2004statesthat(viii)aftertheevaluatio nand approvalofthe technicalproposalthe procuring agency, shallat a time within the bid validity period, publicly open the financial proposals of the technically accepted bids only. The financialproposalofbids foundtechnicallynon-responsiveshallbereturnedun-openedtothe respective bidders, (ix) the bid found to be the lowest evaluated bid shall be accepted.

Regulation 10 of the Financial Management and Powers of Principal Accounting Officers Regulations, 2021 states that principal accounting officer shall ensure that the expenditure is not, prima facie, more than the occasion demands and that every government servant exercises the same vigilance in respect of the expenditure incurred from public funds as a person of ordinary prudence would exercise in respect of the expenditure of his own money.

The management of Pakistan Ranger, Lahore incurred an expenditure of Rs 258.991 million for purchase of medicines and surgical disposables during the year 2020-21

Audit observed that Pakistan Ranger Lahore purchased 29 medicines costing over charge of Rs 8,922,449 and 49 disposables items costing over charge of Rs 2,520,398 from other than the lowest bidders.

Audit is of the view that purchase of medicines other than the lowest bidder was irregular.

The management replied that Selection of best medicine is always a priority due to its efficacy, maximum effective action on human body in a minimum time, which chances of lesser side effects, quality of drug and reputation of manufacturing firm. Samples of offered items were thoroughly inspected by board of specialist doctors at the time of bidding and were recommended for procurement.

Reply of the management was not acceptable because medicines were purchased from other than the lowest bidders sustaining loss to the public exchequer.

The management did not convene DAC meeting till finalization of the report.

Audit recommends to inquire the matter for fixing the responsibility.

19.5.40 Irregular purchase of medicines through local purchase- Rs 58.211 million

Rule36(b)ofPublicProcurementRules,2004statesthat(viii)aftertheevaluatio nand approvalofthe technicalproposalthe procuring agency, shallat a time within the bid validity period, publicly open the financial proposals of the technically accepted bids only. The financialproposalofbids foundtechnicallynon-responsiveshallbereturnedun-openedtothe respective bidders, (ix) the bid found to be the lowest evaluated bid shall be accepted.

Technical committee in response to the tender for purchase of medicines through local purchase rejected M/s Awais and Brothers Distribution because it was not well known firm in market. Its office is situated in a house of residential area of Rawalpindi Cantt. Firm is registered in 2016 and not yet obtained any contract of LP medicine and no experience in providing of LP medicines

Pakistan Ranger Lahore purchased medicines amounting to Rs 58.211 million through local purchase during the year 2020-21.

Audit observed that medicines was purchased from M/s Awais and Brothers Distribution, Rawalpindi despite rejection by the technical committee and Board recommendation to purchase the medicine through M/s New Boots Super Pharmacy Lahore.

Audit is of the view that purchase of medicine from the firm technically rejected was irregular.

The management replied that 4 firms participated in tendering procedure for provision of local purchase medicines. Technical committee and board recommended to purchase the medicines through M/S New boots Super Pharmacy Lahore. As per PPRA rule, M/S Awais and Brothers Distribution offered highest bidding with 28.55% rebate rate, DG Pakistan Rangers (Pb) awarded contract to

M/S Awais and Brothers Distribution due to highest bidder rate and approved comparative statement.

Reply of the management was not accepted because the firm was technically disqualified.

The management did not convene DAC meeting till finalization of the report.

Audit recommends inquiry to fix responsibility.

19.5.41 Unauthorized extensions in contract period – Rs 19.052 million

Para (v) of Establishment Division O.M. No. 8/10/2000-CP-I dated 21.03.2000 states that as a matter of general policy the period of contract shall not be extended beyond two years.

Clause P of the offer of the appointment to the employees appointed on contract basis states that no extension in the Contract will be accorded. On termination of contract, pay / allowance and allied facilities would be withdrawn.

Pakistan Rangers Punjab appointed 15 Medical officers on contract basis for the period of two years. Detail is as under:

S. No	Name of Doctor	BPS	Date of appointment	Per month salary	Per Annum salary
1	Dr. Shabana Khokhar	19	26.04.2013	148,798	1,785,576
2	Lt Col® Dr. Shireen Rafique	18	01.04.2013	185,244	2,222,928
3	Dr. Tahira Nasim	18	01.04.2013	103,800	1,245,600
4	Dr. Hajra Mehboob	17	01.04.2013	83,837	1,006,044
5	Dr. Mariam Shahzad	17	01.04.2013	86,712	1,040,544
6	Dr. Nusrat Majeed	17	01.04.2013	86,856	1,042,272
7	Dr. Khayyam Shamshair	17	01.04.2013	86,712	1,040,544
8	Dr. Nauman Qamar Bhatti	17	16.05.2016	74,633	895,596
9	Dr. Zafar Ali	17	16.05.2016	75,307	903,684
10	Dr. Madiha Salim	17	16.05.2016	66,135	793,620
11	Dr. Shagufta Nargis	17	11.07.2016	72,785	873,420
12	Dr. Nabeeha Yamin	17	11.07.2016	69,338	832,056
13	Maj ® Dr. Muhammad Tahir Nadeem	18	11.07.2016	168,405	2,020,860
14	Dr. Hassan Jalil	17	02.05.2017	64,913	778,956
15	Dr. Muhammad Rizwan Tahir	17	02.05.2017	144,813	1,737,756
16	Dr. Hassan Waqar	17	02.05.2017	69,346	832,152
Total					**19,051,608**

Audit observed that extension was granted in the contract with all benefits such as annual increments time and again for two years and it was continued till the completion of audit on 21.11.2021.

Audit is of the view that extension in contract period beyond two year with annual increments was unauthorized.

The management replied that contract period of 16 doctors is being extended because doctors were not being provided by Pak Army due to their own acute deficiency. At the time of approval granted by the Ministry of Interior for filling up the vacant posts in lieu of the deficiency of Army Medical Corps officers on contract basis for a period of two years or till the Army Medical Corps officers are posted by GHQ MS whichever is earlier.

Reply was not accepted because extension was granted in violation of the terms and conditions of the appointment.

The management did not convene DAC meeting till finalization of the report.

Audit recommends inquiry to fix responsibility for unauthorized extensions in the contract period.

19.5.42 Irregular expenditure on construction of additional ward at Pakistan Rangers Punjab hospital building – Rs. 59.633 million

Para 24 of Prime Minster office letter No. 1689/SPM/00-19 dated 30.04.2020 states that the Prime Minister has been pleased to direct to execute civil works through Public Works Department.

Pakistan Rangers Punjab incurred an expenditure of Rs. 59.633 million on construction of additional ward at 200 bedded Pakistan Rangers Hospital through M/s Abel Construction (Pvt) Limited during the financial year 2020-21.

Audit observed as under:

i. The construction work was carried out by a private contractor instead of Pak PWD.

ii. The bank guarantee was not obtained against the advance(s)

iii. The work completion certificate was not available on record.

iv. The handing / taken over report of the ward was not produced.

v. The measurement book was signed by SDO who was not the employee of Pakistan Rangers Punjab.

Audit is of the view that execution of construction work from private contractor is violation of Prime Minister's directives.

The management replied that improving human health and providing access to affordable, high quality health care facility is a key concern of any department as well as Govt of Pakistan. Provision of immaculate and standardized health facility ensures troops and general public well-being which in turn builds their confidence in the organization and state respectively. Thus, the project was undertaken as welfare measure on urgent basis in pandemic prone environment.

Reply was not acceptable because construction of building was violation of the Prime Minister of Pakistan's directives to execute civil works of Pakistan Rangers through Pak PWD.

The management did not convene DAC meeting till finalization of the report.

Audit recommends to probe the matter for fixing responsibility.

19.5.43 Unauthorized payment on account of purchase of land– Rs. 56.197 million

Government of Punjab, Colonies Department letter No. 7935-70/4141-CVI dated 06.11.1969 states that Government of West Pakistan is pleased to transfer all state land lying within five miles of belt of the Indo-Pak Boarder in the former Punjab province and the Bahawalpur State to the General Headquarters, for allotment through the agency of the Boarder Allotment Committee, subject to the condition that the price of the land will be settled by negotiation between the Board of Revenue with General Headquarters and in consultation with the Finance Department.

The management of Pakistan Rangers Punjab paid an amount of Rs. 56,197,314 to 242 persons on account of purchase of 41 acres of land near Indo-Pak boarder.

Audit observed as under:

i. The land was within five miles of Indo-Pak border which was transferred to General Headquarters for allotment through the agency of the Border Allotment Committee (BAC) whereas the payment was made to private land owners instead of acquiring the land from BAC.

ii. The land purchased for Border out Posts was already in possession of Pakistan Rangers Punjab since 1966 whereas the management paid Rs. 56.197 million to private owners during the year 2020-21.

Audit is of the view that payment made on account of purchase of land to private owners for the border out posts instead of Border Allotment Committee was irregular.

The management replied that as per Government of Punjab Colonies Department letter No.7935-70/414-CVI dated 06 November 1969 quoted therein, All State Lands laying in five miles is placed on GHQ's disposal for allotment to Military allottees. It is highlighted that there are thousands of civilians who are living in said border belt as legitimate owners. So, it is hereby clarified that all land falling within five miles are not state lands.

Reply was not accepted because Pakistan Ranger action was violation of Government of Punjab Colonies Department letter No.7935-70/414-CVI dated 06 November 1969.

The management did not convene DAC meeting till finalization of the report.

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

19.5.44 Unauthorized payment on account of purchase of municipal land at District Kasur – Rs. 23.580 million

The Government of the Punjab, Colonies Department Lahore letter No. 1282-71/2183-CVI dated 08.06.1971 states that the Government of Punjab have had under consideration for sometimes past, the question of fixation of the restricted zone around Kasur, for excluding this area from the control of the Boarder Area Committee (BAC). The Martial Law Administrator and Governor of the Punjab has been pleased to decide that municipal limits shall be the restricted zone and the area within these limits shall not be allowed by the BAC. The Commissioner, Lahore Division has intimated that 34 persons were allotted 576 acres of state land within the municipals limits. The allotment should be cancelled immediately and they may be allotted alternative land in the Sheikhupura district or elsewhere.

Pakistan Ranger Lahore paid Rs. 23.580 million to Brig (Retd) Abdul Ghafoor for purchase of private land for 87 Wing Sutlej Rangers at District Kasur.

Audit observed that the Government of Punjab declared district Kusar, a restricted zone, and cancelled allotments of land within the municipal limits issued by the Boarder Area Committee. Audit further observed that Fard of the land issued by patwar circle District Kasur on 09.01.2016 does not mention that Brig(R) Abdul Ghafoor is the owner of the land and the land was under occupation of Pakistan Ranger since raising of 87 Wing Sutlej Rangers at District Kasur.

Audit is of the view that payment made to Brig ® Abdul Ghafoor, who was not the owner of land, was unauthorized.

The management replied that land purchased by Rangers is neither Government land nor it falls in any restricted zone. Observed piece of land is situated in Mouza Burj Khurd Tehsil & District Kasur and a large population is living there as legitimate owners of private land. Brig (R) Abdul Ghafoor owned the land in question which was allotted by GHQ in year 2005. Following legal documents are attached as ready reference.

Reply was not accepted because Pakistan Ranger action was violation of Government of Punjab Colonies Department letter No.7935-70/414-CVI dated 06 November 1969. Further time bared payments without any court orders was also not justified.

The management did not convene DAC meeting till finalization of the report.

Audit recommends that the matter may be inquired to probe whether the land owner was not included in the list of 34 persons whose allotments were cancelled and justification of payment of land compensation without any dispute between Pakistan Ranger and the land owner in any court of law.

19.5.45 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.

Pakistan Ranger Lahore despite repeated requests did not provide the following record/information.

i. List of bank accounts and bank statements
ii. Vehicle wise repair and maintenance expenditure and its relevant record.
iii. Employee's welfare and regimental fund record with rules and regulations.
iv. Detail of utilization of POL Rs 131,999,148 (Rs 192,090,000- Rs 60,090,852)

Audit is of the view that due to non-production of the record, the authenticity of the expenditure incurred could not be ascertained.

The management replied that 2 x bank accounts of Public Fund are being operated by the department i.e. DDO Account and Security Fund Account. No any investment made by this department during the audit period. Case for framing of Regimental Fund Rules is under process in Ministry of Interior (MoI).

Reply was not accepted because the management did not provide the complete list of bank accounts maintained on behalf of Pakistan Rangers whether it is public or welfare purpose. Details of receipts on account of Regimental Fund such as from Pakistan Ranger's hospital and other sources was also not provided. It was stated that no investment was made during audit period but audit requested to provide complete records relating to investment.

The management did not convene DAC meeting till finalization of the report.

Audit recommends that disciplinary action may be taken against officers involved in hindering the auditorial functions of the Auditor General of Pakistan besides provision of auditable record.

19.5.46 Irregular purchase of arms - Rs 35.400 million

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

Pakistan Ranger Lahore purchased 12 LSR Accuracy Intl. at the rate of Rs 2,950,000 per item and paid Rs 35,400,000 to M/s Defense Sources Lahore during the year 2020-21.

Audit observed that Ministry of Defense issued NOC for purchase of the arms from the original equipment manufacturer (OEM) while Punjab Ranger purchased the rifles from M/s Defense Sources Lahore, which was neither the OEM nor the authorized dealer of the OEM. The OEM clearly mentioned that they do not know the company and the buyer may purchase the items at their risk.

The firm did not provide the bill of entry to ensure import of the arm from the OEM and supplied to the buyer without any modification. The firm was also not registered as importer and the firm paid income tax as per local supplier.

Audit is of the view that purchase of the item without advertisement and from other than the OEM was irregular.

The management replied that weapons fall in the category of security items therefore procurement of the same was made under the provision of PPRA rule 14(a). Moreover, weapon is a technical store which has to fulfill certain parameters of specification/ quality control/ compatibility to ammunition and procured from un-authorized sources can lead to technical difficulties in operations and maintenance.

Management accepted the audit observation by stating that Pakistan Rangers procured the weapon from other than the OEM as advised by the concern agency. Further under Rule 14 (a) prior approval of the PPRA is prerequisite which was not met.

The management did not convene DAC meeting till finalization of the report.

Audit recommends to inquiry to fix responsibility.

Gilgit Baltistan Scouts

19.5.47 Mis procurement of various items- Rs. 294.118 million

Rule 13(1) of the Public Procurement Rules, 2004 states that under no circumstances the response time for receipt of bids or proposals (including proposals for pre-qualification) from the date of publication of an advertisement or notice shall be less than fifteen working days for national competitive bidding and thirty working days for international competitive bidding.

The management of GB Scouts incurred and expenditure of Rs. 294,118,000 on acquiring of physical assets and operating expenses during the financial year 2020-21 through tender by allowing four days for purchase and submission of procurement documents /bids from the date of publication of the advertisement i.e 16.06.2021.

Audit observed that procurement of various items worth Rs. 294.118 million was irregular as the response time for receipt of bids/proposals was only 04 days which is less than less than required time limit i.e 15 days.

Audit is of the view that procurement of store items without observing Public Procurement Rules was irregular which deprived the Government from the benefit of healthy competition.

Neither the management replied nor was DAC convened.

Audit recommends to fix the responsibility for mis-procurement.

19.5.48 Un-authorized execution of construction work at Chilas -Rs. 493.848 million

Para 184 of GFR states that Pak PWD is the only authority to execute civil works and infrastructure.

Ministry of Interior Letter No. 3/15/2007/RO (Dev) dated 16.10.2019 states that the CDWP approved the project titled “Construction of Accommodation for HQ GB Scouts and 114 Wing at Chilas” at a total cost of Rs. 493.869 million with the condition that the sponsors will submit NOC from Ministry of Housing and Works before issuance of authorization.

The management of GB Scouts Gilgit executed the Development Scheme at Chilas departmentally through the contractor at the total expenditure of Rs.493.848. The Scheme was completed on 30.06.2021.

Audit observed that execution of civil works by GB Scouts departmentally through various contractors was un-authorized in terms of Para 184 of GFR and approval of Scheme given by CDWP.

Audit further observed that technical sanction which amounts to a guarantee that the proposals are technically sound, estimates are adequately prepared based on adequate data was also not obtained from the competent authority in violation of Para 56 of CPWD Code.

Audit is of the view that execution of construction works worth Rs. 493.848 million by the GB Scouts instead of Pak PWD was unauthorized.

The management replied that GB Scouts got NOC from Ministry of Housing and Works and executed the development schemes accordingly. The NOC given by the Ministry of Housing and Works states that the Rules of Business 1973 provides that defense related projects are exempt from the necessity of implementation by the Ministry of Housing and Works. Since GHQ has verified that the matter is related to defense, the GB Scouts can proceed as per Rules of Business, 1973.

The reply was not accepted as provisions of Rules of Business 1973 pertain to exemption for Ministry of Defense (Army, Air Force and Navy) related projects from the necessity of implementation by Ministry of Housing and Works. Whereas GB Scouts being a Civil Armed Force is under the administrative control of Ministry of Interior.

Further Ministry of Interior’s letter No. 3/38/2017-ACM-I dated 02.10.2020 states that Summary regarding permission for execution of development projects by Civil Armed Forces (CAFs) was submitted to the Prime Minister with the request to allow the CAFs to execute their development projects through their respective Works Branch instead of PAK PWD and necessary change in Rules of Business accordingly, which was not approved by the Prime Minister. The Prime Minister also directed that in this case security may be provided by CAFs and execution of works may be carried out by PWD.

The management did not convene DAC meeting till finalization of the report.

Audit recommends that matter may be referred to Ministry of Housing and Works for fixing responsibility for misinterpretation of Rules of Business 1973.

19.5.49 Irregular procurement of Dry Ration from Pak Army without open competition-Rs.95.282 million.

Rule 12(2) of the Public Procurement Rules 2004 states that all procurement opportunities over two million rupees should be advertised on the Authority' website as well as other print media or newspapers having wide circulation. The advertisement in the newspaper shall principally appear in at least two national dailies, one in English and the other in Urdu.

The management of Gilgit Baltistan Scouts purchased Ration amounting to Rs. 95,282,157for serving of 4406 persons from Army Supply Corps (ASC), Field Store Depot (FSD), during financial year 2020-21 as detailed below:

S No.	Letter No.	Date	Amount
1	S/GB/259/Adj/Corr	01.02.2021	8,958,587
2	S/GB/259/Adj/Corr	01.02.2021	34,445,552
3	S/GB/259/Adj/Corr	14.06.2021	50,761,48
Total			**95,282,157**

Audit observed that procurement of ration from Army Supply Corps without open competition was irregular in terms of Rule 12(2) of the Public Procurement Rules, 2004.

Audit is of the view that procurement of ration from Army without competition was irregular as army is neither manufacturer nor broker of ration, which deprived the Government from the benefit of competitive rates.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for the irregularity.

19.5.50 Irregular procurement of Chicken Alive against the provision of dressed chicken meat-Rs.14.43 million

Notes (u) under Annex-A of regulation 11 of the Scales of Rations and Supplies (Regulations) 1998 states that Chicken alive will be issued to troops deployed in far flung areas during exercises maneuvers, IS duties, operation etc.

orders of Formation Commander are mandatory in case it is not possible to issue chicken dressed.

The management of Gilgit Baltistan Scouts paid total amount of Rs. 14,429,800 (72,149 kg x Rs.200) to the contractors for supply of Chicken alive during 2020-21.

Audit observed that the management of GB Scouts purchased chicken alive instead of chicken dressed without obtaining orders of the Formation Commander /DG GB Scouts amounting to Rs. 14,429,800 in violation of Government instructions contained in Notes (u)under Annex-Aof regulation 11 of theScales of Rations and Supplies (Regulations) 1998.

Audit is of the view that procurement of chicken alive against dressed meat was irregular.

Neither the management replied nor was DAC convened.

Audit recommends to fix the responsibility for irregular procurement of Chicken.

19.5.51 Irregular procurement of uniform items without lab test- Rs. 108.313 million

Rule 4 of the 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.

The management of Gilgit Baltistan Scouts incurred an expenditure of Rs. 108.313 million on purchase of uniform items during the month of October 2020 as detailed below:-

S. No.	Name of Supplier	Items Purchased	Amount (Rs.)
1	M/s Muhammad Aleem Hussain	Uniform	8,832,000
2	M/s Maqbool Garments	Rain Coat	401,400
3	M/s Zahid Hussain	T-Shirts and Thermal Set	2,280,000
4	M/s Diamond Enterprises	Jersey High Neck and Sleeping Bag	5,197,500
5	M/s Nadir & Sons	Uniform items	91,601600
Total			**108,312,500**

Audit observed that the uniform items were procured from the various suppliers by rejecting the samples of other suppliers without conducting the lab tests from the Inspectorate of Army Stores & Clothing, Gilgit or any other reputable laboratory at contractor risk & cost.

The main reasons of rejection of samples were low/inferior quality, but in absence of lab test what criteria were adopted by the management to check the quality needs justification.

Audit is of the view that procurement of uniform amounting to Rs. 108.313 million made on the plea that the uniform items were of superior quality was not cogent, as the procurement without conducting the laboratory tests cannot be treated as transparent.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for procurement of uniform without laboratory test.

19.5.52 Non-deduction of Income Tax on income from salary of officers

Section 12(1) of the Income Tax Ordinance 2001 states that any salary received by an employee in a tax year, other than salary that is exempt from tax under this Ordinance, shall be chargeable to tax in that year under the head "Salary"

Section149(1)ofthe Income Tax Ordinance 2001 states that every person responsible for paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee's average rate of tax computed at the rates specified in Division I of Part I of the First Schedule on the estimated income of the employee chargeable under the head "Salary" for the tax year in which the payment is made after makingadjustment of tax withheld from employee under other heads and tax credit admissible under section 61, 62, 63 and 64 during the tax year after obtaining documentary evidence, as may be necessary.

The management of GB Scouts paid salaries amounting to Rs.1,552,916,430 to officers/officials during the financial year 2020-21.

Audit observed that income tax was not deducted from the salary income of the officers/officials of GB Scouts.

Audit is of the view that non-deduction of income tax from Salaries of officers/officials is a violation Section 12(1) and Section 149(1) of the Income Tax Ordinance 2001 which deprived the Government from its due receipts.

Neither the management replied nor was DAC convened.

Audit recommends that income tax may be worked out and recovered from the officers and deposited into Government treasury.

19.5.53 Irregular award of contract of construction work to a firm having no experience-Rs.24.343 million

The management of GB Scouts Gilgit invited tenders for execution of various schemes/ items of works for “Construction of Accommodation for HQ GB Scouts and 114 Wing at Chilas” from the firms / contractors having five years’ experience in September, 2019.

The management of GB Scouts awarded contract of different works to M/s JJ construction Private Ltd. Gilgit at the total cost of Rs. 24,342,734 during 2019-20.

Audit observed that award of contract to M/s JJ Construction Private Limited was irregular as the firm had less than one year relevant experience as it was registered on 25.02.2019 with Pakistan Engineering Council.

Audit is of the view that award of contract to the firm having less relevant experience was irregular.

The management replied that the contract was awarded on the basis of license issued by PEC in category C-3/E. According to PEC license contractor/firm can participate in biddings upto Rs. 500 million.

The reply was not accepted as it was not relevant to the observation as the observation relates to the deficiency in experience which was not attended to properly.

The management did not convene DAC meeting till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

19.5.54 Non-Production of record

Section 14 (2) of the 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 the 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.

Audit of the Accounts of Gilgit Baltistan Scouts for the financial year 2020-21 was started w.e.f 01.09.2021. The following information/record was demanded through verbal and written requests.

i. List of bank accounts with bank reconciliation of all accounts including public funds and Regimental/ Welfare Funds Accounts for the period under audit.

ii. Receipt Accounts/Rent from NBP, Head Quarters GB Scouts Branch.

iii. Rent realized from different shops and Canteens if any situated inside the Garrison.

iv. Detail of units deployed on IS duty and agreements with borrowing/requisitioning agencies.

v. Personal files of officers

vi. Detail of appointment/promotions made during the period under the Audit.

Audit observed that the management did not provide above mentioned record in violation of Section 14(2&3) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001.

Audit is of the view that non-production of record was lapse on the part of management.

The management did not reply till the finalization of this report.

Audit recommends to fix the responsibility for non-production of record.

19.5.55 Whereabouts of fees realized from students of GB Scouts Primary School not known

The construction of GB Scouts Primary School at Force HQ, Minawar Gilgit was approved at a cost of Rs.54.431 million by DDWP on 16.01.2018. This public-Sector Development Project (PSDP) was completed on 30.06.2019.

Audit noticed that GB Scouts School has been functioning for the last two years within the Garrison Area, Gilgit.

Audit observed that fee and fund realized from students were not being deposited into Government treasury as no such record was provided to audit.

Audit is of the view that receipts accounts of the Primary school constructed from the fund of PSDP were not made known to audit.

The management replied that PC-IV of the scheme was submitted to Ministry of Interior on 01.12.2019. Functional phase of School i.e. hiring of staff is under process with Ministry of Interior.

Reply was not accepted as the School was inaugurated by commander FCNA on 17.10.2019. The reply shows that School started functioning on the same date but receipt accounts and relevant source for functioning of School was not made known to Audit.

The management did not convene DAC meeting till finalization of the report.

Audit recommends that responsibility may be fixed for non-provision of record relating to realization of fees/funds from students of the school constructed from the Government fund and payment of expenditures.

19.5.56 Unauthorized maintenance of bank account in Commercial Bank

Cash Management and Treasury Single Account Rules 2020 are in force since 24.07.2020 with the approval of the Federal Government, which inter alia requires closure of existing Bank Accounts maintained by Ministries, Divisions, Attached Departmentsetc and transfer of Balances toCentral Account No.1(Non-food) maintained in the state bank of Pakistan.

The management of Gilgit Baltistan Scouts is maintaining bank account No. 0170787 in Askari Bank Airport road branch Gilgit.

Audit observed that operation of account in commercial bank in violation of Cash Management and Treasury Single Account Rules 2020 was unauthorized.

Audit is of the view that maintaining a commercial bank account by the GB Scouts is unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends to fix responsibility for maintaining unauthorized account in commercial bank.

19.5.57 Irregular purchase of kabli/second hand engines of vehicles – Rs. 5.325 million

Rule 04 of 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.

The management of GB scouts purchased Kabuli/Second Hand engines of vehicles amounting to Rs. 5,325,000 from different suppliers during the financial year 2020-21 as detailed below:

S. No.	Vehicle type	No of engine procured	Name of Supplier	Rate	Amount
01	Toyota Jeep PJMR	1	Rakaposhi Trading	240,000	240,000
02	Truck 7 Ton	2		440,000	880,000
03	Truck 2.5Ton	2		420,000	840,000
04	Toyota Hilux	2		210,000	420,000
05	Toyota Vigo	2		240,000	480,000
06	APC Mohafiz	2		370,000	740,000
07	Tractor Fiat	3		210,000	630,000
08	Toyota Jeep PJMR	1	Hunza Traders	240,000	240,000
09	Truck 7 Ton	1		440,000	440,000
10	Truck 5 ton	1		415,000	415,000
				Total	**5,325,000**

Audit observed that procurement of used/second hand engines of the vehicles worth Rs. 5.325 million was irregular as there is no provision for the purchase of second hand items in the Public Procurement Rules 2004.

Audit further observed that whereabouts of 17 replaced engines/kabuli is not made known to audit.

Audit is of the view that procurement of second hand/ used engines in violation of the Public Procurement Rules was irregular.

The management did not reply till finalization on this report.

Audit recommends to fix the responsibility for the irregularity.

Excise and Taxation Department, ICT, Islamabad

19.5.58 Non-Realization of registration / renewal fee from real estate agents/Motor Vehicles dealers certificates– Rs. 23.003 million

Section 6 of Islamabad Real estate Agents and Motor Vehicles dealers (Regulation of Business) Ordinance, 1984 read with rule 4(2) of Islamabad Real estate Agents and Motor Vehicles Dealers (Regulation of Business) ordinance, 1984 states that application for renewal of the certificates shall be made within thirty days preceding the date of expiry of the certificate accompanied by receipts of Rs 600/-person as renewal fee.

Section 3 of the Islamabad Real Estate Agents & Motor Vehicles Dealers (Regulation of Business) Ordinance, 1984 states that a penalty up to Rs 5000/-person in case of renewal made after September from date of expiry charged.

Section 11 of the ordinance attracts/impose punishment with simple imprisonment for a term which may extend to six months or with fine which may extend to five thousand rupees or with both.

As per statement provided by the Department, currently, 1024 Real Estate Agents/Motor Vehicles dealers are operating in Islamabad.

Audit observed that:

1. 774 Real Estate Agents & Motor Vehicles dealers conducting business without registration in Excise & Taxation Department, ICT amount of which for one year comes to Rs 17,028,000.
2. The management did not recovered Renewal fee, Professional tax and penalty from 96 registered dealers during 2019-20 which amounting to Rs 5,975,400/-

Audit is of the view that due to non-renewal of license and non-recovery of penalty resulted into loss of Rs.23,003,400 to the Public exchequers.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommend that amount in arrear along with penalty may be recovered.

19.5.59 Non-Imposition Of Token Tax Penalty On Late Registration Of Vehicles-Rs.12.620 Million

Section 9 of the West Pakistan Motor Vehicles Taxation Act, 1958 (W.P. ACT No. XXXII of 1958) as in force in the Islamabad Capital Territorystates that penalty for keeping a motor vehicle without a licence or failure to pay tax. Whoever,

a) Keeps a motor vehicle for use without having a proper licence; or

b) Neglects or refuses to pay any amount of tax to which he is liable within the period fixed for such payment,

shall be liable to pay, in addition to any arrear of tax that may be due from him, a penalty which may extend to an amount equal to twice the amount of the tax to which he is liable.

The owners / purchasers of 36,168 vehicles applied for first registration of their vehicles to Excise and Taxation Department, Islamabad during 2017-20 after delay of more than one year and imposed penalties on late registration. The arrears of road tax (token tax) of Rs.22.473 million for the delay period (previous years) was also recovered from same period. The detail is as under:

S. No.	Year	Number of vehicles	Road Tax Arrears	Penalty on road tax
1	2019-20	9,968	6,310,542	12,621,084
2	2018-19	10,494	7,512,562	15,025,124
3	2017-18	15,706	8,649,949	17,299,898
Total		**36,168**	**22,473,053**	**44,946,106**

Audit observed that Excise and Taxation Department, Islamabad failed to collect minimum penalty of Rs.44.946 million on arrears of road tax.

Audit is of the view that undue favour was extended to the defaulters at the cost of public exchequer.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that responsibility may be fixed and amount may be recovered.

19.5.60 Non-Imposition of token tax penalty on arrears at the time of collection of Token Tax - Rs. 110.943 Million

Section-3 of the West Pakistan Motor Vehicles Taxation Act, 1958 (W.P. ACT No. XXXII of 1958) as in force in the Islamabad Capital Territory, a tax shall be leviable on every motor vehicle, commencing on the first day of 14th July at the rate specified in the Schedule to this Act, *(amended vide Finance Act 2019)*

Section 9 of the West Pakistan Motor Vehicles Taxation Act, 1958 (W.P. ACT No. XXXII of 1958) as in force in the Islamabad Capital Territory states that penalty for keeping a motor vehicle without a licence or failure to pay tax.— Whoever–

(a) Keeps a motor vehicle for use without having a proper licence; or

(b) Neglects or refuses to pay any amount of tax to which he is liable within the period fixed for such payment,

shall be liable to pay, in addition to any arrear of tax that may be due from him, a penalty which may extend to an amount equal to twice the amount of the tax to which he is liable.

Excise and Taxation Department, Islamabad collected an amount of Rs.2.299 Billion (including life time token tax during 2019-20) on account of token tax during 2017-20. The road tax (token tax) of Rs.107.530 million for the delay period (previous years) was also recovered from same period during 2017-20. The detail is as under:-

S. No.	Year	Arrears of Token Tax	Penalty Imposed	Actual penalty to be imposed	Difference
1	2019-20	43,092,528	16,238,369	86,185,056	69,946,687
2	2018-19	36,887,237	18,062,610	73,774,474	55,711,864
3	2017-18	27,550,889	8,662,648	55,101,778	46,439,130
Total		**107,530,654**	**42,963,627**	**215,061,308**	**172,097,681**

Audit observed that management imposed penalty of Rs.42.963 million instead of twice of the amount of road tax in arrears which resulted into loss of Rs.172.098 million.

Audit is of the view that undue favour was extended to the defaulters at the cost of public exchequer.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that responsibility may be fixed and amount may be recovered.

19.5.61 Non-deduction of Income Tax from goods transport vehicles having laden weight of 8120 Kg and above - Rs. 5.265 Million

Section 234 (4) of Income Tax Ordinance, 2001 states that in respect of a goods transport vehicle with registered laden weight of less than 8120 kilograms,advance tax shall not be collected after a period of ten years from the date of first registration of vehicle in Pakistan.

Para 1A of Division III of Part IV of the First Schedule of income tax ordinance 2001 states that In the case of goods transport vehicles with laden weight of 8120 kilograms or more, advance tax after a period of ten years from the date of first registration of vehicle in Pakistan shall be collected at the rate of twelve hundred rupees per annum.

Excise and Taxation Department, Islamabad, collected token tax from 455 goods transport vehicles having laden weight of 8120 kg and above, during the year 2019-20.

Audit observed that the advance tax @ Rs.1200 per year was not collected on above said 350 vehicles the amount for which comes to Rs.5,265,285. The recoverable amount for the period 2017-19 was in addition.

Audit is of the view that undue favour was extended to the vehicle owners at the cost of public exchequer.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that responsibility may be fixed and amount may be recovered from the 2017-20

19.5.62 Less recovery of Registration Fee – Rs.5.225 Million

Section 23 of West Pakistan Motor Vehicles Ordinance, 1965 states that a person shall not drive a motor vehicle and the owner shall not cause a vehicle to be driven unless the vehicle is registered under this Chapter and the licence number plates are displayed on the motor vehicle in the prescribed manner and if the licence number plates have not been issued, the registration mark is displayed on the motor vehicle in the prescribed manner.

Notification No.(11)-Dev/2004 dated 23rd July, 2005issued by the Chief Commissioner ICT states that following fee is payable under Pakistan Motor Vehicle Rules, 1969:-

S.No.	Vehicle Category	Engine Capacity (cc)	Value of vehicle
1	Private / Government	999 & Below	01 %
2	Private / Government	From 1000 to 1999	02%
3	Private / Government	2000 cc and Above	04%
4	Commercial	999 cc and Below	01%
5	Commercial	1000 cc and Above	02%

Excise and Taxation Department Islamabad registered 34,674 vehicles during the year 2019-20.

Audit observed that in 92 cases management has collected less registration fee of Rs.5.225 million than the actual recoverable during 2019-20.

Audit is of the view that non-inclusion of advance tax in invoice price of vehicle resulted into less recovery of registration fee of Rs**.** 5.225 million**.**

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that responsibility may be fixed and amount may be recovered.

19.5.63 Non-realization of Govt. revenue due to non-acquiring and non-renewal of license for sale and possession of intoxicant liquor articles -Rs. 28.35 million.

Section 17 of The Prohibition (Enforcement Of Hadd) Order, 1979 states that the Provincial Government or, subject to the Provincial Government, the Collector, may issue licenses to any person in respect of any institution, whether under the management of Government or not,-

(a) for the manufacture, import, transport, sale or possession of any intoxicant or Article containing intoxicant liquor on the ground that such intoxicant or article is required by such person in respect of such institution for a bona fide medicinal, scientific, industrial or similar other purposes or for consumption by non-Muslim citizen of Pakistan as a part of a religious ceremony or by a non-Muslim foreigner.

As per information collected there were 63 Pharmaceuticals companies in ICT during 2017-20 who were using Intoxicant Liquor i.e. spirits of wine or liquids consisting of or containing alcohol:

Audit observed that:

i. All the 63 Pharmaceuticals companies and un-registered medical stores were operating in ICT without acquiring and annual renewing of license for possession of intoxicant liquor articles from Excise & Taxation Department, Islamabad.

ii. The management did not recovered license fee and annual renewal fee for sale and Possession of intoxicant liquor articles from 63 Pharmaceuticals companies and medical stores during 2017-20 the amount for three years comes to R.s 28.35 million as detailed below:

S. No	Years	Numbers of Pharmaceuticals companies	Total License Fee Rs.@150000	Total Renewal Fee
1	2017-18	63	9,450,000	0
2	2018-19	63	0	9,450,000
3	2019-20	63	0	9,450,000
		Total	**9,450,000**	**18,900,000**

Audit is of the view that Public exchequers was deprived of its receipts of Rs 28.35 million.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommend that amount may be recovered.

19.5.64 Failure to recover Professional Tax from companies-Rs.159.230 million

According to Para 4 (a) of the Presidential Order No. 1 of 1970 read with Paras 18 (4) and 19 (1) ibid, it was decided that in the Islamabad Capital Territory, all Taxes, Fees and other charges levied under any law in force would continue to be levied as were prevailing in the West Pakistan. Thus the taxation laws prevailing in the Province of the Punjab were required to be adopted and implemented under the Presidential Order.

Section-11 of West Pakistan Finance Act, 1964 as amended through Finance Act, 2019 states that there shall be levied and collected professional tax from the companies as per categories and rates specified in the Seventh Schedule per annum, detailed below:-

Category	Rates
Capital Up to PKR 5 million but not exceeding PKR 10 million	7,000
Capital exceeding PKR 10 million but not exceeding PKR 50 million	18,000
Capital exceeding PKR 50 million but not exceeding PKR 100 million	35,000
Capital exceeding PKR 100 million but not exceeding PKR 200 million	80,000
Capital exceeding PKR 200 million	90,000
Employees not exceeding 10	1000
Employees exceeding 10 but not exceeding 25	2,000
Employees exceeding 25	5,000

Excise & Taxation Department, Islamabad provided a list of 18,976 companies registered / based in Islamabad.

Recoverable tax from companies for the year 2019-20 on the rates specified above, comes as under recoverable professional tax from companies is as under:

Category	Number of Companies	Tax rate	Tax Due
Capital Upto PKR 5 million but not exceeding PKR 10 million	18,202	7,000	127,414,000
Capital exceeding PKR 10 million but not exceeding PKR 50 million	417	18,000	7,506,000

Capital exceeding PKR 50 million but not exceeding PKR 100 million	130	35,000	4,550,000
Capital exceeding PKR 100 million but not exceeding PKR 200 million	67	80,000	5,360,000
Capital exceeding PKR 200 million	160	90,000	14,400,000
Total			**159,230,000**

Audit observed as under:

i. Excise & Taxation Department, Islamabad issued notices to said companies during 2019-20, but actual recovery from companies was only Rs.6.544 million.

ii. Fresh surveys to update the companies data regarding their share capital and employees record was not conducted. Resultantly, a large number of companies in Islamabad were not included in the Tax net as yet.

Audit is of the view that public exchequer was deprived off its due receipt

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends the recovery of tax including arrears along with updating the data of companies.

19.5.65 Unverifiable collection of Bed Tax -Rs. 151.188 million

Section 12(1) of Bed Tax and amendments under Finance Act of 1965 (as amended in Finance Act 2019) states that there shall be levied and collected in prescribed manner from all the Hotels, having at least twenty-five (25) lodging units (means number of Beds), a Bed Tax at the rate of five percent (5%) of invoice or bill excluding Sales Tax and other applicable Taxes.

As per registration record of Department of Tourism Services under Ministry of IPC there are 120 hotels in ICT. The management of Excise and Taxation Department, Islamabad collect bed tax amount Rs.209.720 million during 2019-20.

Audit observed that out of Rs. 209.720 million an amount of Rs. 58.532 million was collected from 7 hotels whereas record relating to collection of remaining amount of Rs. 151.188 million was not available in the record.

Audit is of the view that due to non-avialability of receipt record the authentricity of the revenue collected could not be ascertained.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that detail about the tax collected may be provided to audit and tax may be collected from the remaining hotel in the light of their annual financial statement and occupancy record.

19.5.66 Less deduction of Government dues and recovery thereof– Rs.20.301 million

Section-3 of the West Pakistan Motor Vehicles Taxation Act, 1958 (W.P. ACT No. XXXII of 1958) as in force in the Islamabad Capital Territory, a tax shall be leviable on every motor vehicle, commencing on the first day of 14th July at the rate specified in the Schedule to this Act, *(amended vide Finance Act 2019)*

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 Excise and Taxation Department (ETD), Islamabad provided a detail of receipt during the year 2020-21 amounting to Rs. 7.6 billion on account of registration and road taxes. Summary of receipts on account of various head of accounts is tabulated hereunder.

S.No.	Type	Code	Amount
1	Registration	B02801	5,413,067,025
2	Road Taxation	B02802	2,187,728,724
Total			**7,600,795,749**

On scrutiny of various files, it was observed that there are some case in which ETD recovered less than the actual government dues. 220 cases of different government fees and taxes were notices to have been less recovered to the tone of Rs. 20.301 million. Summary is as under:

S.No.	Particulars	No. of Vehicles	RecoverableAmount
1	Advance Tax by transfer	**6**	132,500

S.No.	Particulars	No. of Vehicles	RecoverableAmount
2	Advance Tax New Registration	**55**	7,954,500
3	Advance Tax Pre-Registration	**34**	3,500,000
4	Income Tax	**26**	230,600
5	Registration fee	**39**	8,060,012
6	Special No. Fee	**4**	90,000
7	Token Tax	**51**	323,664
8	Transfer Fee /	**5**	10,000
Grand Total		**220**	**20,301,276**

Audit is of the view that this lapse on the part of the ETD inflicted a loss of Rs.20.301 million to the public exchequer.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends inquiry to fix responsibility besides recovery.

19.5.67 Non-recovery of Life Time Token - Rs.13.326 million

Schedule to Section-3 of the West Pakistan Motor Vehicles Taxation Act, 1958 (W.P. ACT No. XXXII of 1958) as in force in the Islamabad Capital Territory, states as under:-

S #	ENGINE CAPACITY (CC)	TOKEN TAX
Motor/Cycle Or Scooter (Two/Three Wheeler)		
1	UPTO 200 CC	1,000 (LIFE TIME)
2	201 CC TO 400 CC	2,000 (LIFE TIME)
3	401 AND ABOVE	5,000 (LIFE TIME)
Private Vehicle (Four Wheeler)		
4	UPTO 850 CC	10,000 (LIFE TIME)
5	851 CC TO 1000 CC	10,000 (LIFE TIME)

Management of ETO provided detail of receipts, on account of token tax, registration fee, advance tax, income tax, penalties etc., collected during the financial year 2020-21. An amount of Rs.250,641 million was collected as Life Token during the financial year. Furthermore detail showed that 71,081 private vehicles and motor cycles of 1000 CC and below were newly registered by Excise and Taxation department. Summary is as below:-

Vehicle Type	Engine Power	Nos.
MOTOR CYCLE	> 400 CC	96

	201 to 400 CC	87
	Upto 200 CC	49,530
MOTOR VEHICLE	(upto 1000 CC)	21,368
Total		**71,081**

Audit observed that out of 71,081 newly registered vehicles upto 1000 CC Life time token of 1,326 vehicles was not collected at the time of registration.

Vehicle Type	Engine Power (CC)	Nos.	Life time Token Collected	Recoverable
Motor cycle	> 400 CC	1	1,000	(4,000)
	Upto 200 CC	2	-	(2,000)
Motor vehicle (upto 1000 cc)	(blank)	1,323	-	(13,230,000)
Grand Total		**1,326**	**1,000**	**(13,236,000)**

Audit is of the view that non-collection of life token is negligence on the part of the management which in result deprived the public exchequer of its due receipt of Rs.13.236 million.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends inquiry to fix responsibility besides recovery.

19.5.68 Irregular charging of Professional Tax amounting to Rs.8.280 million

Section 11 of Amendment of West Pakistan Finance Act 1964 (W.P Act No. XXXIV of 1964) provides that there shall be levied and collected from the persons and companies of the categories specified in column (2) of the 7th Schedule per annum, a professional tax at the rate as specified in column 3 of that schedule in prescribed manner.

Management of Excise and Taxation department reported to have collected Rs. 26,878,300on account of Professional Tax from 1,574 different organizations and individuals, out of provided list of 1,680 license holders, on the basis of the criteria given above from various formations. Summary is as under:-

S.No.	Category	Nos.	Amount
1	Based on capital	521	18,518,500
2	Based on employees	187	2,169,800
3	Jewelers	1	16,000

S.No.	Category	Nos.	Amount
4	Member of stock exchanger	4	123,000
5	Motor vehicle dealer / real estate agent	382	3,854,000
6	Others	471	2,185,000
7	Pesticide dealers	1	1,000
8	Registered medical practitioners	1	4,000
9	Tobacco vendors / wholesaler	6	7,000
Total		**1574**	**26,878,300**

However it has been observed that the Excise and Taxation department recovered excess Professional Tax of Rs.8,280,300 from 442 different categories disregarding the basic criteria for collection of professional tax as cited above. Summary of overcharged tax is as under.

Category	Nos.	Amount
Based On Capital	145	4,915,500
Based On Employees	98	1,634,800
Jewellers	1	14,000
Member Of Stock Exchanger	3	88,000
Motor Vehicle Dealer / Real Estate Agent	2	20,000
Others	192	1,606,000
Registered Medical Practitioners	1	2,000
Grand Total	**442**	**8,280,300**

Audit is of the view that the ETD used its authority unjustly resulting in overcharging of professional tax as well as overstating its collection to the tone of Rs.8.28 million.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends inquiry to fix responsibility besides adjustments under intimation to audit.

19.5.69 Non-recovery of Professional tax – Rs.5.283 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.

Excise and Taxation Department, Islamabad deals with the registration and transfer of vehicles besides the collection of taxes and excise duties on behalf of the Government of Pakistan. Some of the taxes collected by the department include Entertainment Duty, Professional Tax, Education Cess, Bed Tax, Tabacco Vend Fee, Liquor Permit, and Property / Motor Vehicle Dealer Tax.

Management of Excise and Taxation department issued notices to 5,522 different concerns for depositing of professional tax during financial year 2020-21.

S.No.	Categories	Nos.	Minimum Rate	Minimum Recovery
1	Doctors	81	2,000	162,000
2	Gyms	55	5,000	275,000
3	Hospitals/clinics	592	1,000	592,000
4	Marquee	52	1,000	52,000
5	Schools	337	1,000	337,000
6	Islamabad Companies	4,405	1,000	4,405,000
	Grand Total	**5,522**		**5,823,000**

Audit observed that management of ETD failed to recover professional tax from the targeted concerns despite repeated reminders.

Audit is of the view that lack of serious efforts on the part of the ETD deprived the public exchequer from a bare minimum receipt of Rs.5,823,000.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends inquiry to fix responsibility besides recovery.

19.5.70 Non-maintenance of data for collection of tax

Section 11 of*Amendment of West Pakistan Finance Act 1964 (W.P Act No. XXXIV of 1964)* provides that there shall be levied and collected from the persons and companies of the categories specified in column (2) of the 7th Schedule per annum, a professional tax at the rate as specified in column 3 of that schedule in prescribed manner.

Excise and Taxation Department, Islamabad deals with the registration and transfer of vehicles besides the collection of taxes and excise duties on behalf of the Government of Pakistan. Some of the taxes collected by the department include

Entertainment Duty, Professional Tax, Education Cess, Bed Tax, Tabacco Vend Fee, Liquor Permit, and Property / Motor Vehicle Dealer Tax.

Audit observed that the management of ETD has no database of the following concerns for collection of tax they are mandated with.

i. Money changers
ii. Motorcycle dealers
iii. Lawyers
iv. Recruiting agents
v. Departmental Stores
vi. Electronic Goods stores
vii. Cable Operators
viii. Printing presses
ix. Medical consultants or specialists / dental surgeon

Audit is of the view that non-preparation of database is negligence on the part of the management of ETD. Furthermore, non-preparation of database results in loss to the public exchequer due to non – collection of due taxes.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that proper mechanism be established for carrying out field survey for preparing and updating the database to bring the establishments and professionals under the tax net.

Inspector General Frontier Contablary, Quetta

19.5.71 Payment of salaries (Pay & Allowances) of force personnel through Drawing and Disbursing Officer - Rs.8,560.072 million

According to APPM Para 4.6.3.1 the normal method of payment of monthly salaries of all government employees shall be by credit transfer direct to a bank account nominated by the employee. This is the most secure and economical method of payment, and it automatically ensures that recipients have access to their salary on the due date. Moreover,direct credit has tangibleadvantages, over payment by cheque or cash,against risks of theft or fraud.

The Inspector General Frontier Corps (South) Balochistan incurred an expenditure of Rs. 8,560,072,163as pay and allowances for employees/officers of eleven sub ordinate crops/ wings of Frontier Crops (South) Balochistan during 2020-21.

Audit observed that salaries were drawn through DDO in cash and was transferred to Headquarter FC bank Account No. 0001598797 in J.S Bank for onward distribution.

Audit is of the view that drawal of salaries in cash and deposit in a bank account was irregular and unauthorized which may lead to misappropriation of funds.

Neither management replied nor DAC was convened till finalization of the report.

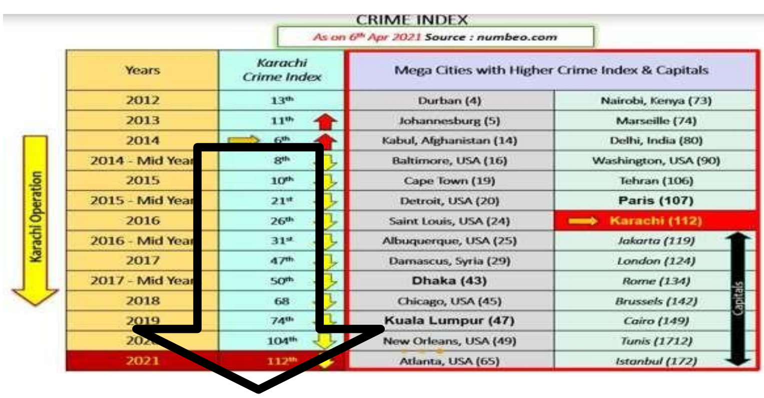
Audit recommends inquiry to fix responsibility besides recovery.

Sindh Rangers, Karachi

19.5.72 Excess procurement of extra arms and ammunition-5 years analysis (2017-2021) and expense of Rs 90million (2020-21)

Para 10(i) 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.

Para 10(ii) of GFR Volume-I states that the expenditure should not be prima facie more than the occasion demands.



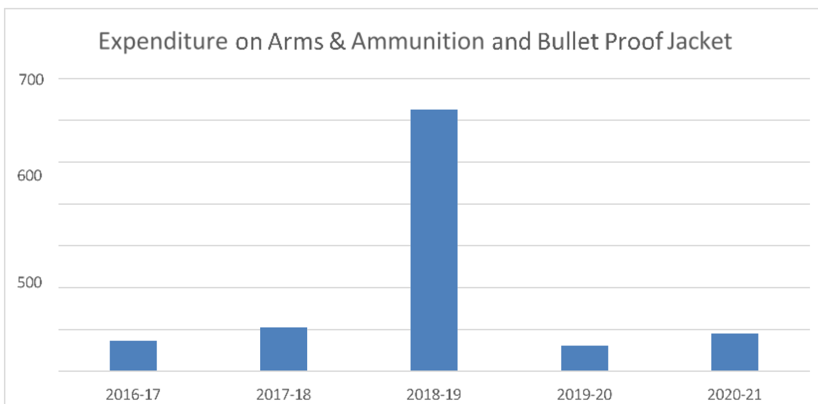
Years	Karachi Crime Index	Mega Cities with Higher Crime Index & Capitals	
2012	13th	Durban (4)	Nairobi, Kenya (73)
2013	11th	Johannesburg (5)	Marseille (74)
2014	6th	Kabul, Afghanistan (14)	Delhi, India (80)
2014 - Mid Year	8th	Baltimore, USA (16)	Washington, USA (90)
2015	10th	Cape Town (19)	Tehran (106)
2015 - Mid Year	21st	Detroit, USA (20)	**Paris (107)**
2016	26th	Saint Louis, USA (24)	Karachi (112)
2016 - Mid Year	31st	Albuquerque, USA (25)	*Jakarta (119)*
2017	47th	Damascus, Syria (29)	*London (124)*
2017 - Mid Year	50th	**Dhaka (43)**	*Rome (134)*
2018	68	Chicago, USA (45)	*Brussels (142)*
2019	74th	**Kuala Lumpur (47)**	*Cairo (149)*
202[illegible]	104th	New Orleans, USA (49)	*Tunis (1712)*
2021	112th	Atlanta, USA (65)	*Istanbul (172)*

Table: Karachi CrimeIndex during 2017-21 *(Source: Officia lwebsiteof Pakistan Rangers Sindh)*

Audit noted that the Crime Index of Karachi reflects decreasing trend during 2014 to 2021, from 6th position in 2014 to 112th position in 2021 i.e., improvement of 106 points; thanks to security agencies including Pakistan Rangers Sindh and Sindh Police. Keeping in view of the cognizance of the fact that Karachi was once the most troubled city in Sindh which returned to gradual normalcy since 2014 as per above index. Moreover, the international border is also fenced thereby; use of arms and ammunition was very limited as reflected by the record however some quantity have been used in routine practice.

Audit observed that:

i. With consistent decline in crime rate, the procurement of arms and ammunition have not decreased, as reflected in the graph below:



Graph: Trend analysis of expenditure on Arms &Ammunition and bullet proof jackets during 2016-17 to 2020-21

ii. On the basis of available data of 05 years (2016-17 to 2020-21) regarding expenditure over purchase of arms & ammunition and bullet proof jackets vs Crime Index, it was observed that that there is improvement of 81 points in crime index (361% reduction in crime matrix) in 2021 as compared to 2016. However, the expense on arms and ammunition (including bullet proof jackets) did not reduce rather it increased overtime from 2016-17 to 2020-21. As per expenditure statements, an expense of Rs 73.14 million was incurred during 2016-17, over Rs100 million in 2017-18 while jumped to Rs 625 million during 2018-19 and then Rs 90 million during 2020-21.

iii. A sample based analysis of one of the eight sectors of PR Sindh also reflects that it holds surplus weapons over and above the authorized quantities (see following observation on Qasim Sector).

iv. The management made wasteful expenditure of public money and did not take necessary steps to curtail purchase of subject items during the period of normalcy.

Neither the management replied nor was DAC convened.

Audit recommends that the PAO may inquire the matter of unjustified expenditure on the subject items, fix responsibility on the officers/officials responsible for wastage of public resources and share report with audit.

19.5.73 Excess Procurement of Arms and Ammunition by Pakistan Rangers Sindh (Sample based analysis-- Qasim Sector Hyderabad)

GFR-145 states 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.

One of the eight sectors of PR Sindh, Qasim Sector Hyderabad was taken on sample basis in order to identify whether the stock of weapons was maintained as per prescribed rules or otherwise. During the course of audit, Qasim Sector of PR Sindh provided stock position of Arms and Ammunition as detailed below:

Final State of 7.62 MM Rifle G3 (After TFR/ADJ)

S#	Sec/Wings	Auth	Held	Surplus
1	61WngSBR(Bdr)	482	526	44
2	34wingSBR(Bdr)	482	525	43
3	35wing IR(Bdr)	482	525	43
4	50wing IR(Bdr)	482	525	43
5	41wing IR(Bdr)	482	525	43
6	71wingQR(Bdr)	482	526	44
7	81wingQR(Bdr)	482	526	44
8	Dol CoyTR	0	72	72
9	90 wingTR(Bdr)	482	526	44
10	36 wingTR(Bdr)	482	526	44
11	32 wingTR(Bdr)	482	526	44
12	GPHQQLD	0	18	18
13	UNMsn	0	9	9
Total		**4820**	**5355**	**535**

FinalStateof7.62MMSMG(AfterTFR/ADJ)

S#	Sec/Wings	Auth	Held	Surplus
1	SecHQBR	23	60	37
2	43 WingBR	73	150	77
3	62 WingBR	73	172	99
4	42 WingBR	73	172	99
5	72 WingBR	73	172	99
6	52 WingBR	73	172	99
7	84 WingBR	73	172	99
8	SecHQSCR	23	60	37
9	92 WingSCR	73	172	99
10	33 WingSCR	73	172	99
11	60 WingSCR	73	172	99
12	70 WingSCR	73	172	99
13	31 WingSCR	73	172	99
14	SecHQ ASGR	23	60	37
15	91Wing ASGR	73	172	99
16	53Wing ASGR	73	172	99
17	63Wing ASGR	73	172	99
18	44Wing ASGR	73	172	99
19	40Wing ASGR	73	172	99
20	SecHQSBR	23	40	17
21	51 WingSBR	73	172	99
22	82 WingSBR	73	172	99
23	93 WingSBR	73	171	98
24	SecHQIR	23	40	17
25	SecHQQR	23	40	17
26	73 WingQR	73	171	98
27	83 WingQR	73	171	98
28	SecHQTR	23	40	17

29	DOLCOYTR	0	10	10
30	GPHQQLD	0	9	9
31	1 QWING	248	371	123
32	SECHQFS	69	222	153
33	ADMNWING PR(S)	310	316	6
34	UNMSN	0	16	16
Total		**2321**	**4871**	**2550**

Audit observed that:

i. The management procured arms and ammunition in excess to the requirement of the sector.

ii. The retention of arms and ammunition in excess to the authorized limit is wastage of public money.

Neither the management replied nor was DAC convened.

Audit recommends that PAO may inquire the matter of unjustified expenditure on the subject surplus quantities over and above the authorized limits, fix responsibility on the officers/officials responsible for wastage of public resources and share report with audit. Further, the stocks at other sectors of Pakistan Rangers, Sindh may also be examined to determine the excess quantities and rationalize the future procurement accordingly.

19.5.74 Non-recovery of taxes from vendors - Rs. 6.740 million

Section 153(1) states that every prescribed person making a payment in full or part including a payment by way of advance to a resident person or (a) for the sale of goods; (b) for the rendering of or providing of services; (c) on the execution of a contract, other than a contract for the sale of goods or the rendering of or providing services, shall at the time of making the payment, deduct tax from the gross amount payable (including sales tax, if any) at the rate specified in Division III of Part III of the First Schedule.

The management of Pakistan Rangers Sindh, Karachi made procurements of different items amounting to Rs. 34,346,800 during the year 2020-21. The detail is as under:-

S. No.	Detailed Object	Name of Firm	Item	Amount	17% GST	Amount after GST	Income Tax @ 4.5	Total Tax
1	A-09601-Purchase	M/s Global Tech	Driller Cobra Combi	2,911,000	422,966	3,333,966	150,028	572,994

	of Plant & Mach (Hosp)							
2	-do-	M/s Global Tach	Hasqvama Cutter Crew Bar Bolt Cutter	2,931,800	425,988	3,357,788	151,100	577,088
3	-do-	M/s Greaves Pakistan (Pvt) Ltd	Diesel Generator Set 650 KVA	17,350,000	2,520,940	19,870,940	894,192	3,415,132
4	-do-	M/s S.M.Jaffer & Co	Diesel Generator Set 650 KVA	4,400,000	748,000	5,148,000	231,660	979,660
5	-do-	M/s Technica Pak	Cloth Press Machine	4,144,000	456,821	4,600,821	207,037	663,858
6	-do-	M/s Global Tech	Fumigation Machine	1,500,000	217,949	1,717,949	77,308	295,257
7	-do-	M/s Global Tech	Cloth Crusher Machine	1,200,000	174,359	1,374,359	61,846	236,205
			Total:	**34,436,800**	**4,967,023**	**39,403,823**	**1,773,172**	**6,740,195**

Audit observed that:

i. The copies of bill of lading provided by the firms were not legible and seem bogus. Therefore, sales tax has also not been paid.
ii. The item description of few bills of lading provided by the firms were not matched with the specification of item provided by the vendor e.g. bill of lading provided by M/s Greaves Pakistan Pvt Ltd showed Generator with specs of J200 K (182 KVA), however, invoice reflected Generator with specs of V650C2 (591 KVA).
iii. The vendors provided fake documents to possibly claim waiver of taxes being an item of import.
iv. The vendors claimed GST amounting to Rs 4.967 million with their invoices but 1/5th of the sales tax from the bill of venders was not withheld.
v. Income tax amounting to Rs 1.773 was also not deducted from the bill of vendor.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired and responsibility may be fixed on the persons held responsible beside report may be shared with audit.

19.5.75 Fraudulent procurement of Plant & Machinery - Rs. 34.437 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 Pakistan Rangers Sindh, Karachi made procurements of different items during the year 2020-21 amounting to Rs. 34,892,800. The detail is as under:

S. No.	DetailedObject	NameofFirm	Item	Amount
1.	A-09601-Purchase ofPlant&Mach (Hosp)	M/sElatec.c.(Pvt)Ltd	BabyIncubatorwith allstandard accessories	5,800,000
2.		M/sGlobalTech	DrillerCobraCombi	2,911,000
3.		M/sGlobalTach	HasqvamaCutter Crew Bar Bolt Cutter	2,931,800
4.		M/sGreavesPakistan (Pvt)Ltd	DieselGeneratorSet 650KVA	17,350,000
5.		M/sS.M.Jaffer &Co	DieselGeneratorSect 5KVA	4,400,000
6.		M/sGlobalThe	FumigationMachine	1,500,000
Total:				**34,436,800**

Audit observed as under:

i. The item description of few bills of lading provided by the firms were not matched with the specification of item provided by the vendor e.g. bill of lading provided by M/s Greaves Pakistan Pvt Ltd showed Generator with specs of J200 K (182 KVA), however, invoice reflected Generator with specs of V650C2 (591 KVA). Therefore, copies of bills of lading provided by the firms were fake.

ii. Warranty / guarantee cards and other allied documents like manuals have not been produced to audit beside repeated requests.

iii. The HQ did not get any demand from any sector regarding procurement of above items, therefore, procurement made, cannot be justified.

iv. The HQ neither verified the items on stock register nor have these items been issued to any sector as per stock register.

On the basis of observations made, as above, audit concludes that the procurement was fraudulent.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired at ministry level and responsibility may be fixed on the persons held responsible beside inquiry report may be shared with audit.

19.5.76 Unauthorized retention of 1953 vehicles and irregular expenditure on POL & Repair – Rs. 550.317 million

Cabinet Division vide letter No.6-7/2002-MII dated 6th May 2004 has issued instructions that it is mandatory for each Ministry/Division/Department to keep the number of vehicles with in the authorized ceiling.

Serial No (xv) of the Annexure attached with Cabinet Division letter No.6/7/2001- CPC dated 12.12.2011 states that the Ministries/Division/Departments needing operational vehicle shall get their authorization of vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/Division/Department.

Audit noted that the management of PR Sindh maintained a fleet of 1953 vehicles and incurred an expenditure of Rs. 479,623,045 on POL and Rs. 70,694,505 on Repair of Vehicles.

Audit observed that all the vehicles were being maintained as operational vehicles without authorization of the Cabinet Division as no such authorization has been shown/ produced to audit.

Audit is of the view that retention of large numbers of vehicles without approval/authorization of the Cabinet Division is irregular and unauthorized.

Neither the management replied nor was DAC convened

Audit recommends that the authorization from Cabinet Division may be obtained and shared with audit.

19.5.77 Doubtful and unauthorized expenditure on Civil Works -Rs. 386.124 million

Serial No. 9(46) of Annex-I of Finance Division O.M. No. F.3(2)Exp-III/2006 dated 13.09.2006 provides that only the Ministries/Divisions have been empowered to incur expenditure up to Rs. 500,000 on works of non-residential building and no power has been delegated to the heads of departments for this purpose.

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 which states all measurement should commence date wise with full details of works done in the MBs.

GFR-192 states that when works allotted to a civil department other than the Public Works Department are executed departmentally, whether direct or through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Accountant-General generally on the principles underlying the financial and accounting rules prescribed for similar works carried out by the Public Works Department.

The management of Pakistan Rangers Sindh Karachi incurred an expenditure of Rs.386.124 million on different PSDP as well as Non-PSDP Projects during financial year 2020-21.

Sr.#	**Project**	**Rs in Million**
1	ConstructionofAccommodationforBhittaiRangersatKarachi(Phase-I)	100
2	ConstructionofAccommodationfor2XRifleWingsatKarachi	145.636
	Total	**245.636**
	Non-PSDP	
3	A124Building&Structure(Construction)&A133Building&Structure(Repair)	140.488
	Grand Total	**386.124**

Audit observed that:

i. The Director General, Pakistan Rangers Sindh, Karachi sanctioned the expenditure for construction work for which he is not competent.

ii. Technical staff / engineers for execution and monitoring of civil works is not available on the sanctioned strength of Pakistan Rangers Sindh, therefore, it is not eligible to execute these works.

iii. The measurement was not taken date wise along with step by step full details of work.

iv. In the absence of accurate measurement details i.e., without maintaining measurement book complete in all respect as prescribed by rules, the management had no tool to identify the actual value of work done and amount paid thereof. Therefore, the payments made without identifying actual value of work done was doubtful in nature.

v. Since the department did not get civil works executed from PWD, it was required to frame the procedure relating to expenditure on such works in consultation with the Accountant-General which was not done.

Audit is of the view that in the absence of monitoring of work as per technical specification and non-maintaining of standard MBs, the actual value and the payment made for the civil works was doubtful.

Neither the management replied nor was DAC convened.

Audit recommends that unauthorized expenditure on civil work worth Rs. 245.636 million may be got regularized from the competent forum besides inquiring the matter at appropriate level.

19.5.78 Irregular award of contract regarding PSDP projects– Rs. 245.636 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.

466Rule 36 of Public Procurement Rules, 2004 states that save as otherwise provided in these rules the following procedures shall be permissible for open competitive bidding, namely:

Single stage – two envelope procedure.- (v) the procuring agency shall evaluate the technical proposal in a manner prescribed in advance, without reference to the price and reject any proposal which does not conform to the specified requirements.

The management of Pakistan Rangers Sindh, Karachi executed a two Public Sector Development Programme (PSDP) Project titled "Construction of accommodation for Bhittai Rangers at Karachi" and "2 x Rifles Wing Karachi". The advertisements appeared in newspaper on 29.08.2019 and 22.01.2021 respectively for execution of following works under the project:

S#	Work	Name of Firm Awarded Contract as per Financial Bid	Amount
1	2 x Inspector Mess 14183 Sqft	M/S Misal Khan	31,200,000
2	2 x Storage Block 15810 Sqft		22,830,000
3	2 x Canteen & Tradesman 12367 Sqft		25,970,000
4	Road and Path	M/S Faisal & Brothers	20,000,000
Total cost of construction of accommodation for Bhittai Rangers at Karachi			**100,000,000**
5	Construction of 12X Check Posts at Gaddap	M/s Faisal & Brothers	7,050,000
6	Construction of 1X Entrance Gate at Gaddap		11,500,000
7	Provission of Sports Facilities at Gaddap		11,732,000
8	Provision of Internal Electrification at Gaddap	M/s Misal Khan & Co	11,628,000
9	Construction of Drainage Works at Gaddap		12,000,000
10	Construction of 6X Mechanical Transport Sheds at Gaddap	M/s Aikes Pvt Limited	2,640,000
11	Construction of 1X Entrance Gate at Gaddap Complex		11,500,000
12	Construction of Swerage Treatment Plant at Gaddap Complex		13,000,000
13	Provision of Fire Fighting Equipment at Karachi		654,000
14	Provision of Internal Electric at Gaddap Complex		27,998,000

15	Master Planning and Detailed Designing of Infrastructure and contingencies of the project	M/s SKS builders	35,934,000
Total cost of 2 x Rifles Wing Karachi			**145,636,000**
Grand Total			**245,636,000**

Audit observed that:

i. As per advertisement the following documents were required to be submitted with the Tender Forms which actually were not available on record of the Works Section:

a) Name of company/firm along with address and necessary documents

b) Documentary proof of date of constitution of the company/firm and valid certificate of Pakistan Engineering Council.

c) Bank Statement

d) Attested copy of National Tax Registration

e) List of employees with educational qualification

f) Documentary proof of executing same nature of projects

g) Details of plant, machinery and other equipment owned by the company/firm

h) Affidavit that the company/firm has no dispute with any party

ii. The process of procurement was not followed as per Public Procurement Rules, 2004.

Audit is of the view that in absence of required documents which were needed to be submitted by bidders and without scrutiny of bidding documents, award of contract is non-transparent and doubtful.

Neither the management replied nor was DAC convened.

Audit recommends that management may regularize the irregularity from the competent forum besides strengthening internal controls.

19.5.79 Non-transparent procurement of development and non-development Projects due to non-sharing of necessary details with PPRA Rs.386.124 million.

Regulation 7 of the Public Procurement Regulations, 2009 provides that all procuring agencies whether within or outside Pakistan shall post contract awards over fifty million rupees on PPRA's website on the proformas as set out in Annexure-I and Annexure-II to these regulations. Provided that where any information is related to the award of a contract is of proprietary nature or where the procuring agency is convinced that such disclosure of information shall be against the public interest, it can withhold only such information from uploading on PPRA's website subject to the prior approval of the Public Procurement Regulatory Authority.

The management of Pakistan Rangers Sindh incurred an expenditure of Rs. 245.636 million on the following development projects during Financial Year 2020-21:

(Rupees in million)

S.No.	Development Projects	Amount
1.	ConstructionofAccommodationforBhittaiRangersatKarachi(Phase-I)	100.000
2.	ConstructionofAccommodationfor 2xRifleWingsat Karachi	145.636
3.	**Non-Development Projects** A124Building&Structure(Construction)& A133Building&Structure(Repair)	140.488
Total:		**386.124**

Audit observed that:

i. The above contracts were above fifty million and after award of contracts; the management was under obligation to make all the documents public with regard to the award of contract which was not done.

ii. Non-sharing of contract details on PPRA website compromised the transparency of projects.

Audit is of the view that not posting/uploading of contract awarding details as required under the Public Procurement Regulations, 2004 on the PPRA's website is a mis-procurement, under the Public Procurement Rules, 2004.

Neither the management replied nor was DAC convened.

Audit recommends that the details of contract awards may now be uploaded on PPRA's website beside regularization of the mis-procurement by the competent authority, PPRA. Moreover, the management may enhance oversight and improve internal control measures especially by strengthening internal audit department.

19.5.80 Irregular award of contract without publishing tenders in Newspaper– Rs. 140.488 million

Rule 12(2) of Public Procurement Rules, 2004 all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

The management of Pakistan Rangers Sindh, Karachi executed a project titled "A124 Building & Structure (Construction) & A133 Building & Structure (Repair)" and incurred expenditure of Rs. 140.488 million on 86 minor construction work which was awarded to M/s Misal Khan and Co.

S.No	Classification	CostCentre	Amount
1	OfficeBuilding(Construction)	A-12401	33,113,000
2	ResidentialBuilding(Construction)	A-12402	50,268,000
3	Others	A-12470	15,902,000
4	OfficeBuilding(Repair)	A-13301	16,967,000
5	ResidentialBuilding(Repair)	A-13302	24,238,000
Total			**140,488,000**

Audit observed that advertisement was posted on the PPRA's website only and no advertisement was got published in the daily newspaper as required under the Public Procurement Rules, 2004. Therefore, the benefit of competitive rate could not be obtained.

Audit contends that non-advertising the project in the newspaper had deprived the procuring agency of the benefit of competitive rates. Overall process of awarding the tender and execution of work is non-transparent as it was not advertised in the print media and MBs were not maintained as per rule.

Neither the management replied nor was DAC convened.

Audit recommends that matter of violation of procurement rules may be inquired and responsibility may be fixed upon persons held responsible. Moreover, the management may enhance oversight and improve internal control measures especially by strengthening internal audit department.

19.5.81 Award of contracts to bidders other than lowest bidders regarding repair of vehicles– Rs 89.519 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.

Rule4 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.

The management of Pakistan Rangers Sindh, Karachi incurred an expenditure of Rs. 89,519,359 on Repair of Transport during the year 2020-21 from different contractors as per following detail:

S.No.	NameofContactor	NatureofItem	Amount
1.	M/sAlHabibAssociates	SpareEngine23L,5L,	33,346,827
2.	M/sF.K&Sons	SpareEngine2KD,14B,	24,647,479
3.	M/s International	SpareEngineD4BB,1KZ,2NZ,SUZUKI BOLAN,HondaCG125,	8,329,290
4.	M/sYunusAutos	SpareEngine1KD,1PZ,1NZ,HINO DUTRO,FTS,6BG1,	15,487,186
6.	M/sSajid& Company	Not Tprovided	7,708,577
Total			**89,519,359**

Audit observed that the bidders who quoted lowest rates were ignored by the purchase committee. As per rule above, accepting the bids of the contractors who quoted higher rates is violation of the General Financial Rules and Public Procurement Rules, 2004.

Neither the management replied nor was DAC convened.

Audit recommends that the matter may be investigated and responsibility may be fixed on the persons held responsible beside inquiry report may be shared with audit. Moreover, the management may enhance oversight and improve internal control measures especially by strengthening internal audit department.

19.5.82 Irregular procurement of batteries for vehicles– Rs. 5.389 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.

Rule4 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.

The management of Pakistan Rangers Sindh, Karachi incurred an expenditure of Rs. 5,389,719 on procurement of batteries for vehicles during the year 2020-21 from different contractors as per following detail:-

S.No.	NameofContactor	Amount(Rs)
1.	M/sCenturyEngineering	5,280,279
2.	M/sExide Battery	109,440
Total:		**5,389,719**

Audit observed that the bidders who quoted lowest rates were ignored by the purchase Committee.

As per rule above, accepting the bids of the contractors who quoted higher rates is violation of the General Financial Rules and Public Procurement Rules, 2004.

Neither the management replied nor was DAC convened.

Audit recommends that the matter may be investigated and responsibility may be fixed on the persons held responsible beside inquiry report may be shared with audit. Moreover, the management may enhance oversight and improve internal control measures especially by strengthening internal audit department.

19.5.83 Non-transparent/ Discretionary marking mechanism for interview, height, education and medical examination for recruitment of PR Sindh – 8033 recruits during 2017 to 2021

Pakistan Rangers Recruitment Rules, 1968 Rule12 (1) states that no person shall be recruited to the force unless he conforms to the following minimum physical standards:

i. Heightnotbelow5’-6’’

ii. Chestnotlessthan33incheswithexpansionof1½inches.

iii. Weightnotlessthan121(Lbs)

Rule (2) states that the physical standard laid down in sub (1) shall not be relaxed without general or special sanction of the Director General. A general reduction of the standard may be allowed by the Director General in case of an emergency or a class/tribe. Rule (3) For the purpose of sub rule (1) unit medical officers shall carry out the medical examination of personnel to be enrolled in the force.

According to Board Proceedings of different BRTCs conducted by CRO PR(S) from 2018-2021 for the purpose of recruitment on different posts in Pakistan Rangers Sindh, Recruitment Center developed an interview panel comprising following members:

President:	DDGPR(S)
Members:	SectorCommandant RAT;ColAdmnHQPR(S);DD MSHQPR(S); Commandant TC&S; 7 others Officers of the rank LT Col

The documents produced by the recruitment centre reflect that an interview panel was constituted to conduct interviews of the shortlisted candidates and awarded marks.

However, record regarding number of marks awarded to selected /unselected candidates against designed criteria has not been produced and audit activity was hindered by the concerned management. Moreover, beside several verbal requests and formal requisition the said record was not produced.

S.No	Rank	BRTC-26 (Year-2018)	BRTC-27 (Year-2019)	BRTC-28 (Year-2020)	BRTC-29 (Year-2021)	Total
1	**SIGD**	20	-	34	11	**65**
2	**HavGD**	112	-	55	53	**220**
3	**NKGD**	54	-	67	88	**209**
4	**RT**	2	4	6	5	**17**
5	**Sep Clk**	10	-	126	40	**176**
6	**Sep GD**	1119	1395	2724	869	**6107**
7	**SepCook**	46	106	165	72	**389**
8	**SepMesswaiter**	9	4	9	14	**306**
9	**Sep Misalchi**	4	5	2	8	**19**
10	**NCsE**	69	104	141	158	**472**
11	**Hav/NKGD Female**	-	-	-	4	**4**
12	**SepGDFemale**	-	-	-	49	**49**
Total						**8033**

Audit observed that:

i. During 2017-18 to 2020-21 total number of 65 Sub Inspectors (GD), 220 Havaldars (GD), 209 Naik (GD),17 Religious Teachers,176 Sepoy Clerk,6107 Sepoys (GD), 389 Sep Cook, 36 Sep Mess Waiter, 19 Sep Misalchi,472 NCsE, 4 Hav/Nk GD Female, 49 Sep GD Female were recruited during year 2018-2021 in BRTC 26- 29.

ii. The management of Pakistan Rangers, Sindh provided the Board proceeding of BRTC- 26 to BRTC-29 containing the marks system followed for preparation / finalization of merit list adopted for recruitments during the last five years. The criteria adopted for marks system for BRTC-28 was different from the BRTC-26, 27 & 29. The detail is as under:

BRTC-26, 27 & 29

DE Cat-SI,Hav,NK GD,RT& Sep Clk (60 Mks)

Education		Education (Bd Exam %)	Height		Age		PET		Written	Interview
5 Mks		5 Mks	5 Mks		5 Mks		5 Mks		20 Mks	15 Mks
BA & Above	5	100% marks in last education certificate will be equal to 5 grade marks (e.g 65% in last education cert will get 3.2/5 grade marks)	5'-10" & above	5	18-20Yrs	5	6 Mins	5	33% Passing mks	Personality/ Confidence/ Knowledge/ Tech Skills/ Sportsmen
FA	3		5'-9" & 5'-8"	3	21-23Yrs	3	6-01 to 7-0	3		
10^{th}	1		5'-7"	1	24-25Yrs	1	7-01 to 8-0	1		
			5'-6"	0	26-30Yrs	0	8-01 to 8-30	0		

BRTC-28

DE Cat-SI,Hav,NK GD,RT& Sep Clk (200 Mks)

Education		Education (Bd Exam %)	Height		Age		PET		Written	Interview
10 Mks		10 Mks	10 Mks		10 Mks		20 Mks		100Mks	40 Mks
MA	10	100% mks in last edn cert will be equal to 10 grd mks (e.g 65% in last edn cert will get 6.5/10 grd marks)	6' ft & above	10	18 Yrs	10	6 Mins	20	33% Passing mks	Personality/ Confidence/ Knowledge/ Tech Skills/ Sportsmen
BA	8		5'-11	9	19 Yrs	9	6..30	18		
FA	6		5'-10	8	20Yrs	8	7..00	16		
10^{th}	4		5'-9	7	21 Yrs	7	7..30	14		
			5'-8	6	22-23 Yrs	6	8..00	12		
			5'-7	5	24-25 Yrs	5	8..30	10		
			5'-6	4						

i. The marking system being followed for preparation/ finalization of merit list is kept discretionary by the management and it is at the sole discretion of the Board or the Director General who can approve the criteria to assess height and education of the applicants.

ii. Fixed criterion for medical examination does not exist rather it is dependent upon the discretion of the management. One example of discretion was stated that during the previous recruitment (2020-21), a new medical scrutiny check was introduced i.e checking candidates on the basis of body arts (tattoos). Any applicant having body arts was rejected during scrutiny. However, record was not provided to get it photo-copied for audit purpose.

Audit contends that the management of Pakistan Rangers may fix marking criteria of height and weight as well as medical examination as per given rule in Pakistan Rangers Ordinance, 1959. By fluctuating subject assessment criteria, many potentially eligible and meritorious candidates could become/have become unsuccessful and ineligible/less competitive candidates could become/have become eligible for recruitment.

Neither the management replied nor was DAC convened.

Audit recommends that PAO may inquire the matter of non-transparent recruitment process in Pakistan rangers Sindh, fix responsibility on the officers/officials responsible for this act of practicing discretionary mechanism of recruitment—potentially recruiting candidates of their own choice by violating meritocracy and transparency besides hindering the audit activity by partial production of record.

19.5.84 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 r 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 Audit of the accounts of Pakistan Rangers Sindh for the period 2020-21 was started on 06.12.2020 and management was repeatedly requested to produce the information as was revealed from the official website of Pakistan Rangers Sindh. The following businesses/ facilities is being run under the umbrella of Pakistan Rangers Sindh:

<table>
<tr><th>S.No</th><th>Name of Business/facility owned by Pakistan Rangers Sindh as per its official website</th><th>Requisite record not produced against each organization under umbrella of PR Sindh</th></tr>
<tr><td>1.</td><td>Pakistan Rangers Sindh Foundation</td><td rowspan="5">i. Source of funding for developing the enlisted businesses/ facilities.
ii. Detail of expenditure incurred on these businesses/ facilities.
iii. Detail of receipts earned from these businesses / facilities.
iv. Authorization by the Federal Government on developing & operating these businesses / facilities.
v. Authorization of hiring/ acquisition of land and other assets for these businesses / facilities.
vi. Recruitment of staff to run these businesses / facilities.
vii. Rules & Regulations to govern these businesses/ facilities.
viii. Fee structure of Club, Rangers Security Company, Schools and Hospitals.</td></tr>
<tr><td>2.</td><td>Pakistan Rangers Officers Club (PROC)
(established in February, 2006)</td></tr>
<tr><td>3.</td><td>The Rangers Security Guards (Pvt) Limited
(raised in March, 2014)</td></tr>
<tr><td>4.</td><td>Rangers Education System (42 commercial / welfare schools in various urban and rural areas of Sindh)</td></tr>
<tr><td>5.</td><td>Sindh Rangers Hospital at Karachi, Sukkur, Hyderabad & Nawabshah.</td></tr>
</table>

Without production of record, the source of funding and amount of funding for establishing these businesses / facilities could not be determined. Moreover, revenue earned from the businesses / facilities could also not be determined due to the subject reason. Audit contends that using public office for private purpose is illegal and unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends that PAO may inquire the matter and issue of hindering the audit activity by not producing record. The inquiry report may be shared with audit. Moreover, the subject record may be produced to audit without any further delay.

19.5.85 Recovery of Feeding Charges due to availing of Ration Allowance – Rs. 16.254 million

Para 10 of GFR Volume-1 states that every 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 Pakistan Rangers Sindh deputed the following strength for internal security on various events and incurred an expenditure of Rs. 16.254 million on feeding charges:

(Rupeesinmillion)

S.No.	EventsPeriod	Strengthtobe employed	FeedingCharges
1.	August-September,2020	7000	8.400
2.	October2020	6240	3.744
3.	October/November2020	6850	4.110
Total:			**16.254**

Audit observed that the feeding charges for the IS duties performed were allowed to the personnel performing duties but those were also allowed to draw Ration Allowance alongwith their monthly salary.

Audit is of the view that payment of feeding charges to the officers/officials already in receipt of Ration Allowance was irregular.

Neither the management replied nor was DAC convened.

Audit recommends that the feeding charges may be recovered and recovery may be got verified by audit. Audit further recommends that recovery of feeding charges of past 10 years may also be recovered and verified by audit.

19.5.86 Non-reduction of IS Allowance by 45% while availing ration allowance - Rs. 1,279.918 million

Para 5 of the Joint Services Instruction dated 12.03.1978 for the employment of Service Officers; Personnel below Commissioned Rank, Non-Combatants (Enrolled) and Civilians paid from Defence Services Estimates in Aid of Civil Power provides that in the case of personnel below commissioned ranks governed under para 4 a and b if provided with free rations, there Daily Allowance (i.e., IS) will be reduced by 45%.

The management of Pakistan Rangers Sindh incurred an expenditure of Rs. 2,844,262,602 on IS Allowance to the employees for performing internal security duties during the financial year 2020-21.

Audit observed all the employees had been allowed IS Allowance at uniform rates.IS Allowance was not reduced to 45% in respect of the personnel's below commissioned rank, Non-combatants and civilians.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for the irregularity beside recovery of the same. The recovery position may be verified from audit.

19.5.87 Over payment of IS Allowance

Para 4(b) of the Joint Services Instruction dated 12.03.1978 for the employment of Service Officers; Personnel below Commissioned Rank, Non-Combatants (Enrolled) and Civilians paid from Defence Services Estimates in Aid of Civil Power states that when detailed for duty at the station of permanent posting and do not move out of HQ/Unit. (1) Daily Allowance will be admissible at half the rate. (2) where continuous period of duty exceeds 30 days, the progressive reduction will be on the formula as under:

i. For the first 30 days at full rate.
ii. For the next 20 days at ¾ of full rate.
iii. For the remaining period at ½ of full rate.

The management of Pakistan Rangers Sindh incurred an expenditure of Rs. 2,844,262,602 on IS Allowance to the employees for performing internal security duties during the financial year 2020-21.

Audit observed that all the officers/ officials who remained on the station of permanent posting and do not move out of HQ/Unit were also allowed the same rate of IS Allowance as was allowed to the officials / officers detached from the HQ/Unit.

Audit is of the view that payment of IS Allowance at full rate and non-reduction as per above mentioned formula in respect of the officers/ officials is irregular and unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends that IS Allowance in excess of the authorized may be recovered and got verified by audit

Pakistan Coast Guards Karachi

19.5.88 Procurement from other bidders instead of lowest bidders and loss to national exchequer – Rs. 24.471 million

Rule 36 (b) of Public Procurement Rules, 2004 states that (viii) after the evaluation and approval of the technical proposal the procuring agency, shall at a time within the bid validity period, publicly open the financial proposals of the technically accepted bids only. The financial proposal of bids found technically non-responsive shall be returned un-opened to the respective bidders, (ix) the bid found to be the lowest evaluated bid shall be accepted.

The management of Pakistan Coast Guards incurred an expenditure of Rs. 24,470,774 on account of various items from different suppliers during 2020-21.

Audit observed that:

i. As per Tender Document single stage two envelops bidding process was to be followed but no such process was followed and bids were not evaluated technically.

ii. Quantity to be purchased was not mentioned in the bidding document.

iii. The procurement committee neither evaluated bids technically nor considered the lowest bidder in financial bid opening. The procurement committee awarded contract to various bidders instead of lowest bidder and did not mention any reason behind it as it did not conduct technical evaluation of bids.

The management awarded the items of contract to various bidders instead of lowest bidder.

S #	Item	Purchased from	Quantity	Rate quotedby Qualified Firm	Total Amount	Rate quoted by Lowest Bidder	TotalAs per Lowest Bidder	Loss
1	PrinterHPLaserJet 400	RBS Solutions	30	59,250	1,777,500	46,500	1,395,000	382,500
2	BulletProofJacket	BSSF Enterprises	444	114,786	50,964,984	99,800	44,311,200	6,653,784
	BulletProofHelmet		400	27,980	11,192,000	27,550	11,020,000	172,000
	Bullet Proof Concealedvest		235	43,990	10,337,650	39,850	9,364,750	972,900
3	ComputersetCore i-5 with complete accessories	M/S Enterprises	78	142,500	11,115,000	110,500	8,619,000	2,496,000
							Total	**10,677,184**

Audit contends that the procurement committee extended illegal monetary favours to the contractors and caused a loss of Rs. 24.471 million to national exchequer.

The management replied that contract was awarded to various firms on the basis of samples provided as well as quality items recommended by the technical board of officers and the items in question were selected and procured as quality prescribed in PPRA rule 2h(ii) i.e. “evaluated as the highest ranked bid or proposal on the basis of cost or quality or qualification or any combination thereof, as specified in the bidding documents or request for proposal documents which shall be in conformity with the selection techniques to be issued by the Authority.

The reply is not accepted as the bidders were qualified for financial bids after acceptance of their technical proposals. Therefore the technically qualified and lowest evaluated bidders were supposed to be awarded the contract.

Audit recommends that inquiry may be conducted and responsibility may be fixed.

19.5.89 Unauthorized award of Civil Works - Rs.20.823 Million

Serial No. 9(46) of Annex-I of Finance Division O.M. No. F.3(2)Exp-III/2006 dated 13.09.2006 provides that only the Ministries/Divisions have been empowered to incur expenditure up to Rs. 500,000 on works of non-residential building and no power has been delegated to the heads of departments for this purpose.

General Financial Rule 192 states that when works allotted to a civil department other than the Public Works Department are executed departmentally, whether direct or through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Accountant-General generally on the principles underlying the financial and accounting rules prescribed for similar works carried out by the Public Works Department.

The management of Pakistan Coast Guard Karachi called tender on 08.03.2020 for different Repair and Maintenance works of official and residential buildings and incurred an expenditure amounting to Rs. 20.823 million during the year 2020-21 through assignment account. Details are as under:

Costcenter	Head	Description	ExpenditureRs.
HQ0874	A13301	Repairofofficebuilding	10,411,000
HQ0874	A13302	Repairofresidentialbuilding	10,412,000
Total			**20,823,000**

Audit observed as under:

i. The Director General, Pakistan Coast Guard sanctioned the expenditure for repairs of office building and residential building for which he is not competent.

ii. Technical staff / engineers for execution and monitoring of civil works is not available in the sanctioned strength of PCG, therefore, it is not eligible to execute these works.

iii. The PCG has not got approved procedure for conducting the civil works as prescribed by the Pakistan Public Works Department vide GFR rule192. Moreover, technical sanction before award of work has not been achieved.

iv. Audit also observed that Pakistan Coast Guard awarded contract of repair of buildings to the same firm from last three years which creates doubts on the tendering process and transparency.

Audit contends that the expenditure incurred is irregular and unauthorized.

The management replied that a case of increase in limits for sanctioned powers of the expenditures was taken up with the Ministry of Interior. The Finance Division granted approval that in case of amount exceeding than the limited power of Director General Pakistan Coast Guards, administrative approval, technical and Expenditure Sanction will be taken case to case basis through Ministry of Interior vide Ministry of Interior letter NO.1/25/2013-CAF(CG) dated 24.06.2014.

The management has accepted the observation raised by the Audit.

Audit recommends that unauthorized expenditure on civil work worth Rs. 80.823 million may be regularized from the competent quarters. Audit also recommends that matter regarding award of contact to same firm from last few years may also be inquired and report may be submitted to audit.

19.5.90 Loss to public exchequer by depriving benefits of competitive rates - Rs.41.716 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.

Rule 14 of PPRA Rules, 2004 states that it shall be mandatory for all procuring agencies to advertise all procurement requirements exceeding prescribed financial limit which is applicable under sub-clause (i) of clause (b) of rule 42. However under following circumstances deviation from the requirement is permissible with the prior approval of the Authority.

a) The proposed procurement is related to national security and its publication could jeopardize national security objectives; and

b) the proposed procurement advertisement or notice or publication of it, in any manner, relates to disclosure of information, which is proprietary in nature or falls within the definition of intellectual property which is available from a single source.

Management Pakistan Coast Guards Karachi incurred expenditure on procurement of physical assets amounting to Rs.41,716,956 during the financial year 2020-21. As detail below:

Sr.#	Nomenclature	Cheque No.	Date	Quantity	Rates	Amounts
OtherPhysicalAssets-09899						
1.	TentLBS14x14feet(Margala Modified withPCG camoufladge Print)	8085669	04.05.21	22	214,00000	4,708,000
2.	Tent40LBS8x12FeetwithPCG CamouflagePrint	8085669	04.05.21	10	115,000	1,150,000
3	MessShelterwithPCGCamouflage Print(Size24x14)	8085669	04.05.21	1	268,996	268,996
Total						**6,126,996**
Ordinance-03954						
4	Tent180LBS14x14Feet(Margalla ModifiedwithPCGCamouflegePrint)	8290194	25.06.21	100	214000	21,400,000
5	Tent40LBS8x12FeetwithPCG CamouflegePrint	8290194	25.06.21	100	115000	11,500,000
6	MessShelterwithPCGCamouflege Print24x14	8290194	25.06.21	10	268996	2,689,960
Total						**35,589,960**
GrandTotal						**41,716,956**

Audit observed that:

i. Procurement was made without calling open tender as per PPRA rules.

ii. The said procurement was not covered under the term of national security as stipulated under Rule 14 of PPRA Rules 2004.

Audit contends that public exchequer was put to loss by depriving the benefits of competitive rates.

The management replied that direct procurement was made in light of the Ministry of Interior letter No.1/1/2017-CAF(C) dated 17.03.2017.

The reply is not acceptable as procurement was not covered under the term of national security as stipulated under Rule 14 of PPRA Rules 2004.

Audit recommends that responsibility of irregular procurement may be fixed on the officer(s) concerned. The management may inquire the mater and share report with audit.

19.5.91 Irregular expenditure due to non re-appropriation of funds from Finance Division Rs. 222.283 million.

Section 11 of PFM Act 2019 states that Principal Accounting Officers may sanction, by thirty-first day of May each year, re-appropriation of funds from one expenditure item to another within a budget grant in the manner as may be prescribed. Provided that in an exceptional case of exigency, the Finance Division may extend the prescribed time limit before the close of the financial year.

Para-7(l) of Financial Management and Powers of Principal Accounting Officers Regulations, 2021 states that the principal accounting officer shall be responsible to sanction expenditure as per the delegated financial powers. Such sanctioning of expenditure shall not exceed the allocated budget. Prior to approving of expenditure sanction, principal accounting officer shall ensure that the required budget is available in the relevant head of account. Sanctioning of expenditure shall be based on the purpose for which the funds are allocated.

The Management Pakistan Coast Guards Karachi incurred an expenditure of Rs. 222.834 million from Budget Head A03954-Ordinance Stores during 2020-21.

Audit observed that the expenditure was sanctioned from the irrelevant head of account in violation of the PAO Regulations, 2021.

Audit is of the view that irrelevant budget head was utilized for procurement of physical assets to avoid re-appropriation of funds during June, 2021 as after 30th May, 2021 the DG Coast Guard was not empowered to re-appropriate funds from one head to another.

The management replied that in pursuance of PM directives, capacity enhancement of CAFs, 2 Battalions (5th & 6th) have been raised for which 2x Technical Supplementary Grants of Rs. 294.118 million & 1157.158 million allocated vide MoI letter No.9/30/2020-2021 dated 20th & 21st June, 2021 respectively. Which were supposed to be utilized within shortest period of one week before ending of June, 2021, so that re-appropriation could not be made due to lapse of date of re-appropriation vide section 14b of FM&PAO regulations 2021 and the funds were utilized against the same head, in which funds were allocated.

The management has accepted the irregularity.

Audit recommends that the irregular re-appropriation of funds may be regularized from the PAO and stop this practice in future.

19.5.92 Irregular procurement of Uniform without open competitive bidding - Rs.14.400 million.

Para 12(2) of Public Procurement Rules, 2004 states that all procurement opportunities over three million Pakistani Rupees should be advertised on the Authority 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 Coast Guards incurred an expenditure of Rs 14,400,000 on account of procurement of uniform and protective cloths during financial year 2020-21.

Audit observed that procurement was made directly from M/s BSF Enterprises after obtaining three quotations from different firms without any bidding process during March, 2021.

Audit contends that management of Pakistan Coast Guards violated PPRA rules during the process of procurement and caused loss to public exchequer by depriving benefits of competitive rates.

The management replied that the items mentioned in para were security related. As per PPRA rule vide No.14a & b, items related to security may be procured without advertisement and calling open enders, which is further supported by Ministry of Interior vide letter No.1/1/2017-CAF(C) dated 17.03.2017.

The reply is not acceptable as procurement was not covered under the term of national security as stipulated under Rule 14 of PPRA Rules 2004. Further, the management made procurement through quotations without any bidding process.

Audit recommends that responsibility for irregular procurement may be fixed on the concerned and irregular procurement may be regularized from the quarters concerned.

19.5.93 Irregular appointment of officers without obtaining approval of the Federal Government

According to Para 4 of Pakistan Coast Guard Act 1973 "The Federal Government i.e Federal Cabinet may, by notification in the official Gazette, appoint any member of any of the Defence Services of Pakistan to be "Director General, Deputy Director General, Commandant and any other Commissioned Officer of any of the Defence Services of Pakistan with any other designation."

The management of Pakistan Coast Guards provided the sanctioned strength and available strength of the officer of armed forces working in PCG on obscandment as detail below:

No.	Rank	Auth	Held
1	Brig	1	1
2	Col	1	1
3	Lt Col	6	7
4	Cdr	1	1
5	Maj	38	31
6	Lt Cdr	2	1
7	Cap	42	4
8	Lt(PN)	4	1
9	CivsGazetted	3	1
Total		**98**	**48**

The management of Pakistan Coast Guard neither provided record relating to appointment of officers nor provided any proof whether the appointments were made with the approval of Federal Government as required under the PCG Act, 1973.

Audit is of the view that appointment of officers without the approval of the Federal Government is violation of the PCG Act, 1973.

The management replied that MOI approved dispensed the submission of panel for secondment of Army Officers to CAF(except Head of Departments). Copy of Ministry of Defence letter No2/5/D-24/2013 dated 16.111.2016 & MoI letter No.2/5/2007-R(Punjab) dated 24th April, 2007 are attached. Furthermore, posting order in respect of Head of Department was issued by Establishment Division vide their letter No.4/24/2009-E-4 dated 13th November, 2019.

The management has accepted the view point of the audit.

Audit recommends that the approval from the Federal Government as required under the Act may be obtained for rest of the officers as enlisted in the table.

District Office, Frontier Constabulary (DOFC), Gilgit

19.5.94 Irregular payment of Civil Armed Forces (CAF) Allowance - Rs. 7.111 million

Finance Division vide O.M No.F.1(7)Imp/2009-III dated 23.07.2009 granted an allowance equal to one month's basic pay to the Civil Armed Forces Personnel including FC, NWFP and Balochistan deployed on the western front w.e.f. 01.07.2009.

The management of District Office, Frontier Constabulary (DOFC), Gilgit paid an amount of Rs. 7.111 million as Civil Armed Forces (CAF) Allowance during 2020-21.

Audit observed that CAF Allowance was paid to the personnel who were not deployed on the western front.

Audit is of the view that CAF Allowance paid to the personnel of DOFC, Gilgit is violation of provisions of the Finance Division O.M No. F.1(7)Imp/2009-III dated 23.07.2009.

Audit recommends regularization of the CAF Allowance from the Finance Division.

19.5.95 Irregular maintenance and operation of Welfare Fund

Rule 25 of GFR Vol-I states that all department regulations in so far as they embody orders of 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 District Office, Frontier Constabulary (DOFC), Gilgit established a Welfare Fund and bank accounts bearing No. PK67NBPA0425003036358627 (NBP, Gilgit) & No. 01191006715732 (Bank Alfalah, Gilgit) were being maintained for this purpose.

Audit observed that the Welfare Fund was established and maintained without the approval of the Finance Division.

Audit is of the view that establishment and maintenance of Welfare Fund without the approval of Finance Division was irregular and unauthorized.

Audit recommends that the case may be taken up with Finance Division for approval of the Welfare Fund.

19.5.96 Irregular Disbursement of IS Duty Allowance through DDO - Rs. 55.538 million

Rule 157(1) of Federal Treasury Rules (FTRs) states that Cheques drawn in favour of Government officers and departments in settlement of Government dues shall always be crossed “A/c payee only--not negotiable”.

The management of District Office, Frontier Constabulary (DOFC), Gilgit disbursed IS Duty Allowance amounting to Rs. 55.538 million from IS Duty Budget of Government of Gilgit-Baltistan during 2020-21.

Audit observed that ISD Allowance was paid in cash instead of crossed cheques.

Audit is of the view that payment of ISD Allowance amounting to Rs. 55.538 million in cash through DDO was irregular and unauthorized which may lead to misappropriation of funds.

Audit recommends that irregular practice be stopped forthwith and payment of IS Duty Allowance be made through cross cheques.

Deputy Commissioner Office, ICT, Islamabad under Ministry of Interior

19.5.97 Irregular retention of COVID-19 Fund – Rs.12.415 million

Office of the Deputy Commissioner ICT Islamabad was allocated an amount of Rs.50.00 million vide Cheque No 81497658 dated 10.04.2020 by the National Disaster Management Authority (NDMA) Islamabad for covering activities related to COVID-19 such as hiring of hotels for quarantine, traveling charges and provision of food to international passengers.

The management of the office of Deputy Commissioner ICT, Islamabad incurred an expenditure of Rs. 37,585,253 from COVID Funds of Rs 50 million up to 30.06.21 leaving a balance of Rs 12,414,747.

Audit observed as under:

i. The department retained un-utilized amount of Rs 12.415 million in current bank account No 4010124944, National Bank F-8 Branch Islamabad.
ii. Operating of bank account by the Deputy Commissioner ICT Islamabad being single signatory was irregular.
iii. Separate bank account was not opened for funds related to COVID-19 and therefore proper reconciliation of this fund could not be carried out with the bank.

Audit is of the view that retention of COVID-19 fund in a bank account of the office of the Deputy Commissioner Islamabad was irregular and unjustified.

The management did not reply till finalization of this report.

Audit recommends to fix the responsibility for non-surrendering of un utilized funds.

CHAPTER 20

MINISTRY OF MARITIMEAFFAIRS

20.1 Introduction

AsperScheduleII[Rule3(3)]DistributionofBusinessamongtheDivisionsreadwithScheduleIII[rule-4(4)]RulesofBusiness1973(Asamendedupto23rdApril,2019)followingmainbusinesshavebeenassignedtotheDivisionamongsttheotherfunctions.

1. NationalPlanning,researchandinternationalaspectsof:

   i) Inlandwatertransport;and

   ii)CoastalshippingwithinthesameProvince.

2. DivertedcargobelongingtotheFederalGovernment.
3. Navigationandshipping,includingcoastalshippingbutnotincludingshippingconfinedtooneProvince;safetyofportsandregulationofmattersrelatingtodangerouscargo.
4. Light-houses,includinglightships,beaconsandotherprovisionsforsafetyofshipping.
5. Admiraltyjurisdiction;offensescommittedonthehighseas.
6. Declarationanddelimitationofmajorportsandtheconstitutionandpowerofauthoritiesinsuchports.
7. Mercantilemarine;planningfordevelopmentandrehabilitationofPakistanmerchantnavy;internationalshippingandmaritimeconferencesandratificationoftheirconventions;trainingofseamen;poolfornationalshipping.
8. KorangiFisheriesHarborAuthority,Karachi.
9. OfficeforpromotionofDeepSeaFisheriesResourcesinExclusiveEconomicZone.
10. FishingandFisheriesbeyondterritorialwaters.
11. QualityControlLaboratoryKarachi.
12. MarineFisheriesResearchLaboratoryKarachi.

13. FisheriesTrainingCentre/DeepSeaFishingVessel.
14. OceanographyandHydrologicalResearch.
15. MarineBiologicalResearchLaboratory,Karachi.
16. WelfareofSeamen;seamenHostelKarachi.

ATTACHEDDEPARTMENTS/AUTONOMOUSBODIES

i. DirectorateofMaritimeFisheries,Karachi.
ii. DirectorateofDockworkersSafety,Karachi.
iii. KarachiPortTrust
iv. Karachi Dockyard Labour Board
v. PakistanMaritimeAcademyKarachi
vi. ShippingMasterKarachi
vii. DGPorts&ShippingKarachi.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2020-21) Rs. in million	Revenue / Receipt Audited (FY 2020-21) Rs. in million
1	Formations	10	3	171,988.489	26,382.409
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	2	2	28,379.836	-
4	Foreign Aided Project (FAP)	-	-	-	-

20.2CommentsonBudget&Accounts(VarianceAnalysis)

Final budget allocated to the Maritime Affairs for the financial year 2020-21 was Rs.3,731.15 million, out of which the Division expended an amount of Rs.2,421.27 million. The Division had 3 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

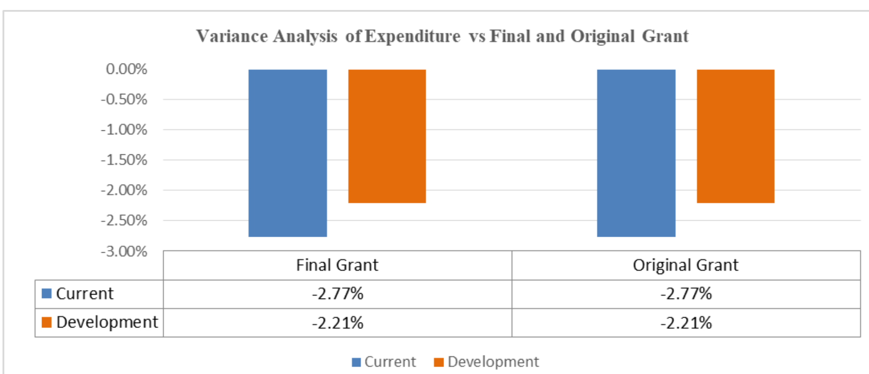
Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
113	Current	408.62	9.69	-56.34	361.96	344.58	-17.38	-4.80%
114	Current	255.08	11.40	-6.27	260.20	252.83	-7.36	-2.83%
115	Current	494.02	44.94	0.00	538.97	538.89	-24.74	-4.59%
Current Total		**1,157.72**	**66.03**	**-62.62**	**1,161.13**	**1,136.31**	**-32.11**	**-2.77%**
190	Development	2,683.31	0.00	-113.29	2,570.03	1,284.95	-56.85	-2.21%
Grand Total		**3,841.03**	**66.03**	**-175.90**	**3,731.15**	**2,421.27**	**-88.96**	**-2.38%**

Audit noted that there was an overall savings of Rs.88.96 million, which was due to less expenditure in 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 2.21% with respect to Original grant which remain unchanged w.r.t Final Grant in case of development expenditure. In case of current expenditure the 2.77% of savings in expenditure w.r.t original allocation remain unchanged w.r.t final allocation, as depicted in the graph below:



20.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.1,281,446.67million, were raised in this report during the current audit of **Ministry Of Maritime Affairs**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	3.90
2	Reported cases of fraud, embezzlement and Misappropriation	44,970.00
3	Irregularities	
A	*HR/Employees related Irregularities*	16,968.64
B	*Procurement related irregularities*	558.14
C	*Management of account with commercial banks*	51,800.21
D	*Recovery*	1,158,205.92
E	*Internal Control*	8,234.03
4	Value for money and service delivery	10.19
5	Others	695.65

20.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	4	0	0	4	-
2011-12	8	0	0	8	-
2012-13	2	0	0	2	-
2013-14	1	0	0	1	-
2015-16	20	20	6	14	30
2016-17	2	0	0	2	-
2017-18	5	0	0	5	-
2018-19	92	0	0	92	-
2019-20	75	0	0	75	-
2020-21	47	0	0	47	-
Total	**256**	**20**	**6**	**250**	30

20.5 AUDIT PARAS

Karachi Dock Labour Board Karachi

20.5.1 Doubtful payment to medical stores for local purchase over and above the cost of medicines– Rs 19.22 million

Rule 13 of GFR states that in the discharge of his ultimate responsibilities for the administration of an appropriation or part of an appropriation placed at his disposal, every Controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money, but also that the prescribed checks are effectively applied. For this purpose each Head of the Department will get the accounts of his office and those of the subordinate disbursing officers, if any, inspected at least once in every financial year by a Senior Officer not connected with the account matters to see whether effective system of internal check exists for securing regularity and propriety in the various transactions including receipt and issue of stores etc.

The management provided a list of the number of patients checked by the doctors on the pay roll of KDLB. During the financial year 2020-21 the management incurred expenditure of Rs 88.035 million on account of local purchase of medicine as detailed below:

(Rupees in million)

Sr	**Name of KDLB Doctor**	**No of Patients**	**Cost of Medicine Local Purchase**
1	M Roshan	8342	4.021
2	M Shoaib	461	0.001
3	Anita Khursheed	18216	7.472
4	Adil Hussain Arab	28847	15.011
5	Amin Ismail	9	0
6	Aneeta Adil	9166	3.344
7	Hussain ud Din	40984	18.185
8	Mahandar Bhatia	39397	18.234
9	M Zafar	8309	3.790
10	Naheed Kausar	5303	1.036
11	Summaya Abdullah	12209	4.512
12	Zahid Hussain	28578	12.429
	Total		**88.035**
Claims submitted by medical Stores & expense made			**107.255**
Over payment/Fraudulent Payment			**19.22**

Audit observed that:

i. The Finance Department provided statement showing medical store-wise expenditure of Rs. 107.255 million on account of local purchase of medicine.

ii. There is a difference of Rs 19.22 million between cost of medicines issued and the claims submitted by the medical stores.

iii. The patients purchased medicines on the prescription of the Doctors directly from the selected chemist/stores without any verification.

iv. Out of stock medicines reported by the Doctors was Rs. 88.035 million by the patients

Audit is of the view that claiming excess than the supplied medicine by the Medical Stores and acceptance of their claim by the KDLB management was doubtful.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired at appropriate level and report be shared with Audit.

20.5.2 Unauthentic purchase of medicines due to non-existence of monitoring mechanism– Rs 107.255 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 KDLB incurred an expenditure of Rs 107,255,865 on account of local purchase of medicines from four panel medical stores during FY 2020-21. The details are as under:

S.No	Particulars	Amount (Rs)
1	M/s Haider Medicos	46,799,298
2	Platinum Medical Store	55,937,089
3	Danish Medical Store	2,912,503
4	AA Medicos	1,606,985
	Total	**107,255,875**

Audit observed as under:

i. The medicines amounting to Rs 55.937 million were purchased from M/s Platinum Medical store and of Rs. 46.799 million from M/s Haider Medicos.
ii. As per available record services of M/s Danish Medicos and Platinum Medical Store were hired before 2002.
iii. The services of the above medical stores were hired without open competition.
iv. Approved rules & regulations for medical facility and hiring of services of four medical stores was not available on record.
v. Mechanism to monitor the purchase of medicines by the patients from these stores was not observed as per record. Therefore, non-existence of control mechanism provides huge opportunity of misappropriation.

Audit is of the view that there is a high possibility of fraud due to weak internal control and non-existence of control mechanism. Audit further contends that non-introduction of monitoring mechanism promotes collusion for misappropriation/fraud.

Neither the management replied nor was DAC convened.

Audit recommends that an enquiry may be conducted at appropriate level and responsibility may be fixed. The report in this regard may be shared with audit.

20.5.3 Recovery of overpayment on account of incentive to dock workers during holidays - Rs 103.216 million

Clause 51 of the Scheme states that the Board in respect of the registered dock workers shall make rules, consistent with the labour laws, providing group insurance scheme, pension, gratuity, provident fund or any other welfare measures. The rules shall provide for the rate of contribution from the registered dock workers and the registered employers, the manner and method of payment and such other matters as may be considered necessary.

As per KDLB letter No KDLB/Sectt/99/2021 dated 20 October, 2021 showing per hour rates of incentive for total hour work by worker @ Rs 74.04 p.h for day shift and @ 84.42 p.h for Night shift. However, in case of engagement at port on holidays, the payable double wages is as under:-

Double Wages Rates

Particulars	Day	Nights
Daily wage x 2	1969.28	2271.22
House Rent x 2	886.18	1022.08
CLA	272.49	272.49
Food Allowance	129.07	129.07
Total	**3257.02**	**3694.86**

The management of KDLB incurred an expenditure of Rs 67.069 million on account of payment of overtime to the workers during their engagement at port during holiday during the period 2020-21 as detailed below:-

(Amount in rupees)

Month	No of Engagements (Holiday Pay)			Avg Incentive Hrs claimed	Incentive rates for holidays		Incentive Amount Double		Total Incentive Paid	Overpayment of Incentive
	Day	Night	Total		Day	Night	Day	Night		
Jul-20	2622	2114	4736	18	74.04	84.42	6,988,784	6,424,700	13,413,483	6,706,742
Aug-20	2926	3164	6090	18	74.04	84.42	7,799,077	9,615,776	17,414,853	8,707,427
Sep-20	2566	2696	5262	18	74.04	84.42	6,839,519	8,193,468	15,032,987	7,516,493
Oct-20	4713	60	4773	18	74.04	84.42	12,562,219	182,347	12,744,566	6,372,283
Nov-20	3401	3279	6680	18	74.04	84.42	9,065,161	9,965,274	19,030,436	9,515,218
Dec-20	3869	3575	7444	18	74.04	84.42	10,312,587	10,864,854	21,177,441	10,588,721
Jan-21	3177	2886	6063	18	74.04	84.42	8,468,103	8,770,900	17,239,003	8,619,502
Feb-21	3111	3046	6157	18	74.04	84.42	8,292,184	9,257,160	17,549,343	8,774,672
Mar-21	3024	3194	6218	18	74.04	84.42	8,060,291	9,706,949	17,767,240	8,883,620
Apr-21	2668	2571	5239	18	74.04	84.42	7,111,394	7,813,578	14,924,971	7,462,486
May-21	5189	4858	10047	18	74.04	84.42	13,830,968	14,764,045	28,595,013	14,297,507
Jun-21	4283	42	4325	18	74.04	84.42	11,416,080	127,643	11,543,723	5,771,861
									206,433,060	**103,216,530**

Audit observed that management irregularly paid incentive at double rate to the workers in addition to double wage during their engagement on holidays without any provision in the rules.

Audit is of the view that payment of incentive at double rate in violation of prevailing policy was irregular and may be recovered immediately.

Neither the management replied nor was DAC convened.

Audit recommends that a detailed inquiry may be conducted to investigate the materiality of the issue and to calculate amount of double/irregular payment of overtime to dock workers since start of this irregular payment besides fixing responsibility on the officer concerned.

20.5.4 Recovery of double overtime paid to dock workers during holidays - Rs 33.535 million

Clause 51 of the Scheme states that the Board in respect of the registered dock workers shall make rules, consistent with the labour laws, providing group insurance scheme, pension, gratuity, provident fund or any other welfare measures. The rules shall provide for the rate of contribution from the registered dock workers and the registered employers, the manner and method of payment and such other matters as may be considered necessary.

As per KDLB letter No KDLB/Sectt/99/2021 dated 20 October, 2021 showing rates per hour rates of overtime for extra hour work @ Rs 93.61 per hour for day shift and @ 107.97 per hour for Night shift. However, in case of engagement on holidays, the payable double wages (not overtime) is as under:-

Double Wages Rates

Particulars	Day	Nights
Daily wage x 2	1969.28	2271.22
House Rent x 2	886.18	1022.08
CLA	272.49	272.49
Food Allowance	129.07	129.07
Total	**3257.02**	**3694.86**

The management of KDLB incurred an expenditure of Rs 67.069 million on account of payment of overtime to the workers during their engagement at port during holiday during the period 2020-21 as detailed below:-

Amount in rupees

Month	No of Engagements (Double Pay)			Average Incentive Hrs claimed	Average OT Hrs claimed	Overtime rates for holidays		Overtime Amount (Double)		Total Overtime Paid	Overpayment of Overtime
	Day	Night	Total			Day	Night	Day	Night		
Jul-20	2622	2114	4736	18	6	93.61	107.97	2,945,345	1,369,491	4,314,837	2,157,418
Aug-20	2926	3164	6090	18	6	93.61	107.97	3,286,834	2,049,702	5,336,537	2,668,268
Sep-20	2566	2696	5262	18	6	93.61	107.97	2,882,439	1,746,523	4,628,962	2,314,481
Oct-20	4713	60	4773	18	6	93.61	107.97	5,294,207	38,869	5,333,076	2,666,538
Nov-20	3401	3279	6680	18	6	93.61	107.97	3,820,411	2,124,202	5,944,613	2,972,307
Dec-20	3869	3575	7444	18	6	93.61	107.97	4,346,125	2,315,957	6,662,082	3,331,041
Jan-21	3177	2886	6063	18	6	93.61	107.97	3,568,788	1,869,609	5,438,396	2,719,198
Feb-21	3111	3046	6157	18	6	93.61	107.97	3,494,649	1,973,260	5,467,908	2,733,954
Mar-21	3024	3194	6218	18	6	93.61	107.97	3,396,920	2,069,137	5,466,057	2,733,028
Apr-21	2668	2571	5239	18	6	93.61	107.97	2,997,018	1,665,545	4,662,563	2,331,281
May-21	5189	4858	10047	18	6	93.61	107.97	5,828,907	3,147,110	8,976,017	4,488,009
Jun-21	4283	42	4325	18	6	93.61	107.97	4,811,180	27,208	4,838,388	2,419,194
								46,672,823	**20,396,613**	**67,069,435**	**33,534,718**

Audit observed that management irregularly paid double overtime in addition to the double wage to workers during their engagement on holidays without any provision in the rules.

Audit is of the view that payment of double overtime is in violation of prevailing policy and may be recovered immediately.

Neither the management replied nor was DAC convened.

Audit recommends that a detailed inquiry may be conducted to investigate the materiality of the issue and to calculate amount of double/irregular payment of overtime to dock workers since start of this irregular payment besides fixing responsibility on the officer concerned.

20.5.5 Bogus payment of bonus – Rs 80.707 million

According to the KDLB Resolution, three Bonus are being paid to dock workers @ 37000 during Ramzan, Eid ul Fitar and Eid-ul-Azha.

The management of KDLB paid an amount of Rs 395,947,400 on account of bonuses to dock workers during FY 2020-21.

Audit observed that there is difference of Rs 80,707,400 in actual payment of bonus and calculation as per available strength:-

Particulars	**Amount (Rs)**
Bonus Paid During the year (2020-21)	395,947,400
Amount of three bonuses @37000	111,000
Actual workers as per list including retired during the year	2840
Actual Bonus Amount	315,240,000
Difference (Paid-Actual)	80,707,400

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired at appropriate level and report may be shared with Audit.

20.5.6 Illegal appointment of 165 dock worker and expenditure thereof - Rs 827.160 million

Clause 2(1) of the Scheme states that the objective of the Scheme are to ensure greater regularity of employment for dock workers and to secure that an adequate number of dock workers and to secure that an adequate number of dock work, expeditious and economic turn-round of ships and speedy transit of goods through the Port.

Clause 8(b) of the Scheme states that the Board shall be responsible for increase or decrease the number of registered dock worker in any category on the register from time to time as may be necessary after a periodical review of the registers and anticipated requirements {provided that the decrease in number of registered dock if required, shall be on the principle of last in first out basis and once number of registered dock workers on the roster of the Board is identified as surplus, the Board shall not allow any fresh registration of dock workers, including registration of sons of the retired or deceased dock workers in their place.

Para 12 of the judgment of the High Court of Sindh in case C.P No.D-2187 of 2015 the management of KDLB briefed the court as under:

"In 2000 KDLB has strength of Dock Workers about 6000 and Administrative Staff strength was 285. Due to automization in cargo handling the requirement of workers was considerably reduced. The Government banned the registration of dock workers till strength is rationalized to 1700 dock workers as prescribed by the Board, and Board has rationalized the Administrative staff strength to 159. Doctors strength was 16 in year 2000 including Chief Medical Officer. The dock workers strength since 2000 have been reduced to 2761, accordingly strength of dependents also reduced from 46000 to 22000."

The management of KDLB provided list of dock workers showing their date of appointment which revealed that 165 dock workers were appointed during the 2020-21. The average salary of a Dock Worker during June 2021 is as under:-

Month	Nature of wages	Amount
June 2020-21	Paid by KDLB	183,570,911
June 2020-21	Paid by Stevedore	179,525,170
Total		**363,096,081**
No of Workers		2678
Average Salary		**135,585**

Audit observed as under:

i. The management did not provide the record of appointments of these workers, however, they informed that these workers were appointed being sons of those workers who were declared medically unfit.

ii. No provision for appointment under such condition was available in the Scheme, 1973 (Repealed).

iii. The government has already banned the registration of dock workers till the strength rationalized to 1700.

iv. The average salary (Rs. 135,585) expenditure on retention of 165 dock worker based on dock workers' wages and allowances for the years 2020-21 comes to Rs 22.372 million.

Audit is of the view that the management failed to maintain the required level of dock workers and appointment of additional 165 workers is illegal and resulted an extra expenditure of Rs. 22.372 million

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired at appropriate level, responsibility may be fixed upon officer responsible for illegal posting. The report may be shared with audit.

20.5.7 Recovery of double payment of house rent allowance during holidays - Rs.76.65 million

Clause 51 of the Scheme states that the Board in respect of the registered dock workers shall make rules, consistent with the labour laws, providing group insurance scheme, pension, gratuity, provident fund or any other welfare measures. The rules shall provide for the rate of contribution from the registered dock workers and the registered employers, the manner and method of payment and such other matters as may be considered necessary.

As per KDLB letter No KDLB/Sectt/99/2021 dated 20.10.2021 showing rates of double wage being paid to dock workers engaged at port on the requisition of stevedores is as under:-

Particulars	Day	Nights
Daily wage x 2	1969.28	2271.22
House Rent x 2	886.18	1022.08
CLA	272.49	272.49
Food Allowance	129.07	129.07
Total	**3257.02**	**3694.86**

The management of KDLB incurred an expenditure of Rs 153,330,967 on account of double HRA to dock workers for engagement on holidays during the period 2020-21 as detailed below:-

(Amount in Rupees)

Month	No of Engagements (Double Pay)			Rate of HRA (Double)		Amount of HRA		Total	Overpayment
	Day	Night	Total	Day	Night	Day	Night		
Jul-20	2622	2114	4736	1,969.28	2,271.22	5,163,452	4,801,359	9,964,811	4,982,406
Aug-20	2926	3164	6090	1,969.28	2,271.22	5,762,113	7,186,140	12,948,253	6,474,127
Sep-20	2566	2696	5262	1,969.28	2,271.22	5,053,172	6,123,209	11,176,382	5,588,191
Oct-20	4713	60	4773	1,969.28	2,271.22	9,281,217	136,273	9,417,490	4,708,745
Nov-20	3401	3279	6680	1,969.28	2,271.22	6,697,521	7,447,330	14,144,852	7,072,426
Dec-20	3869	3575	7444	1,969.28	2,271.22	7,619,144	8,119,612	15,738,756	7,869,378
Jan-21	3177	2886	6063	1,969.28	2,271.22	6,256,403	6,554,741	12,811,143	6,405,572
Feb-21	3111	3046	6157	1,969.28	2,271.22	6,126,430	6,918,136	13,044,566	6,522,283
Mar-21	3024	3194	6218	1,969.28	2,271.22	5,955,103	7,254,277	13,209,379	6,604,690
Apr-21	2668	2571	5239	1,969.28	2,271.22	5,254,039	5,839,307	11,093,346	5,546,673
May-21	5189	4858	10047	1,969.28	2,271.22	10,218,594	11,033,587	21,252,181	10,626,090
Jun-21	4283	42	4325	1,969.28	2,271.22	8,434,426	95,391	8,529,817	4,264,909
							Total	**153,330,976**	**76,665,488**

Audit observed that management paid double wages for holiday engagement including double house rent allowance to Dock Workers.

Audit is of the view that payment of double HRA is unjustified therefore amount of Rs 76.665 was over paid and same may be recovered immediately.

Neither the management replied nor was DAC convened.

Audit recommends that a detailed inquiry may be conducted to investigate the materiality of the issue and to calculate amount of double/irregular payment of overtime to dock workers since start of this irregular payment besides fixing responsibility on the officer concerned.

20.5.8 Un-justified expenditure on account of bonus to Dock Workers - Rs 395.947 million

According to the KDLB Resolution, three Bonus are being paid to dock workers @ 37000 during Ramzan, Eid ul Fitr and Eid-ul-Azha.

The management of KDLB paid an amount of Rs 395,947,400 on account of bonuses to dock workers during FY 2020-21

Audit observed that:-

i. All workers were paid bonus without linking it with the individual's performance
ii. KDLB is already in deficit of Rs 753.671 million, therefore, there is no justification for payment of bonus. The details of income and expenditure is as under:-

Particulars	**Amount**
Income during 2020-21	1,541,069,432
Expenditure during 2020-1	2,294,741,172
Deficit	**-753,671,740**

Audit is of the view that keeping in mind the financial position of entity, payment of bonus to all workers without linking their performance was unjustified.

Neither the management replied nor was DAC convened.

Audit recommends that the attune practice of payment of bonus may be stopped hence forth.

20.5.9 Recovery of overpayment due to inclusion of House Rent Allowance in emolument reckonable for pension – Rs 101.123 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.

The KDLB workers drawing following monthly guaranteed minimum wages and HRA:

Shift	Monthly Pay	HRA 45%	Total
Day	35,177	15,830	51,007
Night	39,707	17,867	57,574

The management of KDLB incurred an expenditure of Rs 325,837,854 on account of gratuity to dock workers during the period 2020-21.

Audit observed that management included house rent allowance in the pension emoluments at the time of retirement of Dock Workers and paid 100% commuted value of pension as gratuity. Resultantly, an amount of Rs 101,123,635 (31% of 325,837,854) was over paid to the workers.

Audit is of the view that KDLB funds were put to loss due to inclusion of HRA in pension emoluments.

Neither the management replied nor was DAC convened.

Audit recommends that irregular practice may be stopped forthwith and responsibility may be fixed on the concerned beside recovery of the overpaid amount from pension. Moreover, responsibility of overpayment may be fixed on the ED, KDLB for approving the irregular payments.

20.5.10 Recovery of overpayment of wages to dock workers – Rs. 124.173 million

Rule 13 of GFR states that in the discharge of his ultimate responsibilities for the administration of an appropriation or part of an appropriation placed at his disposal, every Controlling officer must satisfy himself not only that adequate provisions exist within the departmental organization for systematic internal checks calculated to prevent and detect errors and irregularities in the financial proceedings of its subordinate officers and to guard against waste and loss of public money, but also that the prescribed checks are effectively applied. For this purpose each Head of the Department will get the accounts of his office and those of the subordinate disbursing officers, if any, inspected at least once in every financial year by a Senior Officer not connected with the account matters to see whether effective system of internal check exists for securing regularity and propriety in the various transactions including receipt and issue of stores etc.

On the request of stevedores the management of KPT engaged their workers at port area and paid accumulated wages after receipt from stevedores as detailed below:-

Particulars	**Day Shift**	**Night Shift**
Wages and others	1829.29 per day	2048.21 per day

Audit worked out engagement record as of June, 2021 on sample basis as detailed below:-

No of Engagement	**Workers engaged**	**No of days for each worker**	**Average Accumulated wage rate**	**Amount to be paid**	**Actually paid**	**Difference**
35865	2595	13.82081	1938	**69,506,370**	76,508,736	7,002,366
27706	2663	10.40406	1938	**53,694,228**	63,297,312	9,603,084
						16,605,450
Average overpayment 12%						

Audit observed that during August, 2020 and June 2021 an amount of Rs 16.605 million was over paid on account of accumulated wages at an average rate of 12% per month. On this basis, an amount of Rs.124.173 million was over paid to dock worker at an average of 12% per month for the FY 2020-21. The details are as under:-

Month	**Accumulated wages paid**	**Average 12% overpaid**
July 2020	69,064,788	8,287,775
Aug 2020	63,297,312	7,595,677
Sep 2020	92,523,191	11,102,783
Oct 2020	72,951,807	8,754,217
Nov 2020	97,949,382	11,753,926
Dec 2020	113,770,285	13,652,434
Jan 2021	97,319,876	11,678,385
Feb 2021	81,387,421	9,766,491
Mar 2021	90,864,773	10,903,773
Apr 2021	97,468,965	11,696,276
May 2021	81,668,492	9,800,219
June 2021	76,508,736	9,181,048
	1,034,775,028	**124,173,003**

Neither the management replied nor was DAC convened.

Audit recommends that overpaid amount may be recovered and responsibility may be fixed on the person at the helm of affairs under verification by audit.

20.5.11 Non-preparation and certification of financial statements since Financial Year 2015-16.

Clause 8 (p) of the Karachi Dock Workers (Regulation of Employment) Scheme, 1973 states that “the Board shall be responsible for dealing with all matters of policy and in particular may appoint before the commencement of each financial year a recognized firm of auditors to audit its accounts”.

The financial statements of 2008-09 of KDLB were audited by a firm of Chartered Accountant firm but the financial statements for the years 2015-16 to 2020-21 were neither prepared nor got audited by a Chartered Accountant firm.

Audit is of the view that non-provision of audited financial statements was a violation of the Dock Workers (Regulation of Appointment) Act. Moreover, non-preparation and certification of financial statement is a deliberate attempt to hide irregularity, misappropriation and fraud.

Audit recommends that responsibility may be fixed for non-preparation of financial statements that were required to be prepared and got audited from Chartered Accountants and missing financial statements be prepared without any further delay.

Neither the management replied nor was DAC convened.

The financial statement since 20015-16 to 2020-21 may be audited and got verified from Audit.

20.5.12 Recovery of outstanding rent of KDLB properties from the tenants - Rs 81.913 million

GFR-26 Vol-I states that “Subject to any special arrangement that may be authorised 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, realised and duly credited in the Public Account”.

The management of KDLB has rented out the five floors with covered area 85924 Sq ft to different private/government offices.

Audit observed that an amount of Rs 81.913 million is outstanding against 11 offices. No effort was made to recover the outstanding rent from the tenants. Detail is given below:

Sr No.	Name of Tenant	Outstanding rent upto 30.06.2021
1	Al Karam Textile	3,606,306
2	A Razaq	496,112
3	Eful Ins	1,531,354
4	Inshipping	2,203,312
5	In Survey	5,834,966
6	Mega Trans	992,131
7	Imran Crown	1,174,542
8	Ibrahim Textiles	1,287,000
9	Innovative Integration	624,645
10	UBL	2,035,685
11	Xpress Feeders	3,149,312
12	Amna Industries	961,000
13	Gul Agencies	354,609
14	Meezan Bank	871,794
15	ZS Logistics	535,680
16	Cess Pak Cargo	1,512,000
17	Megatech	319,200
18	DG Ports and Shipping	54,423,530
	Total	**81,913,178**

Audit is of the view that non-recovery of outstanding rent from the tenants is a serious lapse on the part of the management.

Neither the management replied nor was DAC convened.

Audit recommends that the outstanding rent may be recovered from the tenants and recovery may be verified by audit.

20.5.13 Doubtful payment of wages in absence of authentic attendance record of the workers-Rs. 211.034 million

Clause 417(1) of the Schemes states that states subject to the conditions set out in this clause and clause 42, when in any wage period a registered dock worker in Register I is available for work but is not given employment or full employment, he shall be entitled to receive from the Board such amounts as may be admissible to him under Clauses 29, 30 and 32.

Clause 27(3) of the Scheme states that register dock workers of each category shall be allocated work by rotation.

The management of KDLB maintaining a roster of 2,701 registered dock workers. During 2020-21, Rs 1.034 million (excluding overtime and incentive) was paid to the engaged workers through stevedores as detailed below:-

Month	**Accumulated wages paid**
July 2020	69,064,788
Aug 2020	63,297,312
Sep 2020	92,523,191
Oct 2020	72,951,807
Nov 2020	97,949,382
Dec 2020	113,770,285
Jan 2021	97,319,876
Feb 2021	81,387,421
Mar 2021	90,864,773
Apr 2021	97,468,965
May 2021	81,668,492
June 2021	76,508,736
	1,034,775,028

The average employment of the dockworkers for the last many years was almost 50% of the total strength. As per calculation, each worker remain idle for more than 11 days in a month as under:-

Total Average Guaranteed Wage (GW) per month	Rs 56,015,385
Total Workers	2701
Average GW Per Worker/month	**20738.75787**
Average Per day GW (Night & Day Shifts)	Rs 1,810
Average Idle days of each worker/month	**11.45**
Average Engaged Days for each worker	**18.55**

Audit observed as under:

i. The management did not devise any system for marking attendance of the dockworkers at closing hours to ascertain the physical presence of the dockworkers.

ii. The engaged workers are normally engaged other workers at port to perform their work on payment, therefore, most of the workers use this facility for only money making.

Audit is of the view that payment of wages without authentic record of attendance was irregular and unauthorized.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired at Ministry's level and report be provided to Audit.

20.5.14 Under fixation of monthly rents than market rates and renting out KDLB building without open competition – Rs. 4.801 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 management of KDLB rent out five floors of main building to thirty different organizations and generating an amount of Rs 8,214,560 on account of Rent.

After scrutiny of available files of 16 properties, it has been observed that lease was granted to different tenants at different rates at same floor without open auction. The loss calculated on the basis of highest rent of same floor or upper floor comes to Rs 4.801 million.

Floor-wise highest rates

S.No.	Floor	Rate per Sq.Ft
1.	Ground Floor	125
2.	First Floor	99
3.	Second Floor	99

4.	Third Floor	No record provided
5.	Fourth Floor	85.80
6.	Fifth Floor	125

Loss due to renting out of KDLB building on lower rates:

Sr	Tenant	Floor	Area Sq/ft	Mode of revision	Rate / Sq ft	Period	Highest rate at Floor	Dirff-	Per year loss	Loss during lease period of three years
	SAS Pak Cargo	1	6000		42.00	2020-21	99	57.00	342,000	1,026,000
	Innovative Integration	2	1050	24% after every 3 years	99.00	2020-21	99	-	-	-
	Amna Industry	2	3978	10% P.A	77.94	2020-21	99	21.06	83,777	251,330
	X-Press Feeders Shipping Agency	2	2958	8% per anum	64.00	2020-21	99	35.00	103,530	310,590
	Imran Crown Cork Pvt Ltd	4	2572	24% after every 3 years	85.80	2020-21	85.80	-	-	-
	MEGA Tech	4	5968	24% after every 3 years	76.26	2020-21	85.80	9.53	56,894	170,681
	Gul Agency Pvt Ltd	4	961	24% after every 3 years	61.50	2020-21	85.80	24.29	23,347	70,040
	Razaq Baramichari	5	750	10% pa	96.17	2020-21	125	28.83	21,623	64,868
	Saif Textile Mill	5	600	24% after every 3 years	69.00	2020-21	125	56.00	33,600	100,800
	Insurvey Pak Pvt Ltd	G	8280	24% after every 3 years	94.57	2020-21	125	30.43	251,960	755,881
	Megat Trans Pvt Ltd	G	2000	24% after every 3 years	90.15	2020-21	125	34.85	69,700	209,100
	Inshipping Pvt Ltd	G	1000	24% after every 3 years	64.26	2020-21	125	60.74	60,740	182,220
	Inshipping Pvt Ltd	G	3000	24% after every 3 years	64.26	2020-21	125	60.74	182,220	546,660
	Bashir Siddique Goods Transport	G	2000	24% after every 3 years	64.00	2020-21	125	61.00	122,000	366,000
	ZS Logistics	G	1600	24% after every 3 years	55.80	2020-21	125	69.20	110,720	332,160
	Road King petroleum	G	2000	24% after every 3 years	55.80	2020-21	125	69.20	138,400	415,200
										4,801,530

The management of KDLB did not provide files of remaining properties.

Audit is of the view that KDLB funds are facing recurring loss due to this irrational policy of leasing. Further, there is a high probability that KDLB management has collusion with tenants and granting them favour in shape of fixing less rent.

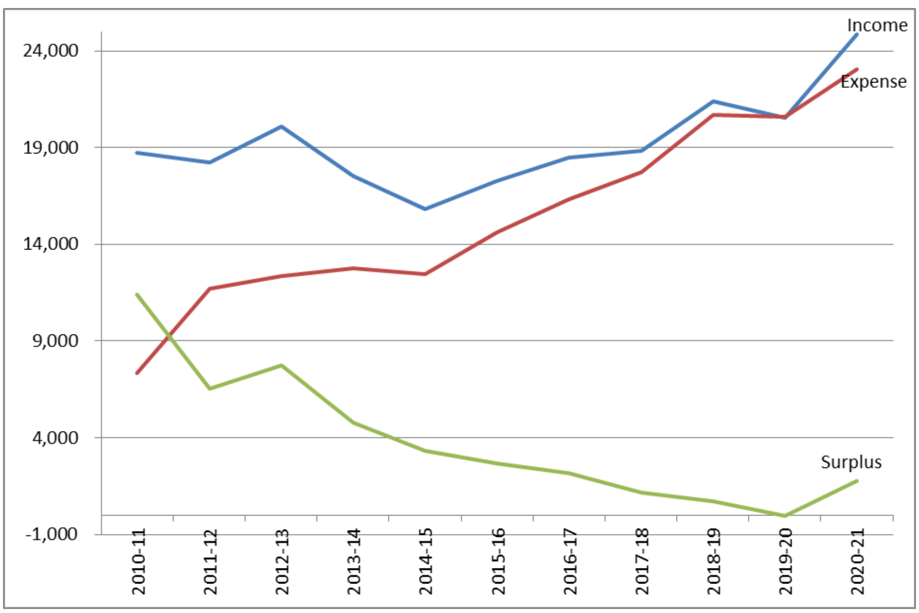
Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired at appropriate level and responsibility may be fixed on the concerned, loss recovered and verified by audit.

Karachi Port Trust

20.5.15 Financial review of KPT for 10 years (2010-11 to 2020-21) – Risk of Unsustainability.

During course of Audit, financial review of KPT for last ten years was conducted. The financial review of KPT reflects the following trend.



Graph-I Graphical view of Financial position of KPT during last 10 years

(For the purpose of analysis, FY 2010-11 has been taken as base year)

i. There is a continuous decreasing trend of surplus available to KPT during the decade and final, being 2019-20, the surplus of KPT was not only totally exhausted but the entity registered deficit of Rs 38 million. However, during 2020-21, there is slight recovery of surplus due to positive fluctuation of USD rate and conversion of USD into PKR reflected surplus of Rs 1.777

billion. Had the dollar rate did not increase abnormally high, the deficit would be phenomenally very high.

ii. During financial years 2011-12, 2013-14, 2014-15, 2015-16 and 2016-17 recorded negative growth in income at the rate of -3, -6, -16, -8, & -1 respectively, during last decade. However, during 2016-17, the SAPTL kicked off operation and started contribution to KPT's revenue, therefore, -8% growth (2015-16) translated into -1% growth in 2016-17. To sum up, the decade registered growth of income from -3% to 33% at close of FY 2020-21

iii. The KPT had registered unusually very high rate of expenditure as compared to base year (2010-11). During 2010-11. The total reported expenditure was 7.31 billion while the following year 2011-12 registered 60% increase in expenditure (11.68 billion). The increasing trend of expenditure went upto 2018-19 (from 69% increase to 183% increase), however, FY 2019-20 registered a little pause to expenditure as compare to previous years, only to take an extra ordinary jump in expenditure from Rs 20.595 billion to Rs 23.064 billion in the following year (2020-21). In short, the expenditure was Rs 7.31 billion in 2010-11 and it increased to Rs 23.064 billion in 2020-21 (215% increase).

iv. To cap it all, during 2010-11 to 2020-21, income recorded -3% to 33% growth while expenditure recorded 60-215% increase. If the trend continues, KPT would incur regular loss and would become unsustainable but thanks to currency fluctuation, it is floating.

Amount in Million

Period	**Total Income**	**Increase (+) Decrease (-) Base Year 2010-11**	**Expenditure**	**Increase (+) Decrease (-) Base Year 2010-11**	**Surplus (Deficit)**	**Increase (+) Decrease (-) Base Year 2010-11**

2010-11	18,728		7,313		11,415	
2011-12	18,236	-3%	11,683	60%	6,553	-43%
2012-13	20,103	7%	12,363	69%	7,740	-32%
2013-14	17,537	-6%	12,759	74%	4,778	-58%
2014-15	15,820	-16%	12,482	71%	3,338	-71%
2015-16	17,279	-8%	14,611	100%	2,669	-77%
2016-17	18,470	-1%	16,323	123%	2,147	-81%
2017-18	18,849	1%	17,703	142%	1,146	-90%
2018-19	21,405	14%	20,701	183%	703	-94%
2019-20	20,557	10%	20,595	182%	-38	-100%
2020-21	24,841	33%	23,065	215%	1,777	-84%
	211,825		**169,596**			

Table No-1 financial review of KPT for 10 years

The management replied that expenditure was increased due to the fact that it has not only been impacted by inflation, but also other factors such as, but not limited to, global oil prices, global spares prices and dollar appreciation. Furthermore, during this time period KPT (in 2017-18), due to legal issues, has been barred from handling coal which contributed approx. 7 million M/Tons per annum to cargo handling of KPT. Despite these and many other challenges (such COVID) KPT has strived and succeeded in handling record Cargo (approx. 55 million M/Tons in 2017-18) which has bolstered the National Exchequer in terms of custom duties and other applicable taxes collected. Also, for the current financial year (2021-22) it is expected that KPT will realize a profit of approximately Rs.2 billion.

The reply of the management is not in accordance with observations.

Major issues and recommendations are given in the observation statements following it.

20.5.16 High risk of fraud by KICT on KPT's Revenue - Rs-17.984 billion

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.

Rule 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.

Article 27.6.1 & 27.6.2 of implication agreement between KPT and TOCs states that the sponsor shall make arrangement for the appointment as auditor to TOC of a firm of independent chartered accountant. KPT shall have the right to conduct special audit only in respect of royalty, payments and KPT charges collected by TOC. TOC shall promptly furnish to KPT such information as KPT may from time to time reasonably request and permit representative of KPT on notice and during TOCs regular business hours to visit the terminal and any of the other premises where the business of TOC is conducted and to have access to its books of accounts and record for conducting audits.

The management of KPT reported that an amount of Rs 17,983,653,007 has been received from KICT on account of Royalty and Wharfage for the period 1998-99 to 2020-21 as detailed below:-

Amount in Rupees

Period	**Royalty**	**Wharfage**	**Total**
1998-99	16,006,908	Not provided	16,006,908
1999-2000	55,056,941	Not provided	55,056,941
2000-01	81,056,469	Not provided	81,056,469
2001-02	86,252,396	Not provided	86,252,396
2002-03	82,334,808	Not provided	82,334,808
2003-04	94,398,916	Not provided	94,398,916
2004-05	102,976,555	Not provided	102,976,555
2005-06	138,706,623	Not provided	138,706,623
2006-07	167,530,255	Not provided	167,530,255
2007-08	182,594,295	Not provided	182,594,295
July-Nov 2008	110,498,084	Not provided	110,498,084
Nov 2008-June 2009	138,927,416	Not provided	138,927,416
2009-10	351,139,499	Not provided	351,139,499
2010-11	389,591,155	Not provided	389,591,155
2011-12	402,722,597	699,889,793	1,102,612,390
2012-13	474,060,100	810,760,695	1,284,820,795
2013-14	508,314,929	837,397,410	1,345,712,339
2014-15	653,113,286	916,388,080	1,569,501,366
2015-16	1,066,933,841	1,132,227,152	2,199,160,993

2016-17	909,480,760	1,037,254,425	1,946,735,185
2017-18	905,139,434	847,247,991	1,752,387,425
2018-19	880,194,678	730,804,529	1,610,999,207
2019-20	840,877,491	547,515,782	1,388,393,273
2020-21	1,095,918,158	690,341,556	1,786,259,714
Total	**9,733,825,594**	**8,249,827,413**	**17,983,653,007**

Audit observed that:-

i. The revenue received from KICT by KPT was not being reconciled with the record of KICT since its inception.
ii. No action was reported by the management against TOCs regarding observations made by the external audit firm.
iii. As per record provided to audit, only once in last 23 years of signing of implementation agreement audit of TOCs was conducted by a CA firm for 5 years from 2013-18 during May, 2020 and during this audit, complete record was not provided to third party auditors.
iv. The royalty and wharfage collected by the management of TOCs was based on the Electronic Data Interface (EDI) of each ship showing complete detail of containers. Vessel Departure Report (VDR) is prepared by the management of TOCs on the basis of said EDI and bills of royalty and wharfage were generated.
v. However, the primary document, EDI on the basis of which verification of container's movement can be made, was not provided to audit besides several requisitions, visits and verbal requests.
vi. The KPT management hired services of external auditor M/s Crowe Hussain Choudhry & Co to audit of royalty and other charges collected by TOCs for the period 2013-2018 and the auditor gave ***qualified opinion*** mainly due unauthentic verification mechanism and incomplete record.

Audit is of the view that revenue record maintained by KPT is unauthentic and not being reconciled since outsourcing of operations to KICT.

The management replied that terminal operating corporation (TOC's) are operating at the port under their respective agreements for handling import/export at container volumes at the port of Karachi. They collect charges from their customers and pay wharfage and royalty to KPT. The basis of calculation of these charges is the vessel departure report (VDR). The information is shared with the custom authorities and other agencies at the port. Imports / Exports are only passed after r clearance of customs, so it is not possible that imports / exports container are not accounted for. However to match VDR data with EDI data, KPT Management is hiring services of an External Auditors as allowed under agreements to carry out 100% audit of transactions of these TOC's.

The reply of the management is not satisfactory as KPT failed to hire services of external auditors till date. Audit recommends that a Forensic Audit may be conducted for the whole period of operations by KICT to check the authenticity of receipts of KPT.

20.5.17 High risk of fraud by PICT on KPT's Revenue - Rs 13.617 billion

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.

Rule 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.

Article 27.6.1 & 27.6.2 of implication agreement between KPT and TOCs states that the sponsor shall make arrangement for the appointment as auditor to TOC of a firm of independent chartered accountant. KPT shall have the right to conduct special audit only in respect of royalty, payments and KPT charges collected by TOC. TOC shall promptly furnish to KPT such information as KPT may from time to time reasonably request and permit representative of KPT on notice and during TOCs regular business hours to visit the terminal and any of the other premises where the business of TOC is conducted and to have access to its books of accounts and record for conducting audits.

The management of KPT reported that an amount of Rs 13,617,119,444 has been received from PICT on account of Royalty and Wharfage since 2002-03 to 2020-21 as detailed below:-

Amount in rupees

Period	Royalty	Wharfage	Total
2002-03	42,433,023	Not provided	42,433,023
2003-04	74,152,316	Not provided	74,152,316
2004-05	251,241,047	Not provided	251,241,047
2005-06	237,619,597	Not provided	237,619,597
2006-07	285,856,006	Not provided	285,856,006
2007-08	356,437,085	Not provided	356,437,085
2008-09	431,217,037	Not provided	431,217,037
2009-10	522,348,999	Not provided	522,348,999
2010-11	573,397,997	Not provided	573,397,997
2011-12	538,172,165	497,193,304	1,035,365,469
2012-13	573,056,948	474,084,346	1,047,141,294
2013-14	667,326,178	575,096,277	1,242,422,455
2014-15	749,035,490	200,669,131	949,704,621
2015-16	882,455,081	264,562,819	1,147,017,900
2016-17	768,013,398	256,064,733	1,024,078,131
2017-18	765,529,127	225,081,598	990,610,725
2018-19	785,026,412	202,295,240	987,321,652
2019-20	864,279,162	178,469,788	1,042,748,950
2020-21	1,146,905,221	229,099,918	1,376,005,139
Total	**10,514,502,290**	**3,102,617,154**	**13,617,119,444**

Audit also observed that:-

i. The revenue received from PICT by KPT was also not being reconciled with the record of KICT since its inception.
ii. No action was reported by the management against TOCs regarding observations made by the external audit firm.
iii. As per record provided to audit, only once in last 19 years of signing of implementation agreement audit of PICT was conducted by the KPT for only 5 years from 2013-18 during May, 2020 and during this audit, complete record was not provided to third party auditors.
iv. The royalty and wharfage collected by the management of PICT was based on the Electronic Data Interface (EDI) of each ship showing complete detail of containers. Vessel Departure Report (VDR) is prepared by the management of TOCs on the basis of said EDI and bills of royalty and wharfage were generated.

v. However, the primary document, EDI on the basis of which verification of container's movement can be made, was not provided to audit besides several requisitions, visits and verbal requests.

vi. The KPT management hired services of external auditor M/s Crowe Hussain Choudhry & Co to audit of royalty and other charges collected by TOCs for the period 2013-2018 and the auditor gave ***qualified opinion*** mainly due unauthentic verification mechanism and incomplete record.

Audit is of the view that revenue record maintained by KPT is unauthentic and not being reconciled since outsourcing of operations to PICT.

The management replied that the terminal operating corporation (TOC's) are operating at the port under their respective agreements for handling import/export at container volumes at the port of Karachi. The collect charges from there customers and pay wharfage and royalty to KPT. The basis of calculation of these charges is the vessel departure report (VDR). The information is shared with THE custom authorities and other agencies at the port. Imports / Exports are only passed after r clearance of customs, so it is not possible that imports / exports container are not accounted for. However to match VDR data with EDI data KPT Management is hiring services of an External Auditors as allowed under agreements to carry out 100% audit of transactions of these TOC's.

The reply of the management is not satisfactory as KPT failed to hire services of external auditors till date.

Audit recommends that a Forensic Audit may be conducted for the whole period of operations by PICT to check the authenticity of receipts of KPT.

20.5.18 High risk of fraud by SAPTL on KPT's Revenue Rs-13.369 billion

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.

Rule 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.

Article 27.6.1 & 27.6.2 of implication agreement between KPT and TOCs states that the sponsor shall make arrangement for the appointment as auditor to TOC of a firm of independent chartered accountant. KPT shall have the right to conduct special audit only in respect of royalty, payments and KPT charges collected by TOC. TOC shall promptly furnish to KPT such information as KPT may from time to time reasonably request and permit representative of KPT on notice and during TOCs regular business hours to visit the terminal and any of the other premises where the business of TOC is conducted and to have access to its books of accounts and record for conducting audits.

The management of KPT reported that an amount of Rs 13,369,367,342 has been received from SAPTL on account of Royalty and Wharfage since 2016-17 to 2020-21 as detailed below:-

Amount in Rs

Year	**Royalty**	**Wharfage**	**Total**
2016-17	499,939,389	237,492,365	737,431,754
2017-18	1,417,680,521	666,598,041	2,084,278,562
2018-19	2,290,384,593	928,081,207	3,218,465,800
2019-20	2,703,204,572	882,579,345	3,585,783,917
2020-21	2,844,272,587	899,134,722	3,743,407,309
Total	**9,755,481,662**	**3,613,885,680**	**13,369,367,342**

Audit also observed that:-

i. The revenue received from SAPTL by KPT was also not being reconciled with the record of KICT since its inception.

ii. No action was reported by the management against TOCs regarding observations made by the external audit firm.

iii. As per record provided to audit, only once in last 19 years of signing of implementation agreement audit of SAPTL was conducted by the KPT for only 5 years from 2013-18 during May, 2020 and during this audit, complete record was not provided to third party auditors.

iv. The royalty and wharfage collected by the management of PICT was based on the Electronic Data Interface (EDI) of each ship showing complete detail of containers. Vessel Departure Report (VDR) is prepared by the management of TOCs on the basis of said EDI and bills of royalty and wharfage were generated.

v. However, the primary document, EDI on the basis of which verification of container's movement can be made, was not provided to audit besides several requisitions, visits and verbal requests.

vi. The KPT management hired services of external auditor M/s Crowe Hussain Choudhry & Co to audit of royalty and other charges collected by TOCs for the period 2013-2018 and the auditor gave ***qualified opinion*** mainly due unauthentic verification mechanism and incomplete record.

Audit is of the view that revenue record maintained by KPT is unauthentic and not being reconciled since outsourcing of operations to SAPTL.

The department replied that the terminal operating corporation (TOC's) are operating at the port under their respective agreements for handling import/export at container volumes at the port of Karachi. The collect charges from there customers and pay wharfage and royalty to KPT. The basis of calculation of these charges is the vessel departure report (VDR). The information is shared with THE custom authorities and other agencies at the port. Imports / Exports are only passed after r clearance of customs, so it is not possible that imports / exports container are not accounted for. However to match VDR data with EDI data KPT Management is hiring services of an External Auditors as allowed under agreements to carry out 100% audit of transactions of these TOC's.

The reply of the management is not satisfactory as KPT failed to hire services of external auditors till date.

Audit recommends that a Forensic Audit may be conducted for the whole period of operations by PICT to check the authenticity of receipts of SAPTL.

20.5.19 Un-verified revenue receipt by Traffic & Finance Department since operation of TOCs– Rs 44.970 billion.

Article 8.8 of implementation agreements of KICT, PICT and SAPTL states that Terminal Operating Company (TOC) shall maintain detailed and proper records of all containers and non-containerised cargo or ship gear handled by TOC which records shall be available in a form and in such frequency as may be mutually agreed for inspection at TOCs premises by the officials nominated by KPT during TOCs normal business hours. These copies of such records shall be provided to KPT promptly after each sailing.

KPT generated income of Rs 44,970.139 million in terms of royalty and wharfage charges since inception of TOCs as detailed below:-

Amount in Rs

Period	Company	Royalty	Wharfage	Total
1998 to 2021	KICT	9,733,825,594	8,249,827,413	17,983,653,007
2002 to 2021	PICT	10,514,502,290	3,102,617,154	13,617,119,444
2016 to 2021	SAPTL	9,755,481,662	3,613,885,680	13,369,367,342
Total		**30,003,809,546**	**14,966,330,247**	**44,970,139,793**

Audit observed that the above amount was credited in the bank account through cheque by each TOCs without verification / monitoring by traffic department before finalization of charges.

Audit contends that authenticity of receipt cannot be ascertained without proper verification of billings being made by TOCs. The chance of collusion between verifier of receipt (Traffic Department) and the TOCs can't be ruled out.

Moreover, the General Manager (Finance), the head of the Audit and accounts sections of KPT is also responsible in processing the un-verified revenue receipt of TOCs.

Neither the management replied nor was DAC convened.

Audit recommends that a Forensic Audit may be conducted for the whole period of operations by PICT to check the authenticity of receipts of SAPTL.

20.5.20 Less remittance of revenue from SAPTL to KPT - Rs 35.774 Million (Based on secondary data)

Rule 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.

Although audit was not provided primary data (EDI, access to record and computer), yet the available financial record, the secondary data was examined. The audited financial statements of SAPTL for the calendar years 2017 to 2020 and the royalty statement & wharfage charges submitted by SAPTL reflect that SAPTL has given less remittance to KPT as detailed in table below:

Sr	Calendar years	As per KPT record	As per financial statement of SAPTL	Difference (column 4-3)
1	2	3	4	5
1	2017	1,130.98	1,090.92	(40.06)
2	2018	1,748.17	1,810.94	62.77
3	2019	2,620.06	2,636.76	16.70
4	2020	2,810.07	2,806.43	(3.64)
	Total	**8,309.28**	**8,345.05**	**35.774**

Audit contends that the revenue loss to KPT may be much more than the amount calculated on the basis of secondary form of data.

Neither the management replied nor was DAC convened.

Audit recommends that forensic Audit may be conducted to investigate the issue at depth.

20.5.21 Recovery of outstanding receipt on account of cargo storage from TOCs M/s KICT & M/s PICT- Rs 361.844 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.

Section 84 of the Karachi Port Trust Act, 1886 states that all fees and sum due on account of property for the time being vested in the Board, and all areas of tolls, charges, rates and dues imposed under this act may be recovered, in addition to the other modes herein before provided, upon a summary proceeding before a magistrate in the manner provided in the code of Criminal Procedure, 1882 for the recovery of fines.

The management of KPT informed about the details of recoverable storage charges against unclaimed, confiscated and disputed containers. The details are as under:-

Sr	TOC	Amount
1	KICT	160,532,080
2	PICT	201,312,320
	Total	**361,844,400**

Audit observed that an amount of Rs 361.844 million has been outstanding against KICT and PICT on account of temporary storage charges of their containers outside their allocated area.

Audit also observed that TOCs are utilizing KPTs storage area for storage of destruction and auction able containers without any agreement.

Audit is of the view that utilization of KPTs area by the TOCs was irregular & unauthorized. Furthermore, KPT also suffering recurring loss due to long outstanding receipts from TOCs.

The management replied that the recommendations of audit are correct and KPT will recover the storage charges from TOCs against shifting of temporary storage containers at KPT area and return back to TOCs as per their request. Traffic Department also supports the recommendation regarding TOCs shall utilize their own area for such containers.

The management accepted the observation. Audit recommends recovery of storage charges may be made and TOCs may be directed to utilize their own area for such storage.

20.5.22 Recovery of outstanding receipt on account of cargo storage – Rs 296.826 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.

Section 84 of the Karachi Port Trust Act, 1886 states that all fees and sum due on account of property for the time being vested in the Board, and all areas of tolls, charges, rates and dues imposed under this act may be recovered, in addition to the other modes herein before provided, upon a summary proceeding before a magistrate in the manner provided in the code of Criminal Procedure, 1882 for the recovery of fines.

The scrutiny of record reveal recoverable storage charges against unclaimed, confiscated and disputed cargos for the year 2020-21. The detail is as under:-

Total Income	Amount Recovered	Outstanding
1,215,845,894	919,019,694	296,826,200

Audit observed that management neither recovered Rs 296.826 million on account of storage charges nor auctioned the stores.

Audit also observed that management also failed to provide complete detail / breakup outstanding dues.

Audit is of the view that KPT sustained financial loss due to non recovery of outstanding storage charge.

Neither the management replied nor was DAC convened.

Audit recommends that the outstanding receipt may be recovered from concerned parties & recovery position may be shared with Audit.

20.5.23 Outstanding recovery on account of wharfage and storage charges against government departments – Rs 1,150.508 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.

Section 84 of the Karachi Port Trust Act, 1886 states that all fees and sum due on account of property for the time being vested in the Board, and all areas of tolls, charges, rates and dues imposed under this act may be recovered, in addition to the other modes herein before provided, upon a summary proceeding before a magistrate in the manner provided in the code of Criminal Procedure, 1882 for the recovery of fines.

The scrutiny of record reflect following recoverable wharfage & storage charges against government departments / entities.

Amount in Rs

Sr	Department	Wharfage	Storage	Total
1	DCOS (Shipping) Pakistan Railway	2,393,439	17,486,300	19,879,739
2	Embarkation Headquarter	11,382,044	42,377,809	53,759,853
3	WAPDA	-	1,076,868,641	1,076,868,641
	Total			**1,150,508,233**

Auditobservedthat:-

i. Management failed to recover an amount of Rs 296.826 million on account of storage charges till June 2021.

ii. Period of outstanding dues and detailed working / calculation of wharfage & storage charges was not available on record.

Audit is of the view that KPT sustained financial loss due to non recovery of outstanding dues.

Neither the management replied nor was DAC convened.

Audit recommends that the management may recover the outstanding dues and recovery position may be shared with Audit.

20.5.24 Non production of record to Chartered Accountant firm by TOCs- Rs 3.898 million.

Article 27.6.1 & 27.6.2 of implication agreement between KPT and TOCs states that the sponsor shall make arrangement for the appointment as auditor to TOC of a firm of independent chartered accountant. KPT shall have the right to conduct special audit only in respect of royalty, payments and KPT charges collected by TOC.

TOC shall promptly furnish to KPT such information as KPT may from time to time reasonably request and permit representative of KPT on notice and during TOCs regular business hours to visit the terminal and any of the other premises where the business of TOC is conducted and to have access to its books of accounts and record for conducting audits.

A special audit of TOCs (KICT, PICT,SAPTL) was conducted by KPT through third party auditors i.e Crowe Hussain Choudhry & Co with professional fee paid by KPT of Rs 3,898,500 to validate the revenue for the reporting period from the terminal operating companies (TOCs) pertaining to royalty wharfage and HMS charges in light of implementation agreement for the following period:-

Sr	**Name of TOC**	**Period**
1.	PICT	July 2013 to June 2018
2.	KICT	July 2013 to June 2018
3.	SAPTL	January, 2017 to June 2018

Audit observed that

i. The management of TOCs failed to provide complete record to Audit firms resultantly Auditors gave qualified opinion regarding revenue from TOCs.
ii. No inquiry was conducted by the KPT regarding non production of record in violation of agreement. Furthermore, no action was reported by the management of KPT against TOCs regarding observations made by the audit firm.

Audit is of the view that expenditure on account of audit fee became wasteful due to non-production of record to Audit firm.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired and cost of audit may be recovered from TOCs for violation of agreement.

20.5.25 Variation / discrepancy in Employee Related Expenditure - Rs 595.549 million

Rule 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.

The accounts department of KPT has provided statement of income and expenditure statement showing expenditure of Rs 8,845.800 Million on account of Salaries, Wages and benefits (excluding pension).The MIS Department provided soft data of Payroll as detailed below:-

Amount in million

Sr	Particulars	Amount
1.	Pay Roll as per MIS	6,351.748
2.	Overtime as per MIS	954.654
3.	Bonus as per MIS	943.849
	Total	**8,250.251**
5.	As per Income & Expenditure statement	8,845.800
	Difference	**595.549**

Audit observed that there was a difference of Rs 595.549 million in the information provided by the accounts department of MIS.

Audit noted that there are serious lapses in financial management of the organization. Data between two sections under GM(F) does not reconcile with each other. Therefore, the where about of 595.549 million could not ascertain.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired, the income may be reconciled and results may be shared with audit.

20.5.26 Non-preparation and certification of financial statements since financial year 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 2008-09 of Karachi Port Trust Karachi were audited by a firm of Chartered Accountant firm but the financial statements for the years 2009-10 to 2020-21 were neither prepared nor got audited by a Chartered Accountant firm.

Audit is of the view that non-provision of audited financial statements was a violation of the KPT Act.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for non-preparation of financial statements that were required to be prepared and got audited from Chartered Accountants and missing financial statements be prepared without further delay.

20.5.27 Variation in revenue / receipts generated by KPT- RS 250.23 million

Rule 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.

According to the statements of income & expenditure, KPT earned Rs 2,050.018 million on account of interest on investment and misc income during FY 2020-21.

Audit observed that there was variation of Rs 250.23 million in details provided by the Revenue Section and Income statement as detailed below:-

Rs in million

Particulars	Details provided by Finance Section	As per Income and Expenditure statement of CAO	Difference
Miscellaneous Income	257.018	307.004	49.986
Interest on Investment	1,793.000	1,993.248	200.248
Total	**2,050.018**	**2,300.252**	**250.23**

Audit noted that there are serious lapses in financial management side of the organization. Data between two sections under GM(F) does not reconcile with each other. Therefore, the where about of 250.23 million could not ascertain.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired, the income may be reconciled and results may be shared with audit.

20.5.28 Discrepancy in reported expenditure - RS 3,629.542 million

Rule 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.

The accounts department of KPT has provided statement of income and expenditure for financial year 2020-21 showing expenditure (excluding salaries) Rs 10,253.039 million as detailed below:

Rs. in million

Sr	Particulars	Amount
1	Pension	5,967.435
2	Medical	418.558
3	Store consumption	524.492
4	Fuel	548.825
5	Utility	228.500
6	Repair civil	29.898
8	Repair Mech	173.121
9	KDLB Cess	705.181
10	Admin overhead	448.898

11	Interest on long term loan	1,208.131
	Total	**10,253.039**

The MIS Department provided cheque wise detail of payments soft data (excluding salaries) showing expenditure of Rs 13,882.581 million.

Audit observed that there is a difference of Rs 309.525 million in the information provided by the accounts department of MIS. The detail is as under:

Rs in million

Sr	Particulars	Amount
1.	Expenditure as per MIS data	13,882.581
2.	Expenditure statement provided by accounts Dpt	10,253.039
	Difference	**3,629.542**

Audit contends that due to very weak internal control an amount of Rs 3,629 million has not been checked / processed by the accounts department, therefore, high chances of misappropriation, fraud or embezzlement cannot be ruled out.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired and responsibility may be fixed on the officers / officials concerned. The inquiry report should be share with audit.

20.5.29 Non-reconciliation of balances of cash book with bank statement – Rs 6.787 billion

Rule 5(10) of Cash Management (Treasury Single Account) Rules, 2020 The Government offices concerned shall maintain proper books of accounts and maintain receipt and revenue ledger and disbursement ledger so that the balance of receipt side shall correspond with the money deposited in receipt account. Similarly, expenses shall be reconciled with bank statement issued by SBP or its agents.

The management of KPT maintaining eight (8) commercial bank accounts with different commercial banks for day to day payments and investments as detailed below for daily receipts and payments as detailed below:-

Amount in Rs

Sr	Account Number	Opening Balance	Credit / Receipts	Debit Amount	Closing Balance
1	"160000013903" HBL Current Account (Main Account) 1-39	0	149,219,129,048	149,219,129,048	0
	Cash Book of Bank	5,295,000,375	144,861,404,870	143,369,436,898	6,786,968,347
	Difference	**-5,295,000,375**	**4,357,724,178**	**5,849,692,150**	**-6,786,968,347**
2	"4000284317" NBP Current Account	233,597,794	4,891,334,945	5,076,872,690	48,060,049
	Cash Book of Bank	29,115,753,578	1,875,199,671	2,212,710,208	28,778,243,041
	Difference	**-28,882,155,784**	**3,016,135,274**	**2,864,162,482**	**-28,730,182,992**
3	"00160012971303" HBL Current Account	35,761,632	5,427,528,892	5,463,290,524	0
	Cash Book of Bank	**10,898,889,201**	**1,445,242,261**	**1,494,984,947**	**10,849,146,515**
	Difference				
4	"00160000110103" HBL Current Account	2,896,462	331,672,308	334,568,950	-180
	Cash Book of Bank	5,897,947	104,215,788	107,426,638	2,687,098
	Difference	**-3,001,485**	**227,456,520**	**227,142,312**	**-2,687,278**
5	**"00160014224003" HBL Current Account**	177,757,452	41,777,476,547	41,954,977,779	256,220
	Cash Book of Bank	9,455,758,748	8,339,801,990	10,267,711,193	7,527,849,545
	Difference	**-9,278,001,296**	**33,437,674,557**	**31,687,266,586**	**-7,527,593,325**
6	"00167900063301" HBL Daily Progressive Account	1,178,519,236	185,501,201,459	183,591,496,092	3,088,224,603
	Cash Book of Bank	6,945,629,750	122,836,174,753	121,371,884,590	8,409,919,913
	Difference	**-5,767,110,514**	**62,665,026,706**	**62,219,611,502**	**-5,321,695,310**
7	"3000284265" NBP NIDA	1,177,603,950	6,463,877,190	7,369,547,047	271,934,093
	Cash Book of Bank	22,392,542,878	972,877,190	1,878,547,048	21,486,873,021
	Difference	**-21,214,938,928**	**5,491,000,000**	**5,490,999,999**	**-21,214,938,928**
	Total Variations in Cash Books & Bank Statements	**-38,326,380,253**	**105,149,259,494**	**104,342,859,980**	**-37,519,980,738**

Audit observed as under:-

i. There is a huge difference differences in the balances shown in the bank statements and cash books provided by the KPT management with variation of 37,519.981 billion in closing balances.

ii. During scrutiny of Bank statement of account number 4000284317 maintained in National Bank of Pakistan, difference of Rs 2,894,690 was noticed in the closing balance shown in the bank statement and actual calculation as detailed below:-

Amount in Rs

Particulars	**Amount**
Opening Balance as per Bank Statement as on 01.07.2020	233,597,794
Add amount credited during 2020-21	4,891,334,945

Total	**5,124,932,739**
Less amount debited during 2020-21	5,076,872,690
Closing Balance as on 30.06.2021	48,060,049
Actual balance shown in Bank Statement	50,954,739
Difference	**2,894,690**

Audit also observed that that computer generated bank statement of National Bank duly stamped by the bank was also unreliable which question mark the bank statements provided by the management of KPT.

Audit is of the view that either the management provided incorrect cash books or accounting software being utilized by the management of KPT was not being properly utilized.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired, the bank balances may be reconciled with the cash books and results may be shared with audit.

20.5.30 Unjustified expenditure on account of repair of vehicles during last five years -Rs 38.323 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 an amount of Rs 38.323 million on account of repair of vehicles during last five financial years as detailed below:-

Sr	Officer	Vehicle	Repair
1.	GP-8833	Toyota Premio 2003	1,500,532
2.	GPA-015	Toyota Prado 2012	10,136,501
3.	BF-3421	Toyota Prado 2010	1,264,117
4.	GP-5830	Toyota Hiace 2009	1,337,550
5.	GP-5682	Toyota Van 2008	2,227,618
6.	CT-7949	Toyota Hiace 2011	1,553,878

7.	GPA-368	Toyota Harrier 2003	3,233,692
8.	GP-7724	Toyota Double Cabin 2011	1,719,099
9.	CT-6900	Toyota Double Cabin 2012	1,780,900
10.	GP-5533	Toyota Double Cabin 2012	1,273,401
11.	GP-3142	Toyota Double Cabin 2012	1,506,850
12.	GP-3259	Toyota Crown 2008	2,537,103
13.	GP-8538	Toyota Corolla 2010	1,451,775
14.	AUQ-374	Toyota Corolla 2010	1,233,887
15.	GPA-220	Toyota Corolla 2010	1,053,707
16.	GP-8458	Toyota Altus 2010	1,220,687
17.	GP-5793	Suzuki Cultus 2009	1,185,900
18.	GA-6454	Suzuki Cultus 2005	1,008,675
19.	GP-7722	Suzuki Cultus 2011	1,097,760
		Total	**38,323,632**

Audit observed that average yearly expenditure on repair on each vehicle was more than Rs 400,000. The above expenditure was in addition to spares issued by the store department through procurement.

Audit is of the view that huge expenditure on above vehicles was irrational and unjustified.

The management replied that the expenditure of Rs.38,323,632 worked out by the audit team also include an amount of Rs.4,962,700/- spent on conversion of vehicle (GPA-015) into bomb proof through Govt approved contractor (M/s Pak Armoring) for security reasons with a warranty period of 02 years as approved by the KT Board vide BR No.232 dated 16.11.2015 (S.No.2) and its subsequent re-validation for next 3 years at a cost Rs. 2,058,000/- (S.No.3). Hence, the repair / maintenance cost of these vehicles during last 5 years after exclusion of stated amount is worked out to be 31,302,932/- (Rs.27,458/- month/ vehicle inclusive of all taxes), which is considered reasonable.

The reply of the management is not satisfactory as expense on repair amounting to Rs 27,258 / month per vehicle is also unjustified being on higher side.

Audit recommends that matter may be inquired at appropriate level and report may be shared with Audit.

20.5.31 Unjustified expenditure on account of water supplied to officers bungalows / flats – Rs 6.952 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 through engineering department supplied gallons of water amounting to Rs 6,952,908 during the year 2019-20 at the official residences of officers as detailed below:-

Sr	Bungalow / Flat	Nos	Quantity	Rate per 1000 gallon	Yearly exp	Per month Expenditure by each resident
1	Bungalow 54-B	1	465,934	1,360	633,670	52,806
2	Bungalow 55-B	1	456,466	1,360	620,794	51,733
3	Bungalow 60-B	1	488,158	1,360	663,895	55,325
4	Bungalow 56-B	1	422,004	1,360	573,925	47,827
5	Bungalow 56-B-II	1	324,500	1,360	441,320	36,777
6	Bungalow 53-B	1	135,872	1,360	184,786	15,399
7	Bungalow 52-B	1	302,390	1,360	411,250	34,271
8	Bungalow 49-B	1	331,936	1,360	451,433	37,619
9	Bungalow 50-B	1	344,718	1,360	468,816	39,068
10	Bungalow 50-B-II	1	333,630	1,360	453,737	37,811
11	Officers Flats	17	1,506,824	1,360	2,049,281	10,045
	Total	**27**	**5,112,432**		**6,952,908**	

Audit observed that each officer residing in KPT owned bungalow, maintained bungalow / flat is utilizing water ranging from Rs 10,000 to Rs 55,325 per month.

Audit contends that such huge expenditure of water charges in addition to repair and maintenance of bungalows and flats is irregular and unjustified.

The management replied the deduction as recommended by DAC is being made by the KPT HR Department, & if any further recovery / deduction on account of Water Charges is to be suggested the same may be conveyed by the Competent Authority to the KPT Management, for its implementation through proper forum.

The management accepted the view point of Audit.

Audit recommends that actual amount of water being consumed by the residents may be recovered. The recovery position may be shared with Audit.

20.5.32 Unjustified / unfair fixing of salaries of employees

Section 21 of the KPT Act 1986 states that the Board shall from time to time prepare and sanction of the staff of officers and servants whom they shall deem it necessary and proper to maintain for the purpose of this Act. Such schedule shall also set forth amount and nature of the salaries, fees and allowances which the Board sanctions for each such officer or servant.

Provided that artisans, porters and labourers and mukaddams of porters and labourers, persons temporarily employed in the Engineering department, and any member of the staff engaged for a period not exceeding six months whose pay is not more than rupees one hundred per mensem, shall not be deemed to be officers or servants within the meaning of this section or Section 22 clause (1) to (4) both inclusive, or of Section 23.

The Management of KPT incurred an expenditure of Rs 8,845.800 million on account of payment of salaries and other allowances. As per pay roll of June, 2021, detail of pay & allowances is as under:-:-

Sr	Particulars	No of Officers / Staff	Gross Pay during June 2021	Overtime	Total	Average Pay
1	BPS-20	8	4,133,687		4,133,687	**516,711**
2	BS-19	45	16,791,498		16,791,498	**373,144**
3	BS-18	74	20,324,380		20,324,380	**274,654**
4	BS-17	121	24,802,468		24,802,468	**204,979**
5	BS-16	45	8,224,316		8,224,316	**182,763**
6	Staff BS-8	2033	416,415,826	91,439,799	507,855,625	**249,806**
7	Staff BS-1-7	1331	88,107,925	10,082,321	98,190,246	**73,772**
	Total	**3657**	**578,800,100**			

Audit observed as under:-

i. The average salary & other benefits of 2033 officials in BS-8 are higher than the average salary drawn by the officers of BS-16 & BS-17.

ii. The pay scales of staff are not specific to the post held by them and are promoted upto BS-8 on the basis of move over after achieving the maximum pay in the scale and draw annual increment of next higher scales without any policy which resulted into recurring increase in payroll and pension.

iii. There is no maximum pay defined for BS-8 officials therefore they are drawing higher pay than the officers.

iv. The officials of BS-8 are not willing to be promoted in officer cadre i.e BS-16 and above due to financial loss in the salary and other benefits.

v. The rules & regulation related to officials have not been framed by the management of KPT. However, officers pay & allowances are regulated as per Civil Servant Act 1974, while, officials as per CBA Unions Charter of Demand.

vi. The variation is also noticed in the basic pays of officer / official having same year of joining. As per sample, the Accounts Department, the variation is as under:-

Sr	NAME	DESG	GRD	OEC	Year of Joining	MON	BASIC
1	Khuda Baksh	Senior Clerk	8	Employee	1989	JUN-2021	124,178
2	Tanveer Ahmad	Senior Clerk	8	Employee	1989	JUN-2021	118,278
3	Arbab Ali	Office Superintendent	8	Employee	1989	JUN-2021	116,803
4	Mohammad Wasim	Senior Clerk	8	Employee	1989	JUN-2021	107,953
5	Fateh-ul-Mumtaz	accounts officer	18	Officer	1989	JUN-2021	107,230
6	Mazhar-ud-Din	Senior Clerk	8	Employee	1989	JUN-2021	106,478
7	Ghulam Nabi	Junior Accountant	16	Officer	1989	JUN-2021	96,690
8	Abdul Ghafoor	Jamadar of Peons	8	Employee	1989	JUN-2021	87,303
9	Ghulam Nabi	Pay Peon	8	Employee	1989	JUN-2021	87,303

The management replied that as per Section 21 of KPT Act-1886, the Board shall set forth the amount and nature of salaries, fees and allowances of all officers & staff. Non-fixing of upper bracket of employee’s of KPT PS-8 are in accordance with Charter of Demand effective from April 2010 duly approved by Board vide

BR No.537 dated 25-11-2010. Further, average salary & other benefits of 2033 officials in KPT PS-08 are higher than the average salary of drawn by the officer of BPS-16 & BPS-17 by the virtue of pay fixation in accordance with above mentioned BR.

The reply is not in accordance with observations raised by Audit.

Audit strongly recommends that KPT management may frame its own rules to avoid such lapses and injustice between employees and officers which create operational issues and financial burden on KPT

20.5.33 Unjustified payment on account of bonus to officers / officials despite of continuous net loss to KPT- Rs 6.234 billion

According to the KPT Board Resolution, Bonus at the rate of basic pay be paid to the officers at par with the employees, however, it should be based on profit of KPT and linked with individual's performance/efficiency.

Bonus is defined as an amount of money added to wages on a seasonal basis, especially as a reward for good performance.

KPT paid an amount of Rs 6,234,006,240 on account of bonuses for the last ten years on the occasion of Eid-ul-Fitar and Eid-ul-Azha as detailed below:-

S.No	Financial year	Eid ul Fitar	Eid ul Azha	Total
1	2010-11	122,617,732	122,332,530	244,950,262
2	2011-12	167,702,590	171,706,309	339,408,899
3	2012-13	247,373,614	244,174,317	491,547,931
4	2013-1	255,518,083	252,558,206	508,076,289
5	2014-15	251,495,867	246,218,192	497,714,059
6	2015-16	245,724,443	325,088,119	570,812,562
7	2016-17	302,322,258	305,444,648	607,766,906
8	2017-18	487,518,004	468,066,534	955,584,538
9	2018-19	455,418,938	541,890,670	997,309,608
10	2019-20	527,827,752	493,007,434	1,020,835,186
Total		**3,063,519,281**	**3,170,486,959**	**6,234,006,240**

Audit observed that:

i. Four bonuses at the rate of 4 basic pays were paid during the year 2020-21.

ii. All employees were paid without linking it with the individual's performance and KPT profit.
iii. During discussion with the management and scrutiny of record reflect that management did not have any justification/rationalization of bonus being paid to officers / officials. It has also been observed that the work load does not necessitate the employees to pay bonus.
iv. Audit had requisition the justification of bonus during course of audit, but no justification was given by any Division/Department.

Audit is of the view that there is a continuous decreasing trend of surplus available to KPT during the decade and finally, during 2019-20, the surplus of KPT was not only totally exhausted but the entity registered deficit of Rs 38 million. However, during 2020-21, there is slight recovery of surplus due to positive fluctuation of USD rate and conversion of USD into PKR reflected surplus of Rs 1.777 billion. Had the dollar rate did not increase abnormally high, the deficit would be phenomenally very high. Therefore, under said scenario payment of bonus to all officers / officials was unjustified.

Neither the management replied nor was DAC convened.

Audit recommends that the attune practice of payment of bonus may be stopped hence forth. KPT is already going into net loss from couple of years and containing wasteful expenditure would make the organization non-sustainable.

20.5.34 Unjustified expenditure on account of overtime – Rs 8.750 Billion

KPT vide Board Resolution No 4893 dated 14.11.1990 approved the Memorandum of Settlement dated 23.10.1990 arrived with the Collective Bargaining Agents in full and final settlement of their Charter of Demands raised under provision of the IRO 1969. The settlement is valid for a period of 2 years from 01.04.1990 to 31.03.1992.

KPT paid an amount of Rs 8,750,271,124 to employees of KPT on account of overtime allowance during last 10 years is as under:-

Sr	Year	Amount
1	2011-12	490,713,022
2	2012-13	769,559,012

3	2013-14	680,518,320
4	2014-15	681,798,798
5	2015-16	848,259,871
6	2016-17	993,243,528
7	2017-18	1,095,891,687
8	2018-19	1,067,229,233
9	2019-20	1,146,858,001
10	2020-21	976,199,652
Total		**8,750,271,124**

During discussion with the management and scrutiny of record reflect that management did not have any justification/rationalization of over time being paid to employees. It has also been observed that the work load does not necessitate the employees to claim over time rather the practice of having over time bill has become the part of their income.

Audit had requisition the justification of over time during course of audit, but no justification was given by any Division/Department.

Audit also observed long ques and crowding of employees idly weighing for finishing of overtime hours around reception premises and in front of bio-metric attendance machine. Moreover, during scrutiny and comparison of overtime of HR Department during the month October 2021 on sample basis, it has been observed that officers of the sections leave the office at 05:00 pm or before 6 pm and on the same month employees were paid overtime upto 7 pm.

Audit is of the view that there is a continuous decreasing trend of surplus available to KPT during the decade and finally, during 2019-20, the surplus of KPT was not only totally exhausted but the entity registered deficit of Rs 38 million. However, during 2020-21, there is slight recovery of surplus due to positive fluctuation of USD rate and conversion of USD into PKR reflected surplus of Rs 1.777 billion. Had the dollar rate did not increase abnormally high, the deficit would be phenomenally very high. Therefore, under said scenario payment of overtime to all officials was unjustified.

Neither the management replied nor was DAC convened.

Audit recommends that the attune practice of overtime may be stopped hence, forth. KPT is already going into net loss from couple of years and containing wasteful expenditure would make the organization non-sustainable.

20.5.35 Splitting of expenditure by store department to avoid approval of KPT Board - Rs 44.948 million.

Section 18(6) of the Karachi Port Trust Act, 1886 states that sanction of the board when required to purchase or sale moveable property. In the case of a contract for the purchase of moveable property or for the sale of any moveable property belonging to the board if expenditure which the purchase would involved or the value of the property to sold as estimate in the accounts of the board exceeds one million rupees, sanction of the board is required.

Rule 9 of PPRA Rules 2004 states that save as otherwise provided and subject to the regulation made by the Authority, with the prior approval of the Federal Government, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority’s website as well as on the website of the procuring agency in case the procuring agency has its own website.

The management of KPT incurred an expenditure of Rs.927.118 million on account of procurements through stores department during 2020-21 as detailed below:-

Sr	Particulars	No of cases	Amount	Process
1.	Above one Million	105	690,727,489	Bidding
2.	Above 0.5 million and below one million	81	61,079,270	
	Total	**186**	**751,806,759**	
3.	upto 100,000 & Below 500,000	455	113,834,056	Without Bidding
4.	Petty purchase below 100,000	2,624	61,477,698	
	Total	**3,079**	**175,311,754**	
	Grand Total		**927,118,513**	

Audit observed as under:-

i. Procurement was made through splitting of expenditure sanctions and value of procurement by keeping them less than one million to avoid approval of Board.
ii. All procurements were made through stores department in centralized manners, however, procurement plan to assess annual requirements of each department was not available on record and most of the procurements were made on day to day requirements / requisitions of different department.
iii. Procurement amounting to Rs 175.311 million, involving 3079 cases, was made through quotations or petty purchase being less than Rs 500,000 and avoids tendering through splitting.

Audit is of the view that management of stores department has failed to execute any annual procurement plan and procurement was made on day to day requirements of different offices which lead towards splitting. Therefore, stores department failed to achieve objective of reduction of cost of procurement through centralized procurement.

Audit is also of the view that due to splitting, KPT management compromised the quality of goods supplied by bidders as big firms are reluctant to submit their bids due to lesser value of procurement.

Neither the management replied nor was DAC convened.

Audit recommends that practice of splitting may be stopped forthwith and procurement plan should be prepared before start of financial year.

20.5.36 Non-utilization of Reverse Osmosis Desalination Plant for provision of water at Manora, Karachi - Rs 11.968 million

KPT installed 2 Reverse Osmosis Desalination Plant for provision of water at Manora, Karachi with the specifications; Design Capacity 2X100,000 gallons per day. These plants were commissioned on 01.06.2011. The plant was not in operations since August, 2020.

The management of KPT through engineering department incurred expenditure of Rs 82,770,781 on account of water charges through bowzers from a private contractor M/s Tariq & Brothers and Karachi Water & Sewerage Board as per following details:-

Sr	Supplier	Amount
1	M/S.M.S. Tariq & Brothers	49,825,811
2	M/S. Karachi Water & Sewerage Board	32,944,970
	Total	**82,770,781**

As per agreement, M/s Tariq & Brothers will supply water through bowzers as per following rates:-

i. Rs 2000 per 1000 gallons from KW&SB Hydrants.
ii. Rs 700 per 1000 gallon from RO Plant.
Difference Rs 1300 per 1000 gallons

Audit observed that said RO Desalination Plant was closed / out of order since, 2020 therefore management of KPT has to incur addition expenditure of Rs 11,968,754 for provision of 9,206,734 gallons of water (@Rs 1300 per 1000 gallons) through bowsers at Manora for provision of water.

It was also observed that additional amount of Rs 11.968 million was paid on account of supply of clean water at manora during the year 2020-21.

Audit is of the view that non operation of the plant was loss to the government KPT and the management instead & operationalizing R.O plant preferred costly option of water supply through contractor.

The management replied that the subject RO plant was commissioned in Jun 2011 and remained in service till Aug 2020. Since the plant has already out lived its useful life and presently in highly depleted state due to fair wear and tear, it is not possible to recover the same. Moreover, the installation of a new RO plant at Manora is also not considerable / feasible / cost effective due to high capital cost, corrosive environment, TSD values and associated repair/ maintenance expenditures as experienced in case of above plant. Hence, the best possible option is to continue with existing arrangement accordingly

Reply is not in consistence with observations made by Audit.

Audit recommends that PAO may inquire why the management resorts to abandon its costly assets and opt for more costly options of hiring of services from private parties.

20.5.37 Illegal temporary allotment of KPT land without open auction and expected encroachment by land mafia

Para 108 of the Manual of the Estate Department of KPT states that it shall be the duty of the outdoor officials of the Estate department or any other officials deputed under the directives of competent authority to keep vigilance over the Board Estates to prevent trespass or encroachment.

The Management of KPT vide Public Notice dated 16.09.2013 pasted on Estate Department's notice board regarding allotment of KPT land at "C" Group Area. In response, plots were allotted to 5 persons out of ten (10) applicants on the basis of first come first basis as detailed below:-

Sr	Area / Plot	Name of Party
1.	Plot No 12-C measuring 1000 Sq/m at "C" Group Area at M T Khan Road	Muhammad Ayaz Khan
2.	Plot No 12-D measuring 1000 Sq/m at "C" Group Area at M T Khan Road	Muhammad Yousuf
3.	Plot No 12-E measuring 1000 Sq/m at "C" Group Area at M T Khan Road	Alam Zaib
4.	Plot No 11-B/1 measuring 1000 Sq/m at "C" Group Area at M T Khan Road	Mir Wais Babai
5.	Plot No 11-B/2-C measuring 1000 Sq/m at "C" Group Area at M T Khan Road	Zam Zam Traders

The temporary allotted plots including above were cancelled by the management during April 2014 on plea that plots were encroached by the land mafia. Therefore, Allottees of eleven plots including above went into the court.

On the directions of Honourable Sindh High Court dated 24.01.2014, KPT Board & Chairman vide Speaking orders after through resolution dated 12.04.2018 rejected the plea of allottees to convert temporary lease into long lease.

Audit observed that:-

i. The plots were allotted without open auction and awarded on the basis of first come first basis and same were cancelled immediately after giving possession to the allottees.
ii. The matter was also noticed by NAB authorities vide letter dated 12.07.2018 regarding illegal allotment.

iii. The plots were still under illegal occupation and KPT is suffering recurring loss in shape of outstanding rent.

Audit is of the view that plots were illegally allotted that would lead for expected collusion encroachment by the land mafia.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired at appropriate level & report may be shared with Audit.

20.5.38 Negligence of the estate department regarding illegal construction on Plot No 24 Kemari Township, Karachi.

Para 108 of the Manual of the Estate Department of KPT states that it shall be the duty of the outdoor officials of the Estate department or any other officials deputed under the directives of competent authority to keep vigilance over the Board Estates to prevent trespass or encroachment.

During scrutiny of record audit observed that an inquiry regarding Plot No 24 Kemari Town ship, Karachi was conducted by the Management of KPT which reveals as under.

- The lease of the plot expired on 30.06.2013 but the plot was not got vacated by the management after expiry of lease.
- The occupant made illegal construction after expiry of the lease but not action was taken by the concerned department.
- Manager HR vide letter dated 02.04.2018 return the inquiry report with the following discrepancies.
  - i. Inquiry was not in accordance with TOR's.
  - ii. Committee failed to clarify present status of power of attorney.
  - iii. Committee failed to confirm whether Mr. Johar Akhter who has given power of attorney to Mr. Ayub khan is dead or alive.
  - iv. The committee failed to obtain status of court case in the matter.
  - v. Committee failed to fix responsibility on any officers/officials.

This state of affairs clearly reflects negligence of the estate department in protecting property.

Audit recommends that PAO may look in to the matter, inquire such systematic issues of illegal occupation or encroachment of KPT land, fix responsibility against collude estate officers/officials and also fix responsibility against Admn officers/officials who cover up the cases instead of initiating departmental action and imposing penalty in the latter and spirit.

Audit is of the view that the management of KPT did not take corrective actions timely which resulted in illegal construction and extensive litigations.

Neither the management replied nor was DAC convened.

Audit recommends that the case may be got decided at the earliest and responsibility may be fixed on the officers/officials at fault.

20.5.39 Negligence of the Estate department regarding Illegally occupied and encroached Plot 28 Jungle Shah Kemari

Para 108 of the Manual of the Estate Department of KPT states that it shall be the duty of the outdoor officials of the Estate department or any other officials deputed under the directives of competent authority to keep vigilance over the Board Estates to prevent trespass or encroachment.

During scrutiny of record, audit noticed that an inquiry regarding encroachment of Plot 28 at Jungle Shah, Keamari, Karachi was conducted by the management of KPT.

Audit observed as under:

i. The plot is illegally occupied by Mr. Faisal Karim in collusion of Mr. Nazakat Hussain Assistant Manager HR who verified the contents of fake power of attorney.

ii. The official (Mr. Nazakat) further recommended to close the proceeding against the illegal occupant.

iii. Muhammad Iqbal Deputy manager HR vide noting dated 14.01.2021 proposed that matter may be refer to NAB as matter is pending since last four years without any fruitful result file remain pending at different forums without any order/decisions this case is clear case of misuse of powers of attorney but estate department was failed to take any concrete action although illegal construction was carried out on KPT land but department remain silent. A huge financial loss was caused to KPT. Some of the individuals of KPT involved have been retired from services as the matter deliberately remains pending.

iv. AG Secretary of the Board vide letter dated 27.04.2021 referred the case to NAB stating that the then chairman KPT after perusal of above ordered the Preliminary Enquiry and an Enquiry Committee was constituted on the subject matter enquiry committee submitted enquiry report but they have not established the prima facie case and also not fixed the responsibities against KPT officials with the plea that most of the officers of era under enquiry have been transferred or retired hence, fixing the responsibility would serve no purpose except concerned sub engineer, the enquiry committee has proved the connivance of sub engineer who has deputed for distrusting of bills till to date as he is responsible for delivering the bills at wrong address, in the case in land. However, further details regarding NAB inquiry are not available on record.

v. No action has yet been taken by the Estate Department against the illegal construction and land is still under illegal occupation.

Audit is of the view that the management of KPT wilfully delaying the inquiry to protect officers of KPT and encroachers.

Neither the management replied nor was DAC convened.

Audit recommends that PAO may inquire the matter and responsibility may be fixed on the persons at fault besides this the illegally encroached plot may be recovered.

20.5.40 Frequent theft incidents at port area due to negligence of officers / officials of KPT

Section 3 of PSF Act 2002 states that he Chairman with the approval of the Federal Government shall establish, constitute and maintain a force to be called the Karachi Port Security Force to maintain security and safety of the Karachi Port Area for performing of the functions given under said section

The prime function of Port Security Force under Section 3 of PSF Act 2002 is to prevent loss to port property and any other property or goods for the time being within the limits of the port and prevention of offences or contravention of any rule or regulation in respect thereof.

During scrutiny of record, audit observed that various inquiries regarding theft at port area were conducted by the management of KPT as detailed below:-

Sr	Particulars	Observations
1	Pilferage at TPX Area	i. Frequent theft incidents happened in port area/TPX. ii. As per enquiry report pipes worth Rs. 3.300 million were stolen from the port area but neither recovery was made nor was any action taken against the persons at fault. iii. It was reported that out of 33 Generators on stock only 06 Generator were available at KPT. iv. The enquiry committee did not fix responsibility.
2	Missing of CRC Coils Cargo on AC EX MV Beijing Venture	i. The enquiry committee did not suggest any departmental action against the involved officers/official. ii. The report submitted by the enquiry committee was not as per TORs being silent on involvement of officials in theft which was primary responsibility of committee. iii. The traffic department did not take any action against the theft despite legal opinion which endorsed the above facts.
3	Missing of Dismantled old useless Pipes Stoked-Stored at plot # D-8, TPX Area of KPT P&D Division	i. The incident happened in 2019 and Mr. M. Jameel Jr.ODC was held responsible for the theft as per enquiry report. ii. No departmental action as required under the rules was taken against the responsible. iii. No FIR was launched for the theft.
4	Pilferage of ignots lying under the NOB Bridge under lock and key of Traffic Department	i. The incident happened in March 2011. ii. The enquiry report submitted was not as per TORs and was thrice but discrepancies were not removed by the enquiry committee as per TORs nor fixed responsibility on the persons at fault. iii. No action was taken by the traffic department on pilferage.

Port intelligence officer vide his report dated 12.07.2021 states that frequent theft incident has been observed in TPX area such as incident took place in July to Aug 2019 in which large No of P&D project pipes worth 3.3 million were stolen and no FIR was lodged.

Audit is view that:

i. The management of KPT did not take departmental action against the involved person and the matter is still pending.
ii. The enquiry committees have failed to conclude inquiry and delay the finalization of the enquiry report.
iii. Ports Security Force failed to protect and safeguard port assets.

Neither the management replied nor was DAC convened.

Audit recommends that the enquiries may be finalized and departmental action may be taken against the responsible officers / officials.

20.5.41 Loss on reconstruction of DG Shed at East Wharf - Rs. 9.066 million

Section 79 B of Karachi Port Trust Act, 1887 states that notwithstanding anything hereinbefore contained or any law for the time being in force or in the terms and conditions of service, where in any case or matter not specifically provided in this Act, the provisions of the Civil Servants Act, 1973 or the rules made there under shall, as far as may be, apply to the officers of the Port.

Section 84 of the Karachi Port Trust Act, 1886 states that all fees and sum due on account of property for the time being vested in the Board, and all areas of tolls, charges, rates and dues imposed under this act may be recovered, in addition to the other modes herein before provided, upon a summary proceeding before a magistrate in the manner provided in the code of Criminal Procedure, 1882 for the recovery of fines.

Civil Engineering department executed a project to establish New DG Shed after demolishing old DG Shed at East Wharf. The Port Intelligence Officers vide letter dated 20.08.2018 informed that said work was awarded to M/s Housing Enterprises being lowest. However, approved quantities for job of fire alarm system were reduced from actual requirement. It further pointed out that payment of said job was released to the contractor by simple certification of fire port officer.

On the directions of Chairman, inquiry committee was constituted on 03.01.2019 and committee recommended to recover the amount of loss of Rs 9.066 million by forfeiting the security deposit of the contractor and remaining amount of Rs 4.266 million to be recovered from the officers/ officials involved.

The KPT Board vide Resolution No 46 dated 10.06.2021 again approved to re-constitute inquiry committee in convenership of Rear Admiral Adnan Khaliq, GME to re-examine the matter regarding observation report of reconstruction of DG Shed at East wharf. The committee again recommended recovering the amount of loss of Rs 4.266 million from the officers/ officials involved and disciplinary action may also be taken against officers involved.

Audit is of the view that the management of KPT did not take departmental action against the involved person and the matter is still pending despite establishment of loss by the enquiry committee.

Neither the management replied nor was DAC convened.

Audit recommends that the recovery as established by the enquiry committee may be recovered and responsibility may be fixed on the officers/officials at fault und E&D Rules.

20.5.42 Negligence of Estate Department regarding illegal occupation and outstanding rent of commercial property at KPT Sports Stadium, Karachi - Rs 22.426 million

Para 125 of the Manual of the Estate Department of KPT states that if a tenants fails to make payment the authorized officer shall cause to recover the dues in any one or more of the following manner.

i. By stopping the transaction of the tenants with the Board.
ii. By adjusting the outstanding amount from any amount due to the tenants.
iii. By taking action under Section 84 of the KPT Act for the recovery of the amount due or through civil suit or under any other law for the time being in force.
iv. By recommending cancellation of allotment to the Board, if the tenant is persistent defaulter.

KPT owned 25 commercial properties (shops) measuring 357 sq/m each at KPT Sports Stadium, Karachi. Shops were allotted to different allottees during 200-2003 with the approval of KPT Board. The detail is as under:-

S No	File_ID	Party Name	Shop No	Possession Date	Expired lease	Outstanding
1.	2106130003-1	Mr. Mohammad Ali Zafar	Shop No.10	12/05/2003	29/06/2013	1,851,005.00
2.	1906130003-1	Mr. Sharafat Ali	Shop No.11	01/01/2005	29/06/2013	883,534.00
3.	1006130003-1	Mr. Idress Ahmed	Shop No.12	06/06/2003	29/06/2013	763,720.00
4.	2506130001-1	Zain-Ul-Abadin	Shop No.13	09/03/2001	29/06/2013	46,320.00
5.	2006130001-1	M/s. New Shalimar Restaurant	Shop No.14	22/04/2003	29/06/2013	1,726,670.00
6.	2006130003-1	Mr. Abdul Ghani	Shop No.15	20/06/2006	29/06/2013	1,313,956.00
7.	2106130001-1	Mst. Zohra	Shop No.15-A	21/07/2003	29/06/2013	1,084,737.00
8.	1006130005-1	Mr. Saleh Mohammad Paracha	Shop No.16	21/06/2003	29/06/2013	69,426.00
9.	1106130006-1	Mr. Mushtaq Ahmed Memon	Shop No.17	10/07/2003	29/06/2013	21,878.00

10.	1006130007-1	Mr. Mohammad Ali Shah	Shop No.18	01/07/2003	29/06/2013	1,445,870.00
11.	1006130009-1	Mr. Abdul Sattar	Shop No.19	07/07/2003	29/06/2013	1,267,696.00
12.	107130004-1	Mr. Muhammad Amin	Shop No.20	01/07/2003	29/06/2013	40,884.00
13.	107130006-1	Mr. Sher Rehman	Shop No.21	05/07/2003	29/06/2013	1,148,794.00
14.	1106130002-1	Mr. Shoukat Ali	Shop No.22	01/08/2003	29/06/2013	60,972.00
15.	1106130004-1	Mr. Imran Ahmed	Shop No.23	20/06/2003	29/06/2013	0
16.	2506130003-1	Mr. Muhammad Ishaq Jan	Shop No.24	05/07/2003	29/06/2013	0
17.	407130002-1	Mr. Malik Muhammad Ashfaq	Shop No.3	31/08/2005	29/06/2013	558,613.00
18.	107130002-1	Mr. Muhammad Irfan	Shop No.4	01/04/2003	29/06/2013	1,919,485.00
19.	606130002-1	Hamza Trans	Shop No.5	15/07/2003	29/06/2013	1,073,160.00
20.	1906130001-1	Waqar Ahmed Kohati (Ramsha Transporation)	Shop No.6	17/08/2003	29/06/2013	1,756,368.00
21.	706130002-1	Mrs. Shah Sultana	Shop No.7	14/09/2003	29/06/2013	1,978,264.00
22.	1006130001-1	Mr. Shahid Rashid	Shop No.8	31/12/2004	29/06/2013	63,040.00
23.	207130001-1	Shaikh Abdul Haq	Shop No.9	10/01/2004	30/06/2013	1,771,484.00
24.	706130001-1	Haji Azam Butt	Shops No.1 & 2	26/11/2002	29/06/2013	1,580,440.00
		Total				**22,426,316**

The KPT Board vide BR No 116 dated 26.03.2015 noticed that KPT board in its previous meeting dated 27.02.2012 directed that the conditions on which the above shops / offices were originally allotted be examined viz a viz present utilization thereof and in case the purpose is being violated, way out been examined to get rid of the same. Further, the Board vide their resolution No 290 dated 30.04.2013 sanctioned licence period upto 30.06.2013 subject to the condition that the purpose should remain same as per original purpose as allowed in tender. The parties should not use the road berms for storage of good and shall ensure that they should not create hindrance in free flow of traffic / pedestrians. The parties who filed the suits / cases against KPT shall with draw he suits / cases and shall pay the legal expenses / charges to KPT, incurred by KPT to defend the suits, submit the documents (sale agreement), power of attorney, affidavit etc. executed with original allotee / licence and clear the outstanding dues.

The board noticed that the parties did not follow the conditions of board resolution number 290 dated 30.04.2013 and are still using the road berms for storage of goods. Moreover they are not carrying out the business as per original purpose and also are defaulted in payment of KPT rental dues.

The KPT Board therefore vide BR No 116 dated 26.03.2015 directed to take action against illegal occupants for ejectment and file suit against them for recovery of outstanding dues.

Audit observed that no action has been taken by the management of KPT despite expiry of five years.

Audit further observed that shops are still under illegal occupation and an amount of Rs 22.426 million is outstanding.

Neither the management replied nor was DAC convened.

Audit recommends that PAO may inquire the matter, get the illegally occupied property vacated and recover the rent.

20.5.43 Recovery of extra payment of KPT allowances to officers of Armed Forces – Rs 7.042 million

Sl. No. 28 chapter 2 of Estacode 2015 states that Armed Forces officers seconded to civil Ministries (other than Defence), Departments of the Central/ Provincial Governments, Autonomous/Semi- autonomous Bodies and Corporations etc. will draw pay and allowances as per following details:-

(a) The deputationists will be entitled to pay of rank, Command/Staff/Charge Pay, Instructional Pay, Qualification pay, Flying Pay/Submarine Pay/Special Service Group pay/Technical pay/Disturbance pay, Kit Allowance and Non-Practicing Allowance drawn by them in the Military service immediately before their secondment in addition to 20% of pay of the rank as special compensatory allowance.

The management of KPT hired services of officers from Armed forces on deputation / secondment basis as detailed below:-

Name of Officers	Designation	Parent Department	Date of Joining	Amount of Extra Allowances 2020-21
Rear Admiral (ME) Adnan Khaliq	General Manager	Navy	26 Jan, 2021	1,519,860
Brig Tariq Bashir TI(M)	General Manager	Army	01 Jun, 2020	2,894,100
Faisal Iqbal Qazi	Commandant PSF	Navy	13 Aug, 2018	2,627,868
Total				**7,041,828**

Audit observed that officers are being paid extra allowances amounting to Rs 7.042 million in addition to their Armed Forces allowances.

Audit also observed that official of armed forces working in PSF on deputation are also drawing both the allowances of navy and KPT. Furthermore, in few cases they are drawing two adhoc of 2021 @15% and @10%.

Neither the management replied nor was DAC convened.

Audit recommends that additional allowances may be recovered and recovery position may be shared with audit.

20.5.44 Unjustified expenditure on account of repair on pilot boats – Rs 13.643 million

Para 10(i) 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 Port Department, Harbour master's provided statement of Tugs and Pilot Boats that remained out of order during financial year 2020-21 as detailed below:-

Sr	Name of Crafts	Type of Craft	Out of Order		
			From	To	Period in days
1.	VSP Shanawar	Tug	20/12/2010	To date	3829
2.	MPB Marvi	Pilot Boat	05/10/2019	To date	617
3.	MPB Zohra	Pilot Boat	18/05/2020	To date	397

Audit observed that KPT management incurred an expenditure of Rs 3.210 million on account of repair and maintenance of out of order pilot boats as detailed below:

Sr	Craft	Period of Work Orders		Amount
		From	To	
1	Marvi	1-Jan-20	14-Dec-20	619,478
2	Zohra	14-May-20	31-Dec-20	1,279,700
3	Zohra	1-Jan-20	28-Mar-20	1,311,490
Total				**3,210,668**

Audit also observed that a Tug named VSP Shanawar was shown as out of order since last 11 years but not yet auctioned. Furthermore, the management did not provided any record regarding to condemnation of Pilot Boats and Tug.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired at appropriate level

20.5.45 Non-utilization of KPT's own boats and hiring of private boats without tendering process - Rs 29.491million

Rule 12(1) of PPRA Rules 2004 states that procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority'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.

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

KPT Board vide resolution No 163 dated 07.12.2017 approved the extension of the contract period of M/s Seamax Marine Service, Karachi for providing their pilot boats for further period of 6 months (from September, 2017 to February 2018 for smooth shipping operations at Karachi port and also directed the department to find permanent solution of pilot boats. Board further directed that either case of hiring or purchase of new pilot boats should be processed immediately before expiry of existing hiring period. KPT vide BR No 268 dated 13.06.2018 extended the above contract for further six months i.e from March 2018 to Aug 2018.

Subsequently KPT Board vide BR No 291 dated 30.01.2020 directed to continue the existing practice of hiring of Boards as and when required basis till finalization of new tender.

KPT Board vide BR No 490 dated 25.06.2020 authorized the Chairman KPT to constitute grievances committee for resolving the issue of pending tendering process and also directed that action may be taken prior to confirmation of minutes.

The management of KPT paid an amount of Rs 26.841 million on account of rent of the hired pilot boat. Details are given as under:

Party Name	**Particulars**	**Amount**
M/S. Ocean World (Pvt) Ltd.	Payment of bills for hiring private pilot boat for Pilotage operation Karachi Port @ 60000/-per day approved vide **Board Resolution No.291 dated 30-01-2020**.	16,020,000
M/S. Sea Max Marine Services	Payment of bills for hiring private pilot boat for Pilotage operation Karachi Port @ 59786/- per day approved vide **Board Resolution No.291 dated 30-01-2020**	10,821,266
Total		**26,841,266**

Audit observed as under:

1. According to the statement provided by the concerned department KPT owned pilot boats Zohra and Marvi that remained non-operational from last one year.
2. The operations were managed through hiring of services of existing service providers i.e M/S. Ocean World (Pvt) Ltd & M/S. Sea Max Marine Services in the light of Board Resolution No.291 dated 30.01.2020 till date.
3. Tendering process for hiring of pilot boats is still not finalized till date even various directions of the Board

The services of private boats were hired without open competitive bidding process.

Audit conclude that the KPT management did not make operational its own boats rather preferred to hire private boats without following tendering process in spite of various directions of KPT board to complete tendering process or to purchase new boats.

The department replied that in compliance of the Board Resolution the Letter of Intent (LOI) could not be issued as the Honorable High Court of Sindh has granted “STAY” on the matter in Suit No. Nil 627 of 2020. However, to cater the everyday safe & smooth shipping operation, the hiring of Pilot Boats are continue as per KPT Board’s approval vide B.R. No. 291 dated 30.01.2020, wherein KPT Board sanctioned / approved “to continue existing practice until finalization of new tender”.

The reply is not satisfactory as the management is extending the existing contract from long period of time.

Audit recommends that an inquiry may be conducted to investigate any possible collusion of KPT’s officers / officials with the private boat parties and responsibility may be fixed on the concerned persons who have not only violated procurement rules and board’s decisions but also left to rust the KPT,s boat assets.

20.5.46 Negligence of KPT Board regarding framing of rules & regulations under PSF Ordinance 2002

Section 3 of PSF Act 2002 states that he Chairman with the approval of the Federal Government shall establish, constitute and maintain a force to be called the Karachi Port Security Force to maintain security and safety of the Karachi Port Area for performing of the functions given under said section

Section 3 (2) of PSF Act 2002 states that in the discharge functions of PSF, the officers and members of the Force shall be guided by, and act in accordance, with this Ordinance and the rules and regulations.

Section 17 of PSF Ordinance 2002 states that the Board may, make rules;

a. Regulating the functions and powers of the officers.
b. Regulating the classes and grades of, and the remuneration to be paid to:-
    i. Officers and members of the force and their conditions of service
    ii. Generally for the purpose of carrying into effect the provisions of this Ordinance.

The Commandant may, with the prior approval in writing of the Chairman, make regulation consistent with this Ordinance and the rules for carrying nut the purposes of this Ordinance.

Audit observed that

i. KPT Board failed to devise rules & regulations of PSF till date.\

ii. Under section 3 (2) of PSF Act 2002 the functions of PSF directly linked with the rules being prepared under Section 17 of PSF Act, 2002, therefore, PSF failed to achieves its main objectives and do not perfom its function as per ASF Act as detailed below.
   a. Failed to maintain law and order in the Prot Area.
   b. The admission of persons to, and the conduct of persons in the vicinity of Port Area has not yet properly organized and failed to prevent loss to port property and any other property or goods for the time being within the limits of the port and prevention of offences or contravention of any rule or regulation in respect thereof; resultantly, continues complaints of theft has been reported.
   c. Failed to properly regulate and control movement, traffic and parking of engines, fork lifts, cargo handling equipment's, trucks and vehicles in and around the Port Area, prevent obstructions therein and thereabouts and enforce regulations with regard to them;
   d. Failed to prevent prevent pollution, spillage; waste fire hazards, chemical hazards, water hazards, biological hazards, hazardous waste and hazardous substances and also prevent the generation, collection transport treatment, disposal, storage, handling, import, export of the same, may be prescribed;

Audit is of the view that PSF failed to achieves its prime objective to ensure maintenance of law and order situation within port area due to non-framing and approval of rules, regulations & SoPs by the KPT Board.

Neither the management replied nor was DAC convened.

Audit recommends rules, regulations & SoPs may be framed and got approved through KPT Board

20.5.47 Illegal occupation of KPT land and outstanding dues against Oil Companies – Rs 3,197.463 million

Para 108 of the Manual of the Estate Department of KPT states that it shall be the duty of the outdoor officials of the Estate department or any other officials deputed under the directives of competent authority to keep vigilance over the Board Estates to prevent trespass or encroachment.

Para 125 of the Manual of the Estate Department of KPT states that if a tenants fails to make payment the authorized officer shall cause to recover the dues in any one or more of the following manner.

i. By stopping the transaction of the tenants with the Board.
ii. By adjusting the outstanding amount from any amount due to the tenants.
iii. By taking action under Section 84 of the KPT Act for the recovery of the amount due or through civil suit or under any other law for the time being in force.
iv. By recommending cancellation of allotment to the Board, if the tenant is persistent defaulter.

KPT Board vide BR No 778 dated 30.12.2006 renewed the lease period of various plots to OCACs members including nine (9) plots (Plots No 2, 10, 11, 17, 59, 61, 28, 29, 30 at) at oil installation area within port under the lease of Pakistan State Oil with revised rates from Rs 39.787 per sq/m p.a to Rs 110 per sq/m p.a with 5% compound escalation in each financial year excluding all city government and other taxes w.e.f 01.10.2005. The lessee accepted the same rates and requested vide letter dated 5th November, 2007.

Audit observed as under:-

i. The management of KPT vide letter dated 18.05.2009 revealed that PSO is paying the rent at old rate viz Rs 39.787 per sq/m p.a instead of Rs 110 per sq/m p.a with 5% compound escalation in each financial year.
ii. Signed revised lease agreement with PSO was not available on record.
iii. The company is paying 7.5% Muncipal Tax against their bills instead of 37.5% therefore the amount for counting purpose lies in D&R account and not accounted for as revenue.
iv. The detail of D&R account was not provided to Audit
v. An amount of Rs 338.514 million is still outstanding as per following details:-

Total outstanding dues upto 30.06.2021	Rs 1,177,332,402
Amount lying in D&R Account	Rs 799,130,586
Net Outstanding	Rs 378,201,815
Less amount of Tax paid to FBR	Rs 39,687,945
Net amount recoverable from PSO	Rs 338,513,870

vi. Audit also observed that an amount of Rs 3,197.463 million was outstanding against oil companies utilizing port area till June 2021 as detailed below:-

Name of Oil Company	**Amount**
M/s Pakistan State Oil Ltd	1,177,332,402

M/s Shell Pakistan Ltd	842,043,964
M/s Pak Arab Refinery Ltd	105,823,236
M/s National Refinery Ltd	493,696,541
M/s Caltex Oil Pakistan Ltd	206,215,606
M/s Pakistan Refinery Ltd	372,351,667
Total	**3,197,463,416**

Audit is of the view that KPT is facing loss due to non-receiving of actual revenue and interest.

The management has not submitted replies within given timeframe and till finalization of the report.

Audit recommends that outstanding dues may be recovered from these companies and recovery may be verified from Audit.

20.5.48 Negligence of Estate Department in illegal construction within port area and outstanding dues of Shell Pakistan – Rs 842.043 million

Para 108 of the Manual of the Estate Department of KPT states that it shall be the duty of the outdoor officials of the Estate department or any other officials deputed under the directives of competent authority to keep vigilance over the Board Estates to prevent trespass or encroachment.

KPT Board vide BR No 778 dated 30.12.2006 renewed the lease period of various plots to OCACs members including nine (5) plots (Plots No 1, 3, 4, 7, 8, 9 & 22) at oil installation area within port under the lease of Shell Pakistan with revised rates excluding all city government and other taxes. The lessee accepted the rates and requested vide letter dated 7th December, 2007.

The management of KPT vide letter dated 30.04.2020 directed the management of Shell Pakistan Ltd to restrain from unauthorised construction work but they have not complied with the directions. Subsequently, the matter was also reported by the Anti Encroachment Cell vide latter dated 01.06.2020.

Audit observed as under:-

i. Revised lease agreement with Shell Pakistan was not available on record.

ii. Shell Pakistan Ltd illegally constructed offices in port area without approval of KPT management; however, KPT has not taken any legal action against the firm nor removed illegal construction.
iii. An amount of Rs 842.043 million was also outstanding against the company.

Audit is of the view that management of KPT is not monitoring the port area to stop any illegal construction.

Audit contends that estate management has miserably failed to protect port area and recover the dues from the company. The estate department has therefore, committed negligence to its duties.

Neither the management replied nor was DAC convened.

Audit recommends that the matter may be investigated & responsibility may be fixed on officers / officials concerned.

20.5.49 Negligence of Estate Department regarding encroachment of KPT land measuring 574 Acres.

Para 108 of the Manual of the Estate Department of KPT states that it shall be the duty of the outdoor officials of the Estate department or any other officials deputed under the directives of competent authority to keep vigilance over the Board Estates to prevent trespass or encroachment.

Para 125 of the Manual of the Estate Department of KPT states that if a tenants fails to make payment the authorized officer shall cause to recover the dues in any one or more of the following manner.

i. By stopping the transaction of the tenants with the Board.
ii. By adjusting the outstanding amount from any amount due to the tenants.
iii. By taking action under Section 84 of the KPT Act for the recovery of the amount due or through civil suit or under any other law for the time being in force.
iv. By recommending cancellation of allotment to the Board, if the tenant is persistent defaulter.

As per computerized land data of estate department maintained by the MIS Department KPT land measuring 6,559 Acres (26,544,182 sq/m) is owned by the KPT.

Audit observed that properties measuring 574 acres (2,325,180 sq/m) was encroached as per following details:-

SNO	PROPERTY ID	PROPERTY_NO	Property Type	Locality	AREA Sq/M	CURRENT STATUS	OWNED BY
1	0209020002	(Docks Colony & Bhutta Village)	Residential	Miscelaneous Area Keamari	17	Available	Encroached
2	0209020001	(Majeed Colony)	Residential	Miscelaneous Area Keamari	23	Available	Encroached
3	3108020010	Enc-7 (Yunus Abad)	Residential	Mauripur Western Back Waters Area/Hawks Bay West Wharf	25	Available	Encroached
4	0209020005	Plot No.6	Residential	Miscelaneous Area M. T. Khan Road / Mai Kolachi Road	43	Available	Encroached
5	3108020008	Enc-6 (Grax Village)	Residential	Mauripur Western Back Waters Area/Hawks Bay West Wharf	50	Available	Encroached
6	3108020005	Enc-5 (Machar & Burma Colony, Hingorabad)	Residential	Mauripur Western Back Waters Area/Hawks Bay West Wharf	65	Available	Encroached
7	0209020003	(Gulshan Colony / Sikandarabad)	Residential	Miscelaneous Area Keamari	178	Available	Encroached
8	3108020001	Enc-4 (Muhammadi Colony)	Residential	Mauripur Western Back Waters Area/Hawks Bay West Wharf	200	Available	Encroached
9	3008020003	Hut Site No.98-S	Residential / Recreational	Sandspit Area Manora	209	Available	Encroached
10	3008020004	Hut Site No.97-S	Residential / Recreational	Sandspit Area Manora	209	Available	Encroached
11	3008020005	Hut Site No.96-S	Residential / Recreational	Sandspit Area Manora	209	ALLOTED	Encroached
12	2709030002	Plot No. 36	Commercial	Mauripur Road Area West Wharf	349	Available	Encroached
13	0708020016	Plot No.78	Residential	Village Area Keamari	416	Available	Encroached
14	2507020098	Plot No.19	Commercial	Jungle Shah Area Keamari	1,022	Available	Encroached
15	0308020041	Plot No.15	Parking Area	Oil Installation Area Keamari	2,963	Available	Encroached
16	0708020009	Plot No.73	Commercial	Village Area Keamari	4,474	Available	Encroached

17	2709030003	Plot No. 38	Commercial	Mauripur Road Area West Wharf	6,503	Available	Encroached
18	0308020040	Plot No.14	Parking Area	Oil Installation Area Keamari	7,943	Available	Encroached
19	0308020118	Plot No.44	Parking Area	Oil Installation Area Keamari	17,338	Available	Encroached
20	2407020018	Plot No.21	Welfare	Miscelaneous Area West Wharf	46,054	Available	Encroached
21	2705030002	Enc.(N. L.C)	Residential Cum Commercial	Miscelaneous Area M. T. Khan Road / Mai Kolachi Road	52,609	Available	Encroached
22	2709030004	Plot No. 39	Commercial	Mauripur Road Area West Wharf	68,009	Available	Encroached
23	2705030013	Plot No.71	Commercial	Clifton Boat Basin Area M. T. Khan Road / Mai Kolachi Road	92,843	Available	Encroached
24	0304030001	Plot No.67	Welfare	Mauripur Western Back Waters Area/Hawks Bay West Wharf	2,023,430	Available	Encroached
					2,325,181		

Audit is of the view that the officers and officials of estate department are responsible for the encroachment of KPT land which results loss to the KPT in shape of lease rent and expenditure on litigation.

Neither the management replied nor was DAC convened.

Audit recommends that PAO may inquire the matter, get the illegally occupied property vacated.

20.5.50 Negligence of the Estate department regarding Illegally occupied and encroached plot at Maripur Road Karachi

Para 108 of the Manual of the Estate Department of KPT states that it shall be the duty of the outdoor officials of the Estate department or any other officials deputed under the directives of competent authority to keep vigilance over the Board Estates to prevent trespass or encroachment.

During scrutiny of record, audit noticed that an inquiry regarding encroachment of plot No 65 measuring 6 acres at Maripur Road, Karachi was conducted by the management of KPT.

Audit observed as under:

i. The inquiry committee was constituted on 14.07.2016 on the directions of Ministry of Ports & Shipping letter dated 24.06.2016.
ii. The report of the enquiry committee which was submitted on 24.10.2018 recommended that the preliminary inquiry may again be conducted without giving its findings, conclusion and recommendations.
iii. The manager HR vide noting dated 05.08.2021 states that departmental inquiry has not been completed as yet and the same cannot be conducted as the three accused officials has already been retired from KPT except on official. Therefore this case is fit to send to NAB as already directed by two chairman's to reach to some conclusion as this case is pending since 2016. However, on the recommendation of GM Admn vide noting dated 04.11.2021 new inquiry committee was constituted to conduct denovo inquiry.
iv. No action has yet been taken against the encroachers.

Neither the management replied nor was DAC convened.

Audit recommends that PAO may inquire the matter and responsibility may be fixed on the persons at fault.

20.5.51 Expenditure on account of legal charges regarding litigation of KPT land measuring 159 acres– Rs 34.482 million

Section 84 of KPT Act, 1986 states that all fees and sums due on account of property for the time being vested in the Board and all arrears of tolls, charges, rates and dues imposed under this Act, may be recovered, in addition to the other modes hereinbefore provided, upon a summary proceedings before a magistrate in the manner provided in the Code of Criminal Procedure, 1882, for the recovery of fines.

Para 125 of the Manual of the Estate Department of KPT states that if a tenants fails to make payment the authorized officer shall cause to recover the dues in any one or more of the following manner.

i. By stopping the transaction of the tenants with the Board.
ii. By adjusting the outstanding amount from any amount due to the tenants.

iii. By taking action under Section 84 of the KPT Act for the recovery of the amount due or through civil suit or under any other law for the time being in force.
iv. By recommending cancellation of allotment to the Board, if the tenant is persistent defaulter.

As per computerized land data of estate department maintained by the MIS Department KPT land measuring 6,559 Acres (26,544,182 sq/m) is owned by the KPT.

Audit observed that properties measuring 159 acres (643,384 sq/m) was under litigation.

Audit also observed that Estate Department has paid an amount of Rs 34.482 million on account of legal charges for hiring of services lawyer to contest litigation cases of properties during FY 2020-21

Audit is of the view that KPT is suffering loss in shape of legal charges paid to lawyers by estate department due to litigation.

Audit recommends that PAO may inquire the matter, get the illegally occupied property vacated and recover the rent.

Audit further recommends that since the Estate Department has miserably failed to protect property of KPT, responsibility of collusion / negligence may be fixed on the concerned persons and report may be shared with Audit.

Audit also observed that as per statement provided by the department, total 10,003 cases are pending in different courts from 1973 which mostly includes cases relating to estate department and KPT incurred an expenditure of Rs 58.667 million on account of legal charges paid to lawyers to defend these case.

Audit is of the view that KPT funds are facing recurring loss on account of legal charges to defend long outstanding litigations due to negligence of estate department.

Neither the management replied nor was DAC convened.

Audit recommends that matter may be inquired and report be shared with Audit

20.5.52 Outstanding recovery on account of rent from property within port area under traffic department – Rs 1,296.531 million

Section 84 of KPT Act, 1986 states that all fees and sums due on account of property for the time being vested in the Board and all arrears of tolls, charges, rates and dues imposed under this Act, may be recovered, in addition to the other modes hereinbefore provided, upon a summary proceedings before a magistrate in the manner provided in the Code of Criminal Procedure, 1882, for the recovery of fines.

Para 125 of the Manual of the Estate Department of KPT states that if a tenants fails to make payment the authorized officer shall cause to recover the dues in any one or more of the following manner.

i. By stopping the transaction of the tenants with the Board.
ii. By adjusting the outstanding amount from any amount due to the tenants.
iii. By taking action under Section 84 of the KPT Act for the recovery of the amount due or through civil suit or under any other law for the time being in force.
iv. By recommending cancellation of allotment to the Board, if the tenant is persistent defaulter.

As per billing record of estate department maintained by the MIS Department 1609 residential & commercial plots measuring 2,181 Acres (26,544,182 sq/m) was under lease of different parties.

Audit observed that rent amounting to Rs 1,296,531,073 against following 14 properties was outstanding till June, 2021:-

S No	PARTY NAME	PROPERTYNO_TYPE_LOCALITY	AREA (sq/M)	Outstanding
1	M/S. Karachi International Container Terminal Ltd. 01-07-2020 TO 30-06-2021	KICT (Berth No. 28-30) W/W.___Container Yard___Berth-28-30 West Wharf	136222.40	1,252,165,585
2	Government Agency 01-10-2020 TO 31-12-2020	Office Accommodation___Office (s)___N.M.B Wharf Bldg. East Wharf	24.00	237,780
3	Government Agency 01-10-2020 TO 31-12-2020	Office Accommodation___Office (s)___N.M.B Wharf Bldg. East Wharf	24.00	225,437

4	M/S. Rainbow Agri Business (Pvt) Ltd. 01-10-2020 TO 31-12-2020	G-4 Covered___Plinth___Catagory-1 OLD TPX	550.00	4,355,072
5	E.H.Q. C/O Military Estate Officer 01-10-2020 TO 31-12-2020	Room at Lloyd Gate W/W___Office (s)___Lloyed Gate (WW) West Wharf	87.00	699,606
6	P.O.F C/O Military Estate Officer 01-10-2020 TO 31-12-2020	Between Shed 24 & 25 W/W___Shops / Stalls / Rooms/Flats/Plots___T. Shed No. 24 & 25 West Wharf	23.00	184,957
7	P.O.F C/O Military Estate Officer 01-10-2020 TO 31-12-2020	Room DTM (E) Bldg.___Shops / Stalls / Rooms/Flats/Plots___DTM (East) Bldg. East Wharf	21.00	168,867
8	Gvt org 01-10-2020 TO 31-12-2020	Office Accommodation___Office (s)___N.M.B Wharf Bldg. East Wharf	24.00	178,893
9	P.A.F. Embarkation Unit. C/O. M.E.O. 01-10-2020 TO 31-12-2020	Room DTM BLDG. W/W___Office (s)___DTM (West) Bldg. West Wharf	44.00	178,986
10	M/S. F.I.A Immigration. Sea Port Keamari. 01-10-2020 TO 31-12-2020	Room. Boat Basin, Keamari___Shops / Stalls / Rooms/Flats/Plots___Boat Basin Keamari East Wharf	80.00	317,598
11	M/S. F.I.A Immigration. Sea Port Keamari. 01-10-2020 TO 31-12-2020	Office Accommodation___Office (s)___N.M.B Wharf Bldg. East Wharf	72.00	245,217
12	Distt. Controller Of Stores Pakistan Railways. 01-10-2020 TO 31-12-2020	Room DTM (E) Bldg.___Shops / Stalls / Rooms/Flats/Plots___DTM (East) Bldg. East Wharf	242.20	901,610
13	Distt. Controller Of Stores Pakistan Railways. 01-10-2020 TO 31-12-2020	Office Accommodation. W/W.___Office (s)___DTM (West) Bldg. West Wharf	75.48	280,977
14	M/S. Bolan Enterprises (Pvt) Ltd.01-07-2020 TO 30-09-2020	Oil Installation out side KGCC area___Normal Plinth___KGCC Afghan Refugee Shed Keamari	20368.00	36,390,488
	Total		**157857.08**	**1,296,531,073**

The department replied that the tenants at Sr 2, 3, 5, 6, 7, 8, 9, 10, 11, 12 & 13 are Government Agencies. Traffic Department constantly pursue the recovery of outstanding through letters, reminders and telephonic conversation. The remaining cases of recovery are in court of law.

The management accepted the observation made by audit. Audit recommends that the outstanding rent may be recovered from the parties concerned and the recovery position may be shared with Audit.

20.5.53 Outstanding recovery of rent from property outside port area under Estate Department – Rs 4,074.881 million

Section 84 of KPT Act, 1986 states that all fees and sums due on account of property for the time being vested in the Board and all arrears of tolls, charges, rates and dues imposed under this Act, may be recovered, in addition to the other modes hereinbefore provided, upon a summary proceedings before a magistrate in the manner provided in the Code of Criminal Procedure, 1882, for the recovery of fines.

As per billing record of estate department maintained by the MIS Department 1609 residential & commercial plots measuring 2,181 Acres (26,544,182 sq/m) was under lease of different parties.

Audit observed that rent amounting to Rs 4,074,881,475 against 491 properties was outstanding till June, 2021.

Neither the management replied nor was DAC convened.

Audit recommends that the outstanding rent may be recovered from the parties concerned and the recovery position may be shared with Audit.

20.5.54 Illegal occupation of properties without extension of lease and outstanding lease money / Rent – Rs 686.588 million

Section 84 of KPT Act, 1986 states that all fees and sums due on account of property for the time being vested in the Board and all arrears of tolls, charges, rates and dues imposed under this Act, may be recovered, in addition to the other modes hereinbefore provided, upon a summary proceedings before a magistrate in the manner provided in the Code of Criminal Procedure, 1882, for the recovery of fines.

As per billing record of estate department maintained by the MIS Department 1609 residential & commercial plots measuring 2,181 Acres (26,544,182 sq/m) was under lease of different parties.

Audit observed as under:-

i. Expiry period of lease of 680 properties ranges more than 5 to 25 years as detailed below:-

Sr	Period of expiry	No of properties
1	Expired period in between one year to 5 years	157
2	Expired period in between 5 year to 25 years	406
3	More than 25 years	117
	Total	**680**

ii. An amount of Rs 686.588 million was also outstanding against 325 properties out of above.

Audit contends that the estate department has miserably failed to protect its properties and recover lease money.

Audit is also of the view that KPT is facing financial loss due to non-extension of lease and non-revision of rates.

Neither the management replied nor was DAC convened.

Audit recommends that matter of negligence on the part of estate department may be investigated & report may be shared with audit.

20.5.55 Non-adjustment of advances issued to officers / departments of KPT - Rs.15.902 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 2020-21 provided to various departments for miscellaneous assignments against which the employee were to provide adjustment accounts. The details are as under:

Description	Additions
Opening balance as on 01.07.2020	24,212,778
Cash advance during 2020-21	12,393,178
Total	**36,605,956**
Recoveries during 2020-21	-20,703,281
Outstanding as on 30.06.2021	**15,902,675**

Audit observed that:-

i. An amount of Rs 15.903 million is outstanding till close of financial years.

ii. The adjustment record of following cash advances of Rs 11.705 million provided to different offices for different activities during financial year 2020-21 was not available on record:-

Sr	Description	Dpt	Amount	Amount
1	For payment of vehicle tax	CM&E	1,703,994	**1,703,994**
2	Covid19	Hospital	1,000,000	**1,000,000**
3	Funeral Exp to IR&W	IR&W	880,000	
4	Refreshment in meeting		100,000	
5	Misc		146,000	
6	Sweet and Suits		136,000	**1,262,000**
7	Plantation	MPCD	340,000	
8	Plantation-II		128,000	
9	Misc		180,000	**648,000**
10	Hiring of consultancy services	P&D	500,000	**500,000**
11	Exp of Eid ul Fitar	PRO	150,000	**150,000**
12	Purchase of Arms & Ammunition	PSF	373,320	
13	Verification fee of educational documents		100,000	
14	Misc		1,000,000	**1,473,320**
15	Misc	Secretary	100,000	**100,000**
16	Cricket teams	Sports	700,000	
17	Football team		634,500	
18	Sports festival		300,000	
19	Football team players		364,500	
20	Football players		120,000	
21	Misc expenditure		924,000	
22	Hotel expenditure		880,000	
23	Sports activities		100,300	
24	Football team		250,000	
25	Misc		295,000	**4,568,300**
26	Marriage advance	Traffic	300,000	**300,000**
	Total		**11,705,614**	**11,705,614**

Audit is of the view that in absence of complete record, authenticity of expenditure cannot be ascertained.

Neither the management replied nor was DAC convened.

Audit recommends that adjustment record of advances may be provided to Audit for scrutiny.

20.5.56 Non-recovery of outstanding advances from contractors - Rs. 112.020 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 FTR Vol-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.

The KPT management made payments to various contractors during the year 2020-21. Detail is as under:

S. No	Particulars	Amount
1	Outstanding balance as on 01.07.2020	1,899,482,133
2	Advances during 2020-21	247,939,003
3	**Recoverable Advances**	**2,147,421,136**
4	Recoveries during 2020-21	86,390,754
5	**Outstanding Advances as on 30.06.2021**	**2,061,030,382**

Audit observed as under:

i. An amount of Rs 2,061.030 million was still outstanding from the contractors.
ii. The management did not provide the detail of the outstanding amount of previous years amounting to Rs 1,899.482 regarding names of contractor, purpose of advance and its period.

Audit is of the view that KPT funds are facing recurring loss due to non adjustment / recoveries of receipts.

Neither the management replied nor was DAC convened.

Audit recommends that recoveries from the contractors may be made at the earliest & recovery position may be shared with audit.

20.5.57 Splitting of construction / repair works by engineering department to avoid approval of KPT Board - Rs 27.763 million.

Section 18(6) of the Karachi Port Trust Act, 1886 states that sanction of the board when required to purchase or sale moveable property. In the case of a contract for the purchase of moveable property or for the sale of any moveable property belonging to the board if expenditure which the purchase would involved or the value of the property to sold as estimate in the accounts of the board exceeds one million rupees, sanction of the board is required.

Rule 9 of PPRA Rules 2004 states that save as otherwise provided and subject to the regulation made by the Authority, with the prior approval of the Federal Government, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority's website as well as on the website of the procuring agency in case the procuring agency has its own website.

The Engineering Department of KPT executed & completed ___ projects during financial year 2020-21 amounting to Rs 27,762,914 having value of each contract above Rs 500,000 to Rs 1,000,000.

Audit observed that:

i. Work was awarded to various firms by splitting the sanctioned amount below one million to avoid approval of Board.
ii. Four firms awarded contracts more than three million by splitting the contracts into amount of Rs one million

Audit is of the view that due to splitting, KPT management avoided approval of KPT Board & also compromised the quality of work by awarding such work to local contractors instead of big firms.

The management replied that the KPT followed all the codal formalities as prescribed in the PPRA Rules in its true letter & spirit and the works taken for execution were purely on the genuine demand / request of the users as received by the Department from time to time. Further, it is also submitted that, the nature of the works, areas / locations and dates for calling of tenders of the works amounting to Rs. 0.5 to 1.0 (M) is also very diversified.

The reply of the management is not in accordance with observations made by Audit.

Audit recommends that such practice may be stopped forthwith and matter may be inquired at appropriate level.

20.5.58 Splitting of construction / repair works by engineering department to avoid tendering process - Rs 10.565 million

Section 18(6) of the Karachi Port Trust Act, 1886staes that sanction of the board when required to purchase or sale moveable property. In the case of a contract for the purchase of moveable property or for the sale of any moveable property belonging to the board if expenditure which the purchase would involved or the value of the property to sold as estimate in the accounts of the board exceeds one million rupees, sanction of the board is required.

Rule 9 of PPRA Rules 2004 states that save as otherwise provided and subject to the regulation made by the Authority, with the prior approval of the Federal Government, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority’s website as well as on the website of the procuring agency in case the procuring agency has its own website.

The management of KPT incurred an expenditure of Rs 18,557,769 million on account of construction / repair work during 2020-21 as detailed below:-

Audit observed that work works were awarded to the contractors by splitting into less than Rs 500,000 to avoid tendering process

Audit also observed that following firms were awarded more than one works amounting to Rs 10,565,379 by splitting them less than Rs 500,000. The details are as under:-

S.No	Name of Contractor	Number of Contracts	Total Sanctioned Amount
1	Mehtab Traders	2	979,431
2	Ajj Enterprises	2	878,603
3	Global Construction Engineering	3	1,236,332
4	Hasnain Trading	2	595,130
5	M/s. Mehtab Traders	2	988,355
6	Mehtab Traders	5	2,074,010
7	New Ghulam Nabi Enterprises	4	1,255,315
8	Pirbhoy & Sons	2	759,482
9	Technology ManPower Associates	5	1,798,721
	Total		**10,565,379**

Audit is of the view that management of engineering department avoided tendering process through splitting of work.

Management replied that regarding the expenditure as mentioned in the caption i.e Rs. 10.565 (M) it is to say that, the Quotations for the works below than Rs. 0.5 (M) were called upon on the genuine request of the users and were initiated by calling quotations in accordance to PPRA Rules in true letter and spirit. Further, it is also submitted that, the nature of the works, areas / locations and dates for calling of Quotations of the works amounting to Rs.0.5 (M) is also very diversified. Hence, the perception of Federal Audit team for the adoption of splitting of works does not appears to be appropriate in this case.

The reply of the management is not in accordance with observations made by Audit.

Audit recommends that such practice may be stopped forthwith and matter may be inquired at appropriate level.

20.5.59 Long outstanding litigation due to non-appointment of magistrate under PSF Act, 2002

Section 14 of the PSF Act, 2002 states that notwithstanding anything contained in the Code of the Criminal Procedure, 1898 (Act V of 1898) or any other law for the time being in force, the Government may for the purposes of this Ordinance, appoint a Magistrates of first class within the meaning of the Code of Criminal Procedure, 1898 (Act V of 1898).

The function of magistrate appointed by the government has to perform following functions:-

i. To assigned to the mobile units of the Force to patrol the Harbour area, with powers as shall be prescribed to monitor, arrest and adjudicate offences, inclusive of offences relating to safety, security and pollution of the Harbour and other offences.
ii. To conduct summary proceedings and penalize and fine the offenders in accordance with the Code of Criminal Procedure, 1898 (Act V of 1898).
iii. To conclude the proceedings within thirty days of the commencement of the proceedings.
iv. Have all the powers and exclusive jurisdiction under the Land Control (Karachi Division) Act, 1952 to adjudicate matters relating to all moveable and immovable properties of the Karachi Port Trust in accordance with prevailing law:
v. Port Security Force shall implement and enforce orders of the Magistrate using any Force deemed necessary for compliance of the orders.

Audit observed that magistrate under Section 14 of the PSF Act, 2002 has not yet appointed by the Federal Government till date.

Audit is of the view that KPT is suffering loss due to theft, encroachment and pending cases in the court of law due to non-appointment of regular magistrate.

Neither the management replied nor was DAC convened.

Audit recommends that PAO may process the case on immediate basis for appointment of magistrate with the approval of Federal Government.

20.5.60 Un-justified expenditure and violation of Board's decision on account of purchase of ice blocks – Rs 3.919 million

KPT vide resolution No 470 dated 11.06.2020 accorded approval / sanction of placing purchase order in favour of M/s Zafar Shamim International for procurement of ice blocks in weight of 120 Kgs on RRC Basis at a total cost of Rs 5,872,500 for a period of one year (valid till 08.01.2020 extended till 06.09.2020.

The KPT board further directed the department to initiate the case for procurement of electric water coolers at different places of port area to reduce the consumption/ cost of ice blocks in future.

The management of KPT incurred an expenditure of Rs 3,919,160 on account of procurement of Ice Block during 2020-21 as detailed below:-

Sr	Department	Cheque No	Cheque Date	Amount
1.	Stores	11599340	17-Aug-20	240,530
2.	Traffic	11598960	5-Aug-20	121,440
3.	Traffic	11599874	2-Oct-20	204,240
4.	Traffic	11599891	5-Oct-20	153,870
5.	Traffic	11600287	14-Oct-20	476,790
6.	Traffic	11600695	4-Nov-20	388,600
7.	Traffic	11600695	4-Nov-20	313,200
8.	Traffic	11601856	30-Dec-20	1,183,200
9.	Traffic	11601725	18-Dec-20	309,575
10.	Traffic	11606093	27-Apr-21	460,290
11.	Traffic	11606540	5-May-21	67,425
Total				**3,919,160**

Audit observed as under:-

i. The directions of the board regarding installation of electric water coolers at different places of port area for reduction of cost were not complied with and KPT is procuring Ice Blocks till date.
ii. Procurement of ice block was made after expiry of contact i.e September, 2020.

Audit is of the view that KPT sustained loss due to non compliance of Boards directives.

Neither the management replied nor was DAC convened.

Audit recommends that procurement rules and Board's decision may be complied with and the violators may be held responsible.

20.5.61 Non-supply of bucket chain ladder spare parts - Rs 31.352 million

KPT vide BR No 55 dated 28.02.2019 approved procurement of bucket chain ladders spare parts for Bucket Dredger BD Aftab from M/s Heavy Mechanical Complex, Taxila with a cost of Rs 103,453,540 with 20% mobilization advance. The price will be revised in case of increase in direct, indirect and auxiliary material, labour cost and custom tariff.

KPT vide purchase order dated 26.03.2019 issued supply order of bucket chain ladder parts for Bucket Dredger Aftab for Rs 103,453,540 to M/s Heavy Mechanical Complex (HMC), Texila as per following details:-

S#	Description	Quantity	Unit Price	Amount
1	Bucket	30	969,918	29,097,540
2	Bucket Links	200	175,998	35,199,600
3	Bushes for Bucket Links	2000	5,529	11,058,000
4	Bushes for Bucket	2000	9,647	19,294,000
5	Bolts	400	22,011	8,804,400
	Total			**103,453,540**

Audit observed that following items has not yet been delivered by the supplier after expiry of two years:-

S#	Description	Balance Items	Unit Price	Amount
1	Bushes for Bucket Links	1200	5,529	6,634,800
2	Bushes for Bucket	1880	9,647	18,136,360
3	Bolts	299	22,011	6,581,289
	Total			**31,352,449**

Audit is of the view that delay in delivery of spare parts of dredgers leads wards halt in operations and increase in the price of spares.

Neither the management replied nor was DAC convened.

Audit recommends that the management may recover the short supply and impose penalty to the supplier as per contract agreement.

20.5.62 Unjustified hiring of M/s Prime Business System since 2010 for providing photocopy facility without tendering – Rs 70.178 million

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

The management of KPT hired M/s Prime Business System for provision of photocopy machines in different offices and paid Rs 70,177,688 during financial years 2010-11 to 2020-21.

Sr	Period	Amount
1.	2020-21	4,503,723
2.	2010-11 to2019-20	65,673,965
	Total	**70,177,688**

Audit observed that:-

i. The services were hired without advertisement and open competition.

ii. The firm is providing its services since last 12 years without any competition..

Neither the management replied nor was DAC convened.

Audit recommends that the irregularity may be discontinued forthwith and responsibility may be fixed on the person at fault.

20.5.63 Unjustified hiring of Taj Medicos for procurement of medicine – Rs 124.426 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 KPT incurred an expenditure of Rs. 124.426 million on the purchase of medicines during 2020-21 through local purchase basis without calling open tender.

In addition to the above the management of KPT also incurred an expenditure of Rs 113.308 million on account of purchase of Medicine through stores department during 2020-21.

Audit observed that:-

vi. The management purchased a large number of medicines from M/s Taj Medicos on local purchase basis without calling open tender.

vii. The DAC in its meeting dated 6th July, 2020 recommended to float tender for purchase of medicine on the basis of generic name, however, tendering process has not yet been finalized. Resultantly, management of KPT incurred an amount of Rs 124.426 million through local purchase from Taj Medicos as compared to previous years local purchase i.e 95.486 million.

viii. The management on the fact finding inquiry by the Ministry (on previous audit report) ensured that the system is being streamlined in accordance with PPRA Rules 2004 for future purposes but the Rules are not complied with during 2020-21.

Audit also observed that:-

i. The DAC in its meeting dated 6th July, 2020 recommended to float tender for purchase of medicine on the basis of generic name, however, DACs direction was not complied to and management purchased medicines as per previous contract.

ii. Procurement was made during CFY on the basis of previous years contracts executed during 2019-20.

iii. Supplies against supply orders of 2019-20 were received during 2020-21.

Audit is of the view that KPT management violated that DACs directives and continued its previous practice of procurement of medicines with brand name through stores and without open competition from Taj Medicos.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility may be fixed and irregular practice may be stopped forthwith.

20.5.64 Irregular hiring of consultants without open competition – Rs 4.481 million

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

The management of KPT hired services of ten consultants on part time basis and paid Rs 4,480,850 for financial year 2020-21.

Audit observed that:-

i. The services were hired without advertisement and open competition.
ii. Services were hired without any contract agreement and without mentioning period of contract.

The management replied that the services of Part-Time Consultants are hired after approval of Board and appointment letter is issued to the consultant by the HR Department in which specific terms and condition are mentioned i.e. days, timings and payment. They are hired till their services are required for KPT. Part-Time Consultants conduct their OPD in the rooms which are already available in KPT Hospital and are designated for KPT Consultants for OPD purpose. No designated space is provided to the Part-Time Consultants on monthly basis they visit KPT Hospital on specific day for limited time. As per Audit Observation that the number of consultants paid amount of Rs. 4,480,850 i-e 4,480,85 per Consultant per annum and rupees 37340 per month per Consultant which include Ten part time Consultants done (Major : 442 , Minor : 3398) number of surgeries in year 2020-21 which is cost effective as Panel Hospital rate. However as per Audit Observation the process of hiring Part Time Consultants through advertisement will be process at earlier.

The management accepted the view point of audit regarding hiring of services without competition.

Audit recommends that the irregularity may be discontinued forthwith and responsibility may be fixed on the person at fault.

20.5.65 Irregular hiring of services of Audit Firms – Rs 6.329 million

Rule 15 (1) of PPRA Rules, 2004 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 and in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids. Such pre-qualification shall solely be based upon the ability of the interested parties to perform that particular work satisfactorily.

Rule 12(1) of PPRA Rules 2004 states that procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority'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 KPT incurred an expenditure of Rs 6.329 million on account hiring of Audit firms during 2020-21. Detail is as under:

Sr	Firm	Cheque Number	Cheque Date	NARRATIONS	Amount
1	M/S.HORWATH HUSSAIN CHAUDHURY & CO.	11600604	14-Oct-20	BEING THE PAYMENT FOR PROFESSIONAL SERVICES RENDERED IN CONNECTION WITH. AUDIT IN ACCORDANCE WITH THE CLAUSES OF THE IMPLEMENTATION AGREEMENT EXECUTED BETWEEN TERMINAL OPERATORS (PICT,KICT & SAPTL)AND KPT FOR THE PERIOD UPTO JUNE30, 2018	3,898,500
2	M/S.BAKER TILLY MEHMOOD IDREES QAMAR	11599496	7-Sep-20	BEING THE PAYMENT OF FEE FOR SERVICES RENDERED IN RESPECT OF SPECIAL AUDIT ASSIGNMENT OF STORES DEPARTMENT OF KARACHI PORT TRUST FOR THE PERIOD FROM JULY 2014 TO JUNE 2019	2,106,000
3	M/S.BUREAU VERITAS PAKISTAN (PVT) LTD	11606318	1 of Audit firms were hire5-Apr-21	APPOINTMENT OF EXTERNAL AUDIT / FIRMS TO GET CERTIFICATION FOR ENVIRONMENT, HEALTH AND SAFETY (EHS) MANAGEMENT SYSTEM (ISO 1400 : 2004 AND OHSAS 18001 : 2007 AT THE PORT OF KARACHI	325,440
					40

Audit observed that:-

i. M/S Horwath Hussain Chaudhury & Co was rejected during 1st tender being low profile audit firm, however, same was selected during 2nd tender being lowest by rejecting bid of M/s Deloitte Yousuf Adil a better firm without considering the experience. The experience of firms was not available in the technical bidding process which questions the capability of participating firms. It was also observed that M/S horwath Hussain Chaudhary & Co submitted four (4) pager audit report and its main observation was that the auditee did not provided the complete record.

ii. Technical evaluation was made without considering experience and company profile.

iii. The management of KPT failed to provide any record relating to hiring of M/S. Baker Tilly Mehmood Idrees Qamar and M/S. Bureau Veritas Pakistan (Pvt) Ltd.

Audit is of the view that process of hiring of Audit firms was in non-transparent manners and in violation of procurement rules.

The management replied that M/s Crowe Horwath & Hussain Choudary & Co. was selected being lowest financial offer being made.

The reply of the management was not in accordance with observations raised Audit as technical evaluation was made without considering experience and company profile. Therefore, audit recommends that matter may be inquired and responsibility may be fixed.

20.5.66 Unjustified expenditure on hiring of services of legal firms and lawyers – Rs 58.563 million

Rule 14(1)(g) of Rules of Business, 1973 states that before the appointment of a legal adviser in any Division or any office or corporation under its administrative control and the Law, Justice and Human Rights Division will make its recommendations after consultation with the Attorney General.

The management of KPT incurred an expenditure of Rs 58.563 million on account of legal charges paid to legal firms and lawyers during 2020-21. Detail is as under:

Sr	PARTY NAME	WORK NAME	Amount
1.	M/S.A.B.A Associates (Pvt) Ltd.	Legal opinion	500,000
2.	M/S.ABDUL REHMAN BUTT,ADVOCATE	Legal Fee	174,000
3.	M/S.ABID SHAHID ZUBAIRI,ADVOCATE	Legal Fee	1,950,000
4.	M/S.AGA ZAFAR AHMED,ADVOCATE	Legal Fee	909,600
5.	M/S.BADAR ALAM ADVOCATE.	Legal fee	2,150,000
6.	M/S.BASHIR AHMED,ADVOCATE	Legal fee	2,201,500
7.	M/S.FAHEEM IQBAL,ADVOCATE	Legal fee	198,000
8.	M/S.FARUQUI & CO.	Legal fee	5,850,000
9.	M/S.FAZLE GHANI ADVOCATES	Legal fee	2,890,000
10.	M/S.HAKIM ALI KHAN ADVOCATE	Legal fee	1,095,750

11.	M/S.HASHMAT ALI HABIB (ADVOCATE)	Legal fee	250,000
12.	M/S.M.A.ISANI,ADVOCATE	Legal fee	600,000
13.	M/S.M.S. MANGRIO & CO.	Legal fee	1,821,250
14.	M/S.MANDVIWALLA & ZAFAR	Legal fee	6,500,000
15.	M/S.MANZOOR ALI KHAN & CO., ADVOCATES	Legal fee	262,500
16.	M/S.MUHAMMAD ALI,ADVOCATE	Legal fee	450,000
17.	M/S.MUHAMMAD SERFARAZ SULEHRY	Legal fee	340,000
18.	M/S.MUMTAZ ALI GOPANG	Legal fee	45,000
19.	M/S.MUSARAT HUSSAIN,ADVOCATE	Legal fee	110,000
20.	M/S.MUSHTAQ A. MEMON ADVOCATE	Legal fee	12,740,000
21.	M/S.NAFEES SIDDIQI LAW ASSOCIATES	Legal fee	160,000
22.	M/S.QAMAR ABBAS & CO.	Legal fee	1,082,000
23.	M/S.SAADAT YAR KHAN & CO.	Legal fee	5,885,000
24.	M/S.SAIF ALI KHAN JATOI ADVOCATE	Legal fee	680,500
25.	M/S.SIDDIQA NAUSHEEN, Advocate	Legal fee	1,246,600
26.	M/S.SYED ALI ZAFAR,ADVOCATE	Legal fee	5,050,000
27.	M/S.SYED MUHAMMAD SALMAN ALI ADVOCATE	Legal fee	924,000
28.	M/S.THE EASTERN LAW FIRM	Legal fee	1,985,000
29.	M/S.UMAR FAROOQ, ADVOCATE	Legal fee	513,000
	Total		**58,563,700**

Audit observed that the legal department hired services of 110 advocates / legal firms, however, as per statement provided by the department, total 10,003 cases are still pending in different courts and only 13 cases were disposed off during 2020-21.

Audit is of the view that the management made unjustified expenditure on hiring of services of legal firms and lawyers due to very poor follow up / disposal of court cases.

Neither the management replied nor was DAC convened.

Audit recommends that the unauthorized amount may be regularize from the quarter concerned and irregular hiring of legal firms and lawyers may be stopped forthwith.

20.5.67 Irregular procurement of Engine oil for use on Dredger BHD Ali – Rs 13.333 million

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

The management of KPT incurred an expenditure of Rs 35,332,704 on account of procurement of Lubricant Oil and Grease for flotilla from shell Pakistan Ltd during 2020-21 as detailed below:

Amount in Rs

Sr	Particulars	Procedure	Amount
1	Procurement of engine oil helix super 10-W-40 against	Direct Contracting	9,523,319
2	Supply of grease retinax automotive HDX-2 in 180 kg drum (for use in bhd ali)	Direct Contracting	388,494
3	Procurement of engine oil helix super 10w-40 for use on bhd ali	Direct Contracting	3,809,327
4	Procurement of Lub Oil & Grease	Through Tender on RRC basis 2019-22	9,663,252
5	Procurement of Lub Oil & Grease	Through Tender on RRC basis 2019-22	6,315,532
6	Procurement of Lub Oil & Grease	Through Tender on RRC basis 2019-22	2,544,824
7	Procurement of Lub Oil & Grease	Through Tender on RRC basis 2019-22	2,035,859
8	Procurement of Lub Oil & Grease	Through Tender on RRC basis 2019-22	1,393,814
	Total		**35,674,421**

Audit observed as under:-

i. Engine oil as detailed below Helix supper 10-W-40 amounting to Rs 13,332,704 was procured directly from the firm without advertisement on the basis of emergency during November, 2020 (Rs 9,523,377) and during April, 2021 (Rs 3,809,327).
ii. The quantity of said engine oil was not included in the tendering process executed for the period from 2019 to 2022.

Audit is of the view that direct procurement of lubricant oil in two separate transactions within a period of four months and non inclusion of the same in the tendering process is unjustified and is lapse on the part of concerned management who failed to asses requirement during preparation of procurement planning.

Neither the management replied nor was DAC convened.

Audit recommends that internal controls may be strengthen to avoid such violation of procurement rules.

20.5.68 Recovery of outstanding receipt on account of rent & utility charges against government departments – Rs 43.177 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.

Section 84 of the Karachi Port Trust Act, 1886 states that all fees and sum due on account of property for the time being vested in the Board, and all areas of tolls, charges, rates and dues imposed under this act may be recovered, in addition to the other modes herein before provided, upon a summary proceeding before a magistrate in the manner provided in the code of Criminal Procedure, 1882 for the recovery of fines.

The scrutiny of record revealed that KPT has recoverable Rent & Utilities charges against government departments / entities utilizing the property of KPT inside and outside port area. The details are as under:-

Sr	Department	Rent	Electricity	Water	Total
1	Collector of customs	2,415,361	15,378,593	731,713	18,525,667
2	Pak Railways	2,098,826	469,996	-	2,568,822
3	Dir Excise & Taxation	1,033,108	-	-	1,033,108
4	Karachi Metropolitan	1,093,737	122,001	-	1,215,738
5	Military Estate Office	3,335,771	-	-	3,335,771
6	Ministry of Food	8,596,456	-	-	8,596,456
7	Pak Navy	1,636,953	-	-	1,636,953
8	Other Govt Departments	5,331,849	843,634	89,500	6,264,983
	Total				**43,177,498**

Auditobservedthat :-

i. Management failed to recover an amount of Rs 43.177 million on account of rent and utility charges till June 2021.

ii. Period of outstanding dues, lease agreement and detail of rent was not available on record.

Audit is of the view that KPT sustained financial loss due to non recovery of outstanding dues.

Departmental Reply: It is to state that various Government Agencies have their presence at the port area and they pay miscellaneous charges to KPT account of Rent, Electricity, Water etc. The issuance of bills, receipt and adjustment is a continuous process and KPT makes best efforts for recovery of outstanding dues.

Recommendation: The management accepted the view point of Audit. Therefore, audit recommends that amount may be recovered from concerned departments.

20.5.69 Recovery of charges on account of services provided by KPT to other Government departments – Rs 472.746 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.

Section 84 of the Karachi Port Trust Act, 1886 states that all fees and sum due on account of property for the time being vested in the Board, and all areas of tolls, charges, rates and dues imposed under this act may be recovered, in addition to the other modes herein before provided, upon a summary proceeding before a magistrate in the manner provided in the code of Criminal Procedure, 1882 for the recovery of fines.

The scrutiny of record revealed that KPT has recoverable dues against services provided to government departments regarding dredging, ship movement, carnage etc. The detail is as under:-

Sr	Department	Misc	Dredging	Ship movement	Cranage	Total
1	MSA	-	-	250,070,229	-	250,070,229
2	Pak Navy	-	-	198,897,954	-	198,897,954
3	Port Qasim Authority	2,997,000	14,932,440	2,606,334	3,241,700	23,777,474
	Total					**472,745,657**

Auditobservedthat:-

i. Management failed to recover an amount of Rs 472.746 million on account of services provided to Pak Navy, MSA & Port Qasim Authority regarding dredging, ship movement, carnage etc rent and utility charges till June 2021.

ii. Period of outstanding dues and work performed by KPT was not available on record.

Audit is of the view that KPT sustained financial loss due to non recovery of outstanding dues.

Neither the management replied nor was DAC convened.

Audit recommends that GF(F) may streamline recording of each transaction and regularly follow-up the recoverable amount from the departments / parties concerned.

Marine Fisheries Department, Karachi

20.5.70 Unverified deposits of health and origin certificate fee – Rs 7.433 million

Para 23 of the 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 the 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.

Para 15 of GFR Volume-I 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.

Marine Fisheries Department collected an amount of Rs. 91.754 through challan on account of registration, health and origin certificate, catch certificate and microbiological test during the financial year 2019-21.Details are as under:

Financial Year	Quality Control	Microbiology	Catch Certificate	Deposit Pay Order	Total	AGPR Verified	Fraudulent deposits
2019-20	27,089,000	2,149,000	830,000	6,185,200	36,253,200	33,971,100	2,282,100
2020-21	27,298,000	4,277,600	1,141,000	5,771,900	38,488,500	34,795,360	3,693,140
7/21 to 11/21	11,868,000	1,128,400	156,000	3,860,891	17,013,291	15,555,691	1,457,600
Total	**66,255,000**	**7,555,000**	**2,127,000**	**15,817,991**	**91,754,991**	**84,322,151**	**7,432,840**

Audit observed that out of total deposit of Rs 91.755 million, FTO/AGPR verified deposit of Rs 84.322 million into government account. The management of MFD could not verified the remaining challan for Rs 7.432 million despite lapse of two years. Record for previous period before 2019-20 was not provided.

Audit is of the view that failure of the management to verify the deposit challan into government account was a serious negligence.

No reply was furnished till the finalization of the report.

Audit recommends to inquire the matter at appropriate level and fix responsibility for the losses besides reconciliation and recovery if not reconciled.

20.5.71 Loss due to non-enhancement of rent of Fish stalls Rs. 20.525 million

Ministry of House & Works vide O. M. No.F.12(65)/2011-Policy dated 27.03.2017, revised the rate of hiring of accommodation in different areas of Karachi from Rs. 22/sq. ft to Rs.50/sq. ft. w.e.f 17.03.2017.

Para-26 of GFR-Volume-1 states that it is responsibility of every controlling officer to see that all sums due to Government are regularly and promptly assessed and realized.

Marine Fisheries Department, Karachi, allotted six Fish Stalls having a total area of 950.2 Sq. Yard (8,552 Sq. feet) to different tenants at the rate of Rs.300 annually.

Audit observed that:

i. The management did not enhance the rent of fish stalls in accordance with prevailing market rate or PWD rates.

ii. Loss of Rs 20,524,800 (8,552x50x12x4) with effect from March 2017 to March 2021was sustained due to non-enhancement of rent.

iii. Copy of Lease agreements and allotment letter was not provided to Audit.

iv. Property document of Oyster Park, Ibrahim Hydri, Karachi was also not available.

Audit is of the view that non- enhancement of rent of fish stalls and non-production of allotment letters was a serious lapse on the part of management.

No reply was furnished till the finalization of the report.

Audit recommends to enhance the rent as per market rate or government rate whichever is higher.

20.5.72 Loss due to non-revision of tests rate- Rs 26.280 million

Para 23 of the 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 the 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.

Marine Fisheries Department carried out 4,356 Microbiological and 24 Chemical tests on the request of the fish exporters during the period 01.07.2020 to 30.10.2021.

Audit observed that Marine Fisheries Department was charging Rs.1,000 per test for microbiological and chemical tests fixed in 1998 while on the other hand PCSIR, a council under the Ministry of Science and Technology, was charging Rs 7,000 per test. The management did not enhance the rate and public exchequer sustained a loss of Rs 26,280,000 (4380x6000), during the year 2020-21.

Audit is of the view that non-enhancement of test rate resulted in loss to the public exchequer.

No reply was furnished till the finalization of the report.

Audit recommends to revise the rate as per the prevailing rates.

20.5.73 Less-recovery of tests fee from exporters- Rs 6.570 million

Rule 18 (i) of the Pakistan Fish inspection and Quality Control Act, 1997 Rules, 1997 states that the registered fish processing plant/exporter intending to export fish and fishery products, shall make an application in Form F to the Director General, Marine Fisheries Department, Ministry of Maritime Affairs for issue of the required certificate on payment of such fee as prescribed at Schedule –IV. According to t Schedule–IV (c) Rs. 1,500 will be charged for results of any specific tests (cost of tests will be in addition to this amount).

Marine Fisheries Department carried out 4,356 Microbiological and 24 Chemical lab test on the demands of the fish exporters during the period 01.07.2020 to 30.10.2021.

Audit observed that Marine Fisheries Department charged Rs.1,000 per test for microbiological and chemical tests while as per rule Rs.2,500 was to be charged for tests conducted on the requests of exporters. An amount of Rs.6,570,000 was less recovered from the exporters.

Audit is of the view that less collection of tests fee from the exporter sustained loss to the public exchequer.

No reply was furnished till the finalization of the report.

Audit recommends to recover the amount besides taking action the person held responsible for this negligence.

20.5.74 Wastage of public money - Rs. 5.734 million

Section 20 (1&2) of the Public Finance Act, 2019 states that Principal accounting officers shall ensure that the maximum possible returns are achieved on each and every asset falling under the oversight of the Ministry and Division. The returns on a public asset may include utilization of the asset for delivery of one or more public services or a financial return accruing to the Government from utilization of the potential of the asset.

Marine Fisheries Department, Karachi initiated development project titled "Establishment of Regional Offices and Testing Laboratories of Marine Fisheries Department" at Gwadar, Baluchistan on 01.07.2014 for Rs 46 million. An amount of Rs 37.591 million was released for the project up to 2017-18. The project management incurred an expenditure of Rs 7.689 million on the project. The project was to be completed up to 30.06.2018. The main objective of the project was to ensure compliance to the provisions of National and International legislative requirements under World Trade Organization (WTO) regime and importing countries and to facilitate direct export of fish and fishery products from Gawadar, Baluchistan. The following items were procured for the project.

Sr. No	Detail	Date of purchase	Amount
1	Autoclave R7A-MO ROBOS, UK	16.04.2018	1,670,100
2	Pipette 1ml Adjustable A1000, OHAUS, USA	16.04.2018	28,700
3	Centrifuge FC 5706,OHAUS, USA	16.04.2018	269,350
4	Photostat Machine (MP 501SP)	10.04.2018	133,308

5	Kjeldahl with accessories	02.05.2018	2,936,250
6	Computer with LED Dell 3050 MD 137100	20.06.2018	79,500
7	Laboratory Refrigerator	07.06.2018	225,003
8	Laboratory Freezer	07.06.2018	391,950
		TOTAL	**5,734,161**

Audit observed that:

i. The Project could not achieved its objectives despite availability of fund and equipment.

ii. The procurement of laboratory equipment was made during last month of extended period of project which were lying unused in their packing in the store for the last three years. Warranty period of the equipment had been expired.

iii. Two items, laboratory refrigerator, and laboratory freezer were missing.

Audit is of the view that inefficiency on the part of the Project Management resulted in wastage of public money.

Audit recommends to inquire the matter to fix the responsibility.

20.5.75 Wastage of public money - Rs 4.453 million

Section 20 (1&2) of the Public Finance Act, 2019 states that Principal accounting officers shall ensure that the maximum possible returns are achieved on each and every asset falling under the oversight of the Ministry and Division. The returns on a public asset may include utilization of the asset for delivery of one or more public services or a financial return accruing to the Government from utilization of the potential of the asset.

Marine Fisheries Department, Karachi initiated development project titled "Establishment of Regional Offices and Testing Laboratories of Marine Fisheries Department" at Peshawar, Khyber Pakhtoon Khwa on 01.07.2014 for Rs 45.308 million. An amount of Rs 32.463 million was released for the project up to 2017-18. The project management incurred an expenditure of Rs 6.932 million. The project was to be completed up to 30.06.2018. The main objective of the project was to ensure compliance to the provisions of National and International legislative requirements under World Trade Organization (WTO) regime and importing countries and to facilitate direct export of fish and fishery products from Peshawar, Khyber Pakhtoon Khwa. The following items were procured for the project.

Sr. No	Name of equipment	Quantity	Date of purchase	Amount
1.	Computer with LCD (Core2do)	01	01.06.2017	30,000
2.	Typewriter (Olympia)	01	07.06.2017	34,000
3.	Office Removing Chairs	01	07.06.2017	7,500
4.	Staff Chairs	04	07.06.2017	19,800
5.	Office Table with Lamination Sheet	01	07.06.2017	18,500
6.	Staff Tables	01	07.06.2017	12,500
7.	Staff Tables	02	03.05.2018	8,000
8.	Steel Almirah 6x3x1 ½	01	07.06.2017	12,500
9.	Computer Table	01	07.08.2017	6,500
10.	Computer Chair Revolving	01	07.06.2017	4,950
11.	Visitor Chairs	04	07.06.2017	14,400
12.	Printer (Gestetner)	01	19.01.2018	39,000
13.	AnalyticalTop Loading Balance	01	26.04.2018	29,250
14.	Photostat Machine (MP 2501 SP)	01	10.04.2018	433,308
15.	Motorcycle (United)	01	08.05.2018	69,000
16.	Blender Homogenizer	01	17.05.2018	6.000
17.	Filter Stand (Wooden)	05	17.05.2018	3,300
18.	Filter Stand (Steel)	05	17.05.2018	4,900
19.	Printer	01	31.05.2018	18,230
20.	Fax Machine	01	31.05.2018	44,093
21.	PH Meter / TDS	02	12.06.2018	317,070
22.	Top Loading Balance	02	12.06.2018	269,100
23.	Coliform Water Bath	01	12.06.2018	108,576
24.	Kjeldahl with Accessories 20 place	01	01.06.2018	2,948,400
			TOTAL	**4,452,883**

Audit observed that:

i. The Project could not achieved its objectives despite availability of fund and equipment.

ii. The procurement of laboratory equipment was made during last month of extended period of project which were lying unused in their packing in the store for the last three years. Warranty period of the equipment had been expired.

iii. The physical verification report dated 05.11.2019 showed that motor cycle was missing.

Audit is of the view that inefficiency on the part of the Project Management resulted in wastage of public money.

No reply was furnished till the finalization of the report.

Audit recommends to inquire the matter to fix the responsibility.

20.5.76 Less-recovery of registration fee from the exporters- Rs 4.210 million

Rule10 of the Pakistan Fish inspection and Quality Control Act, 1997 Rules, 1997 states that the registration certificate shall be valid for the calendar year, or any part thereof during which it is issued.

Rule 12 of Pakistan Fish inspection and Quality Control Act, 1997 Rules, 1997 states that registration certificate be renewed if the holder thereof takes an application in the Form “E” within one month after expiry of its period, after depositing annual renewal fee along with prescribed late fee.

Schedule III (c) of Rule-12 of the Pakistan Fish inspection and Quality Control Act Rules, 1997 states that “Renewal fee for registration of the fish processing plants, (freezing/canning plants firm or fish exporter) within month is Rs.10,000”

Marine Fisheries Department, Karachi had registered 627 fish processing plants and exporters since its inception till date.

Audit observed that out of out of 627 fish processing plants and exporters 421 renewal was not affected on calendar year basis and resulted in less recovery of Rs.4,210,000 (421 x Rs.10,000) from the registered plants and exporters.

Audit is of the view that non-renewal of the 421 firms on calendar year basis was loss to the public exchequer.

No reply was furnished till the finalization of the report.

Audit recommends to recover the amount from the licensees and deposit it into government account.

20.5.77 Issuance of quality and origin certificate without laboratory tests

Rule 17 of Pakistan Fish inspection and Quality Control Act, 1997 Rules, 1997 states that every registered fish processing plant/exporter shall obtain certificate of quality and origin from Marine Fisheries Department, after inspection of fish consignment intended for export.

Rule 2(r) of Pakistan Fish inspection and Quality Control Act, 1997 Rules, 1997 states that fish inspection means inspection of fish and fishery products by a fishery officer for the purpose of assessing the quality of the fish by inspecting sanitary and hygienic conditions and the physical, chemical and bacteriological examination of fish and fishery product.

Marine Fisheries Department, Karachi issued 27,298 certificates on account of quality control (health and origin) @ Rs.1,000 per certificate and collected an amount of Rs 27,298,000 during the year 2020-21.

Audit observed that 3,232 microbiological and 24 chemical tests were conducted on the requests of the exporter while the remaining 24,042 (27,298-3,256) certificates were issued without any laboratory tests.

Audit is of the view that issuance of certificate without laboratory test was violation of the rules.

No reply was furnished till the finalization of the report.

Audit recommends to follow the rules and regulations for issuance of certificate in letter and sprite.

20.5.78 Non-availability of fish processing & export data

Rule 16 (i) of the Pakistan Fish inspection and Quality Control Act, 1997 Rules, 1997 states that the registered plant and fish exporter shall furnish to the registration authority or the Fishery Officer the information on from "E" regarding the activities i.e. fish and shell fish processed and exported during the previous month , by the first week of each month. ii every registered plant and exporter shall furnish such information or data as may be required by the registration authority or Fishery Officers.

Rule 11 of the Pakistan Fish Inspection and Quality Control Act, 1997 Rules, 1997 states that where any processing plant or fish exporters have contravened or failed to comply with the provision of this Act or the rules in respect of fish processing and its quality, the registering authority may cancel or suspend the registration certificate and inform the concerned party in writing as per Form "C"

Marine Fisheries Department, Karachi had registered 627 fish processing plants and exporters since its inception.

Audit requested to provide the month wise data of shell fish processed and exported by the registered firm and plants. It was stated by the DD Planning that registered plants and exporters are not providing the data. Audit requested to provide the letter written to the exporter for provision of the data but the same was not available with the management. Further no action was taken against the plants and exporters for non-compliance of the terms and conditions of the registration.

Audit is of the view that non-compliance of the provision of the Act was negligence on the part of the management.

No reply was furnished till the finalization of the report.

Audit recommends to inquire the matter for fixing responsibility for violation of the rules.

CHAPTER 21

NATIONAL ACCOUNTABILITY BUEARU

21.1 Introduction

National Accountability Bureau (NAB) was established vide Ordinance No. XVIII of 1999 dated 16.11.1999 (NAB Ordinance, 1999) to eradicate corruption and hold accountable all those persons accused of such practices. NAB was also required to provide effective measures for the detection, investigation, prosecution and speedy disposal of cases involving corruption, corrupt practices, misuse/abuse of power, misappropriation of property, kickbacks, commissions, etc. with a view to a fair and just system for all.

NAB Headquarters is situated in the federal capital with five regional offices in the four provinces. The Headquarters exclusively performs policy and monitoring functions while the investigation is carried out in the Regional Offices. The Headquarters, however, retain a very limited investigation capability for very high profile corruption cases as determined by the Chairman, NAB.

Following its mandate, NAB formulated a National Anti-Corruption Strategy (NACS) with input from international experts (supported by the DFID, UK) in 2002. The strategy contains sections on the assessment of the weaknesses of relevant institutions and the system as a whole, proposes the strategic reform agenda and the implementation plan.

The main tasks of NAB have been organized along functional lines and by arranging them into four main divisions, i.e. Operations, Prosecution, Awareness & Prevention and Human Resource & Finance Divisions.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2020-21) Rs. in million	Revenue / Receipt Audited (FY-2020-21) Rs. in million
1	Formations	6	6	12,910.749	-
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 National Accountability Bureau for the financial year 2020-21 was Rs.5,184 million, out of which the Division expended an amount of Rs.5,183 million. The Bureau had 1 Current Grant. Grant-wise detail of current expenditure is as under:

(Rs. in million)

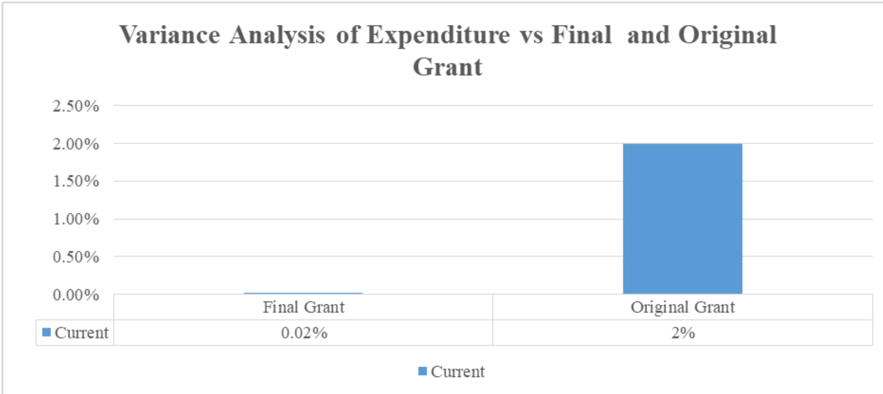
Grant No.	Type of Grant	Original Grant	Supp Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
111	Current	5,081	433	-330	5,184	5,183	-1	-0.02%

Audit noted that there was an overall savings of Rs.1 million, which was due to less expenditure in current 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 excess expenditure of 210% with respect to Original grant which reduced to savings of 3% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 22% of excess in expenditure w.r.t original allocation reduced to 0% w.r.t final allocation, as depicted in the graph below:



21.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs.5,282.09million, were raised in this report during the current audit of **National Accountability Buearu**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	4,685.45
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	*HR/Employees related Irregularities*	596.64
B	*Procurement related irregularities*	
C	*Management of account with commercial banks*	
D	*Recovery*	0.00
E	*Internal Control*	0.00
4	Value for money and service delivery	
5	Others	

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

21.5AUDIT PARAS

National Accountability Bureau (Headquarter), Islamabad

21.5.1 Irregular payment on hiring the services of lawyers– Rs. 146.255 million

Sub Rule (3) (a) of Rule 4 of NAB's Recovery and Rewards Rules, 2002 provides that the Chairman NAB may approve expenditure out of the NAB's Recovery and Rewards fund for hiring of legal experts, chartered accountants, investigators or interrogators, anti-corruption strategy experts, media consultants or any other person for an assignment relating to NAB's functions as per rules framed in consultation with the government.

Para 6(b) of Part I – General of Standard Operating Procedure (SOP) for Induction Procedure and Pay Scale Structure of Advisors / Consultants / Experts and Law Officers of NAB dated 02.07.2015 states that after grant of two extensions, service provider will have to take minimum six (06) months break or go through the fresh process of hiring for further services in NAB as per this SOP.

National accountability Bureau, Islamabad vide Office Order No. 7-1(53)/Admn-I/2004 dated 11.04.2019 approved the fee structure for payment of monthly salary to the prosecutors working in NAB w.e.f. 01.04.2019. A comparison of previous and revised monthly remuneration is as under:

(Amount in Rs.)

Sl. No.	Name of Post	Remuneration (w.e.f. 01.07.2015)			Revised (w.e.f. 01.04.2019)		
		Pay	Non-Practicing Allowance	Total	Pay	Non-Practicing Allowance	Total
1.	DPGA	150,000 to 170,000	50,000 to 80,000	200,000 to 250,000	230, 000	100,000	330,000
2.	Special Prosecutor (S. Court)	90,000 to 120,000	30,000 to 50,000	120,000 to 170,000	180,000	85,000	265,000
3.	Special Prosecutor (H. Court)	70,000 to 850,000	20,000 to 40,000	90,000 to 125,000	140,000	70,000	210,000

4.	Special Prosecutor (T. Court)	600,000 to 70,000	15,000 to 30,000	75,000 to 100,000	110,000	50,000	160,000

National Accountability Bureau (Headquarters), Islamabad hired services of APGA/DGPA/Special Prosecutor/ Senior Legal consultant on monthly fee basis. At present, 15 lawyers are on the strength of NAB (HQ) as on 31.08.2021. The salaries are paying from the head of account A03917-Law charges. A sum of Rs. 146.255 million was incurred on this account during financial years 2018-21. Detail is given below:

(Amount in Rs.)

Sl. No.	Year	Amount
1.	2018-19	39,327,616
2.	2019-20	55,376,468
3.	2020-21	51,550,899
Total		**146,254,983**

Audit observed that the services of lawyers were hired without open competition as no record relating to competition was shown. The regular budget was utilized for payment of monthly remuneration to the lawyers instead meeting this expenditure from the R&R Fund after framing the rules in consultation with the Government. The head of account A03917-Law charges is not meant for making payments to the lawyers appointed on contract against monthly salary. The services of Lawyers were hired for a period of one year/ six months but are continuously extending / revising (more than two time extensions) in violation of SOP. The monthly remuneration of the lawyers was enhanced during the contract without having provisions in Service Terms and Conditions which causes loss to Government.

Audit further observed that engagements of nine (09) Special Prosecutor / Senior Legal Consultant in addition to six (06) APGA/DPGA at Headquarters strength are unjustified as all the cases of investigation / prosecution are handing by the regional Directorates itself.

Audit is of the view that payment to Legal Consultants / Prosecutors was made in violation of SOP and government rules / procedures which was irregular.

The DAC in its meeting held on 12.01.2022 was apprised that the services of lawyers are hired under Section 8(c) of the NAO, 1999. The issue was discussed in detail in the meeting of DAC and as per directions, record of advertisement, showing the competitive process followed for hiring the services of lawyers was shared with the Audit. Besides, approval of Finance Division for payment of remuneration to the lawyers / prosecutors from the head "Law Charges" was also provided to Audit. NAB agreed to make amendments in the SOP 2015 incorporating that the fee of the lawyers can be enhanced, even during currency of the contract, as and when deemed appropriate by the competent authority, keeping in view Section 8(c) of NAO, 1999 and deleting the requirement of break after two extensions for hiring the services of lawyers / prosecutors continuously.

Audit recommends that DAC's directions becomplied with.

21.5.2 Irregular expenditure incurred on hiring services of Experts– Rs. 168.341 million

Sub Rule (3) (a) of Rule 4 of NAB's Recovery and Rewards Rules, 2002 provides that the Chairman NAB may approve expenditure out of the NAB's Recovery and Rewards fund for hiring of legal experts, chartered accountants, investigators or interrogators, anti-corruption strategy experts, media consultants or any other person for an assignment relating to NAB's functions as per rules framed in consultation with the government.

Para 6(b) of Part I – General of Standard Operating Procedure (SOP) for Induction Procedure and Pay Scale Structure of Advisors / Consultants / Experts and Law Officers of NAB dated 02.07.2015 states that after grant of two extensions, service provider will have to take minimum six (06) months break or go through the fresh process of hiring for further services in NAB as per this SOP.

National accountability Bureau, Islamabad vide Office Order No. 7-1(40)Admn-I/2004 dated 09.04.2020 approved increase in service charges/ fee of experts who have completed one year of service on01.03.2020. A comparison of previous and revised monthly remuneration is as under:

S. No.	Categories	Equivalency to BPS	% of increase
1.	Assistant Jr. Expert-1,2,3	BPS 01-16	20
2.	Advisor/Sr. Expert/ Jr. Expert-1,2,3	BPS-17 and above	15

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

National Accountability Bureau (Headquarter), Islamabad hired the services of Experts / Junior Experts against different monthly remuneration/fee. At present,18 Advisor/Senior & Junior Experts (equivalency to BPS- 17 and above) and 89 Assistant Junior Experts (Intelligence /Vigilance security staff & supporting staff) (equivalency to BPS- 01 to 16) are on the strength of NAB (HQ) as on 30.06.2021. The salaries are paying from the head of account A03919- Payments to other for services render. A sum of Rs.168.341 million from Payments to other for services render was incurred during financial years 2018-21 from the regular budget. Details are as under:

(Amount in million Rs.)

Sl. No.	Financial Year	Amount
1.	2018-19	53.080
2.	2019-20	56.379
3.	2020-21	58.882
Total		**168.341**

Audit observed that the services of Experts / Junior Experts were hired without open competition as no record relating to competition was shown. The management utilized regular budget instead of meeting this expenditure from the R&R Fund. The services of Experts were hired for a period of one year/ six months but the contracts are continuously extending/ revising (more than two time extensions) in violation of SOP. The regular budget was utilized for payment of monthly remuneration to the experts instead meeting this expenditure from the R&R Fund after framing the rules in consultation with the Government. The monthly remuneration was enhanced during the contract without having provisions in Service Terms and Conditions which causes loss to Government.

Audit is of the view that utilization of regular budget was violation of NAB's Recovery and Rewards Rules, 2002. Payment to experts was made in violation of SOP and government rules/ procedures which was irregular

The DACmeeting was held on 12.01.2022. As per the directions of the DAC, the relevant record, of advertisements showing the competitive process followed for hiring the services of experts was shared with the Audit. It was also apprised that para 6 (b) of SOP 2015 has also been amended / withdrawn with the approval of Chairman NAB. NAB agreed to make amendment in the SOP 2015 incorporating that the fee of the experts can be enhanced, even during currency of the contract, as and when deemed appropriate by the competent authority, keeping in view Section 28(f) of NAO, 1999.

Audit recommends that DAC's decision be complied with.

21.5.3 Non-production of record of legal fee made to International Arbitration- Rs. 274.672 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.

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.

Finance Division releases foreign exchange cover to GBP£ 1,637,890 for making payment of legal charges to foreign lawyers paid by NAB, out of its approved FE budget for the year 2018-19. National Accountability Bureau (Headquarter), Islamabad incurred Rs. 274.672 million (GBP£1,637,890) for payment of law charges to the foreign law firms/lawyers International arbitration "Broadsheet V/s GOP/NAB during the year 2018-19. Details of payment are as under:

Sl. No.	Particular of Release	Dated	Amount	
			(GBP £)	(Pak Rupees)
1.	F.3(48)/EF.B-IV/2018	11.07.2018	1,200,000	192,000,000
2.	F.3(48)/EF.B-IV/2018-503	30.05.2019	363,940	70,000,000
3.	F.3(48)/EF.B-IV/2018	26.06.2019	73,950	14,672,000
Total			**1,637,890**	**276,672,000**

Audit observed that the record pertaining to hiring process, invoice, sanction of payments and actual disbursement to lawyers was not shown to Audit.

Audit is of the view that in the absence of the record, the authenticity of the expenditure could not be ascertained.

The management replied that the Government of Pakistan through National Accountability Bureau (NAB) is pursuing a case of International Arbitration against a claim of over and above US Dollars 500 million, lodged by M/s Broadsheet LLC in the Court of International Arbitration. For defending the case Government of Pakistan through NAB has engaged foreign lawyers / law firms through Ministry of Law and Justice. The funds have been provided by the Finance Division for utilization on account of law charges, following the due procedure, approval of Economic Coordination Committee / Federal Cabinet, allocation of foreign exchange cover etc. All payments to the foreign lawyers / law firms are made through the Ministry of Foreign Affairs, Pakistan High Commission London.

The reply of the management is not acceptable because record pertaining to hiring process, invoice, sanction of payments and actual disbursement to lawyers was not provided.

The DACmeeting was held on 12.01.2022 and para has been pended.

Audit recommends that the record may be provided to Audit besides taking necessary action against the person held responsible for non-production of record.

21.5.4 Non-production of record of legal charges - Rs. 4,410.774 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.

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.

Finance Division releases foreign exchange cover to US$ 27.227 million (equal to PKR 4,410.774 million for making payment of legal charges in shape of part final award (quantum) and part final award (cost) to Broadsheet LLC, in connection with an arbitration proceeding in High Court of Justice Business and Property Courts England. National Accountability Bureau (Headquarter), Islamabad incurred expenditure of Rs. 4,410.774 million (US$ 27.227 million)out of Law Charges during the year 2019-20. Finance Division approved the provision of foreign exchange against Rupee Cover to be provided by NAB the bona fides, probity and transparency of the decision to utilize public funds for the above mentioned purpose and the ensuing transaction is the responsibility of NAB.

Audit observed that supporting documents to the payment were not provided to Audit to know the particulars of payment as the matter was the responsibility of NAB.

Audit is of the view that in the absence of the record, the authenticity of the expenditure could not be ascertained.

The management replied that after issuance of Part Final Award (Quantum) and Part Final Award (Cost), for total amount of US $ 27,226,590.50, by the Arbitrator, Chartered Institute of Arbitration, in the case of International Arbitration, on a claim of M/s Broadsheet LLC, and on exhaustion of available legal options the Government of Pakistan / National Accountability Bureau (NAB) considered the case in consultation and coordination with all stake holders. After deliberation at length, Finance Division conveyed to release US $ 27.227 million in one go or in installments to satisfy the Award's requirements. With the approval of Economic Coordination Committee / Federal Cabinet and release of foreign exchange cover, the Government of Pakistan through NAB released an amount of US $ 26.153 million equivalent to Pak Rupees 4,410.774 million to meet the liability. It is however, clarified that the release of amount has been made to comply with the Court's Orders which has been enforced against the GOP / NAB and there is no mala fides.

The reply of the management is not acceptable because supporting documents to the payment were not provided.

The Departmental Accounts Committee (DAC) meeting was held on 12.01.2022. The audit para has been pended.

Audit recommends that the record may be provided to Audit besides taking necessary action against the person held responsible for non-production of record.

21.5.5 Irregular appointments of Contingent paid Staff - Rs. 72.769 million

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

Finance Division vide OM No.1(1)Imp/94 dated 26.6.1999 states that a standing committee comprising of additional Finance Secretary (expenditure) has been constituted in the Finance Division. The standing committee will scrutinized the recommendation of the respective Board of Directors /Governors of the statutory public sector corporation; autonomous /semiautonomous bodies etc. and submit its finding to competent authority for final orders. No corporation will announce the revision of salary/allowances, structures without prior approval of competent authority.

The management of National Accountability Bureau (HQ), Islamabad made appointments of Contingent paid Staff against different monthly remuneration/fee. At present 47 personnel are at the strength of NAB. A sum of Rs. 72.769 million was incurred out of the head A-01277- Contingent paid staff during the period 2019-21. Details are as under:

(Amount in Rs.)

Sl. No.	Financial Year	Amount of Contingent Paid Staff
1.	2018-19	16,994,161
2.	2019-20	28,037,857
3.	2020-21	27,737,217
Total		**72,769,235**

Audit observed that the appointments were made without open competition. The process was continued since long and no strategy was made to fill the post through advertisement and proper competition. It was required that the contingent paid staff may be appointed for a short period not exceeding a financial year subject to availability of budget. Similarly, appointments of Contingent Paid Staff in large number, which are later sought to be continued for indefinite period, may not be made.

Audit further observed that the salary of contingent paid staff (CPS) was enhanced/revised w.e.f. 01.02.2019 by allowing Utility Allowance @25%.

Monthly salary was further enhanced /revised on 13.03.2019 by allowing 20 DAs and 60% investigation allowance without the approval of Finance Division as enhancement in percentage of running basis was allowed by Finance Division to the regular employees of NAB. The details of enhancement in monthly salaries are as under:

(Amount in Rs.)

S. No.	**Post**	**BPS**	**Monthly rate of salary w.e.f. 01.07.2018**	**Monthly rate of salary by allowing Utility Allowance @ 25% w.e.f. 01.02.2019**	**Monthly rate of enhanced salary w.e.f. 13.03.2019 by incorporated 20 DAs and 60% Investigation Allowance**
1.	Clerk	04	22,444	24,883	52,261
2.	Driver	04	22,544	25,033	52,411
3.	Naib Qasid	01	21,370	23,653	48,006

Audit is of the view that appointment without open competition and enhancement in monthly salaries without approval of Finance was irregular and unauthorized.

The management replied that 46/47 persons were appointed on Contingent Paid Basis. Whereas appointment on Contract in NAB is governed u/s 3.33 of NAB's Employees TCS – 2002. Therefore, the standard terms & conditions of contract employees issued by Establishment Division vide O.M No.10/52/95-R.2, dated 18-07-1996 and Rule 20 of PPRA Rules, 2004 are not attracted in this case. Finance Division has sanctioned certain allowances in favor of the employees of NAB. Since the Contingent Paid Staff is borne on the strength of NAB, following the due process, the allowances sanctioned by the Government, for the employees of NAB, have also been extended in favor of Contingent Paid Staff of NAB.

The reply is not tenable as the services of CPS were hired without open competition and Pay/allowances were enhanced without the approval of Finance Division. In mostly cases employment after a period of two years contract was continuing in violation of the instructions issued by Establishment Division.

The Departmental Accounts Committee (DAC) meeting was held on 12.01.2022. The DAC upon perusal of record settled the para, however, further directed that NAB may review / rationalize the strength of contingent paid employees and if considered appropriate, it may initiate process of regularization of employees, where possible.

Audit recommends that the matter may be inquired and responsibility should be fixed for the irregularity besides taking corrective measures.

National Accountability Bureau, Gilgit

21.5.6 Non-recovery of income tax from the salaries

Section 149 of Income Tax Ordinance 2001 states that income tax in respect of an employee is required to be deducted by the persons responsible for paying salary to an employee after making adjustment of tax withheld from employees under other heads and tax credit admissible under sections 61, 62, 63 and 64 during the year after obtaining documentary evidence.

Section 4 (1) of Chapter-II of Income Tax Ordinance, 2001 states that subject to this Ordinance, income tax shall be imposed for each tax year, at the rate or rates specified in Part I of the First Schedule, as the case may be, on every person who has taxable income for the year.

NAB, Gilgit (under administrative control of NAB, Rawalpindi) has the following officers/ officials on the pay roll of AGPR sub-office Gilgit whose salary was, therefore, subject to income tax. The detail is as under:

S.No.	Name	Designation	From	To
1	Mr. Nauman Aslam	Director	12.08.2016	10.09.2018
2	Mr. Hammad Hassan Niazi	Addl. Director	29.04.2015	01.09.2016
3	Mr. Nasir Junejo	A/Director	10.09.2018	Till date
4	Syed Faisal Akbar Shah	Deputy Director	22.08.2016	24.09.2020
5	Mr. Abdul Majid	Deputy Director	10.06.2016	11.05.2017
6	Mr. Ghulam Mustafa	Deputy Director	26.03.2018	17.09.2019
7	Mr. Aamir Shahid	Deputy Director	18.09.2019	05.11.2020
8	Mr. Mumtaz Ali	Deputy Director	15.03.2021	Till date
9	Mr.MuhammadAbbas Khan	Assistant Director	29.04.2015	05.03.2018
10	Mr. Sharafat Ali Raquib	Assistant Director	29.04.2015	24.01.2020
11	Mr. Umair Naeem Bajwa	Assistant Director	02.01.2019	Till date
12	Mr. Aisar Ali	Assistant Director	19.06.2018	Till date
13	Mr. Aqeel Zafar	Assistant Director	10.08.2016	23.10.2020
14	Mr. Azmat Ullah	Assistant Director	17.02.2020	Till date
15	Mr. Umar Waqas	Assistant Director	17.01.2020	Till date
16	Mr. Muhammad Ghufran	Assistant Director	09.11.2020	Till date

17	Mr. Christopher Peter	Dy. Assist. Director	10.08.2016	20.02.2019
18	Mr. Asadullah Makhdoom	Dy. Assist. Director	29.08.2019	Till date

Audit observed that the income tax had not been recovered from the salaries of the officers/ officials as required under the Income Tax Ordinance, 2001.

Audit is of the view that non-recovery of income tax is violation of the Income Tax Ordinance, 2001.

Neither the management replied nor was a DAC meeting convened.

Audit recommends that income tax may be recovered under intimation to audit.

21.5.7 Irregular payment the rental ceiling with salary at non-specified station – Rs. 8.212 million

Rule 2 (m) of Chapter I of Allocation Rules, 2002 states that in these rules, unless there is anything repugnant in the subject or context; (m) "rental ceiling" means the ceiling fixed by the Government for hiring of private houses as notified from time to time.

NAB, Gilgit (under administrative control of NAB, Rawalpindi) allowed the rental ceiling amounting to Rs. 8,211,650 alongwith the monthly salary w.e.f 01.03.2019 to all officers/ officials posted at Sub-Office, Gilgit.

S.No.	Name	Designation	From	To	Total months	Amount
1.	Mr. Nasir Junejo	A/Director	01.03.2019	30.09.2021	31x32,511	1,007,84
2.	Syed Faisal Akbar Shah	Deputy Director	01.03.2019	24.09.2020	19x24,929	473,65
3.	Mr. Ghulam Mustafa	Deputy Director	01.03.2019	17.09.2019	19x24,929	473,65
4.	Mr. Mumtaz Ali	Deputy Director	15.03.2021	30.09.2021	7x24,929	174,50
5.	Mr. Sharafat Ali Raquib	Assistant Director	01.03.2019	24.01.2020	13x24,929	324,07
6.	Mr. Umair Naeem Bajwa	Assistant Director	01.03.2019	30.09.2021	31x24,929	772,79
7.	Mr. Aisar Ali	Assistant Director	01.03.2019	30.09.2021	31x24,929	772,79
8.	Mr. Aqeel Zafar	Assistant Director	01.03.2019	23.10.2020	20x24,929	498,58
9.	Mr. Azmat Ullah	Assistant Director	17.02.2020	30.09.2021	20x24,929	498,58
10.	Mr. Umar Waqas	Assistant Director	17.01.2020	30.09.2021	21x24,929	523,50
11.	Mr. Muhammad Ghufran	Assistant Director	09.11.2020	30.09.2021	11x24,929	274,21
12.	Mr. Asadullah Makhdoom	Dy. Assist. Director	29.08.2019	30.09.2021	25x18,843	471,07

13.	Mr. Muhammad Arif	Assistant	01.03.2019	30.09.2021	31x18,843	584,13
14.	Mr. Sahib Wali	APS	01.03.2019	30.09.2021	31x18,843	584,13
15.	Mr. Hamid Hussain	UDC	01.03.2019	30.09.2021	31x14,904	462,02
16.	Mr. Javaid Iqbal	LDC	01.03.2019	30.09.2021	31x10,196	316,07
Total:						**8,211,65**

Audit observed that the rental ceiling was allowed with the salary to all the officers/ officials of NAB, Gilgit which is not included in the specified stations by the Ministry of Housing and Works.

Audit is of the view that allowing rental ceiling alongwith salary to the officers/ officials posted at Gilgit is irregular.

Neither the management replied nor was a DAC meeting convened.

Audit recommends that clarification may be sought from Ministry of Housing and Works and till clarification further payment may be stopped.

21.5.8 Irregular hiring of houses other than the station of posting – Rs. 2.128 million

Rule 8(1) chapter VI of Allocation Rules, 2002 states that a federal government servant may locate a private house of his entitlement for hiring through Estate Office in the areas specified by Ministry of Housing and Works, Government of Pakistan, as per prescribed scales of covered area and specifications; (10) a hired or requisitioned house shall be allotted at the station of posting of the FGS by issuing allotment letter.

Para-1 of Ministry of Housing & Works OM No.F.2(3)/2003-Policy dated 31.07.2004 declared the six specified stations for hiring of residential accommodation i.e. Islamabad, Rawalpindi, Lahore, Karachi, Peshawar and Quetta. Para-2(ix) states that a hired house shall be allotted at the place/ station of posting of the employee.

NAB, Gilgit (under administrative control of NAB, Rawalpindi) allowed the house hiring facility at Islamabad/ Rawalpindi to some officers/ officials posted in NAB, Gilgit during the financial year 2017-18 & 2018-19 and paid Rs. 2,127,602. The detail is as under:

S.No.	Name of Officer	Designation	Address	Period
1.	Nasir Junejo	Additional Director	H.No.11, New Sohan, Dar-ul-Salkeen Housing Society, Islamabad	01.01.2016 to 31.01.2018
			H.No.2108, Street No.5, Block-F, NPF, Sector O-9, Islamabad	01.02.2018 to 30.06.2021
2.	Cristopher Peter	Assistant Director	H.No.PD.515/A, Khasra No.99, Mouza Pindora, Rawalpindi	01.05.2016 to 31.12.2021
3.	Syed Faisal Akbar Shah	Deputy Director	Apartment No.G-23, Al-Mustafa Tower, Islamabad	30.10.2014 to 30.06.2020
4.	Sharafat Ali Raquib	Assistant Director	H.No.410, Street No.16, Chaklala Scheme-III, Rawalpindi	30.06.2014 to 30.06.2020
5.	Nauman Aslam	Director	H.No.437, Street No.31, Phase-2, Bahria Town, Islamabad	01.05.2015 to 31.12.2020

The detail for the payments for the remaining period of hiring i.e. 2015-16 & 2016-17 was not available on record.

Audit observed that the hiring facility was allowed to the officers posted in Gilgit, a station not specified for availing hiring facility.

Audit is of the view that allowing house hiring facility other that the station of posting is violation of the Allocation Rules, 2002.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends recovery of payments made in violation of the rules.

National Accountability Bureau Rawalpindi

21.5.9 Irregular appointment of Legal Consultants/Prosecutors without open competition and incurring expenditure from law charges - Rs. 88.921 million

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

Para 6(b) of Part I – General of Standard Operating Procedure (SOP) for Induction Procedure and Pay Scale Structure of Advisors / Consultants / Experts and Law Officers of NAB dated 02.07.2015 states that after grant of two extensions, service provider will have to take minimum six (06) months break or go through the fresh process of hiring for further services in NAB as per this SOP.

Sub Rule (3) (a) of Rule 4 of NAB's Recovery and Rewards Rules, 2002 provides that the Chairman NAB may approve expenditure out of the NAB's Recovery and Rewards fund for hiring of legal experts, chartered accountants, investigators or interrogators, anti-corruption strategy experts, media consultants or any other person for an assignment relating to NAB's functions as per rules framed in consultation with the government.

The management of National Accountability Bureau (NAB), Rawalpindi appointed Legal Consultants / Prosecutors on monthly fee basis and salaries were paid from the head of account A03917-Law charges. A sum of Rs. 88.921 million was incurred on this account during financial years 2018-21 as detailed below.

S/No	Year	Particulars of hiring	No. of Posts	Amount
1	2018-19	Special Prosecutor (H.Court)/Senior Legal consultant	14	21,552,348
2	2019-20		19	34,226,600
3	2020-21		15	33,143,000
Total			**48**	**88,921,948**

Audit observed that NAB, Rawalpindi hired the services of Lawyers for working as Legal Consultants / Prosecutors but no record of open competition was available on record. The appointees were working for the last few years and their contracts were continuously revising (more than two extension) in-violation of SOP.

Audit further observed that the head of account A03917-Law charges is not meant for making payments to the lawyers appointed on regular basis without any sanctioned posts and without following recruitment rules/procedures. Moreover, the management utilized regular budget instead of meeting this expenditure from the R&R Fund after framing the rules in consultation with the Government.

Audit is of the view that appointment of Legal Consultants/Prosecutors was made in violation of government rules and procedures which was irregular.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that the matter may be inquired at appropriate level and responsibility should be fixed for the irregularity.

21.5.10 Irregular appointment of experts without open competition and awarding extensions in contract- Rs. 48.652 million

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

Para 6(b) of Part I – General of Standard Operating Procedure (SOP) for Induction Procedure and Pay Scale Structure of Advisors / Consultants / Experts and Law Officers of NAB dated 02.07.2015 states that after grant of two extensions, service provider will have to take minimum six (06) months break or go through the fresh process of hiring for further services in NAB as per this SOP.

Sub Rule (3) (a) of Rule 4 of NAB's Recovery and Rewards Rules, 2002 provides that the Chairman NAB may approve expenditure out of the NAB's Recovery and Rewards fund for hiring of legal experts, chartered accountants, investigators or interrogators, anti-corruption strategy experts, media consultants or any other person for an assignment relating to NAB's functions as per rules framed in consultation with the government.

The management of National Accountability Bureau, Rawalpindi appointed Experts / Junior Experts against different monthly remuneration/fee. A sum of Rs. 48.652 million was incurred out of the head "payment to other for services rendered" during the period 2019-21. Details are as under:

Sl. No.	Year	No. of appointees	Amount
1.	2018-19	32	13,719,410
2.	2019-20	33	18,185,043
3.	2020-21	30	16,747,400
Total			48,6**51,853**

Audit observed that NAB, Rawalpindi hired the services of Experts / Junior Experts but record of open competition of only two Experts / Junior Experts was shown (Mr. Muhammad Ali, Junior Experts appointed on 30.03.2016 and Mr Arshad Hameed abbasi, Expert-power on 31.5.2019. No record of open competition of remaining appointments of Experts / Junior Experts was available on record. Contract appointees were working for the last few years and their contracts were continuously revising (more than two extension) in-violation of SOP. The payment of salaries to Experts / Junior Experts was made without existence of sanctioned posts. Moreover, the management utilized regular budget instead of meeting this expenditure from the R&R Fund after framing the rules in consultation with the Government.

Audit is of the view that appointment of experts without advertisement and sanctioned posts and making payment from the head of account 'A03919-Payment to others for services rendered' is irregular.

Neither management replied nor DAC was convened till finalization of the report.

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

21.5.11 Irregular appointments on contract basis and payment on enhanced rates - Rs. 31.386 million

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

The management of National Accountability Bureau, Rawalpindi made appointments on contract basis against different monthly remuneration/fee. A sum of Rs. 48.651 million was incurred out of the head A-01277- Contingent paid staff during the period 2019-21. Details are as under:

Sl. No.	Year	No. of appointees	Amount
1.	2018-19	20	7,197,597
2.	2019-20	20	12,307,093
3.	2020-21	21	11,881,497
Total			**31,386,187**

Audit observed that the appointments were made without open competition. The process was continued since long and no strategy was made to fill the post through advertisement and proper competition.

Audit further observed that the salary of contingent paid staff (CPS) was enhanced/revised w.e.f. 01.02.2019 by allowing Utility Allowance @25%. Monthly salary was further enhanced/revised on 13.03.2019 by allowing 20 DAs and 60% investigation allowance without the approval of Finance Division as enhancement in percentage of running basis was allowed by Finance Division to the regular employees of NAB. The details of enhancement in monthly salaries are as under:

Sl. No.	Post	BPS	Monthly rate of salary w.e.f. 01.07.2018	Monthly rate of salary by allowing Utility All@25% w.e.f. 01.02.2019	Monthly rate of enhanced salary w.e.f. 13.03.2019 by incorporated 20 DAs and 60% investigation allowance
1.	Clerk	04	22,444	24,883	52,261
2.	Driver	04	22,544	25,033	52,411
3.	Naib Qasid	01	21,370	23,653	48,006

Audit is of the view that appointment without open competition and enhancement in monthly salaries without approval of Finance was irregular and unauthorized.

Neither management replied nor DAC was convened till finalization of the report.

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

21.5.12 Over payment of House Rent Ceiling in excess of the ceiling fixed by the government- Rs. 5.514 million

Finance Division (Regulation Wing) vide endorsement No F.1(1) R.3 /2000-vol-III-80 dated 19.03.2019 allowed to the grant of House Rent Ceiling with salary to the employees of NAB w.e.f. 13.03.2019.

Rule 8(5) of the Accommodation Allocation Rules, 2002 states that a house or flat shall be hired at the rates assessed by the assessment board or the rental ceiling of the Federal Government Servant (FGS) or the demand of the owner whichever is less. The difference between the rent fixed by the government and the demand of owner shall be paid by the FGS direct to the owner and the government shall not be a party to this transaction.

The management of National Accountability Bureau, Rawalpindi is paying Rental Ceiling fixed for hiring of residential accommodation at Islamabad to its employees w.e.f. 13.03.2019.

Audit observed that Rental Ceiling is paying in excess of the ceiling amount to the employees residing at Rawalpindi/stations other than Islamabad and drawing/availing hiring facility at Rawalpindi/stations other than Islamabad before granting with monthly salary. In 70 cases were taken as sample during scrutiny of record where rental ceiling was paid for hiring of residential accommodation at Islamabad. Monthly overpaid amount of Rs. 199,692 w.e.f. 13.03.2019 was noticed. A sum of Rs. 5,514,076 (Rs. 122,392 + Rs.199,692 × 27) was overpaid up to 30.06.2021.

Audit is of the view that the payment of House Rent Ceiling in excess of approved rates was unauthorized.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that the irregular practice should be discontinued forthwith and excess amount paid should be recovered and deposited into government account.

21.5.13 Irregular awarding extensions to law personnel and loss on payment of monthly remuneration on enhanced rates– Rs.16.230 million

Para 6(b) of Part I – General of Standard Operating Procedure (SOP) for Induction Procedure and Pay Scale Structure of Advisors / Consultants / Experts and Law Officers of NAB dated 02.07.2015 states that after grant of two extensions, service provider will have to take minimum six (06) months break or go through the fresh process of hiring for further services in NAB as per this SOP.

National accountability Bureau, Islamabad vide Office Order No. 7-1(53)/Admn-I/2004 dated 11.04.2019 approved the fee structure for payment of monthly salary to the prosecutors working in NAB w.e.f. 01.04.2019. A comparison of previous and revised monthly remuneration is as under:

Sl. No.	Name of Post	Remuneration (w.e.f. 01.07.2015)			Revised (w.e.f. 01.04.2019)		
		Pay	Non-Practicing Allowance	Total	Pay	Non-Practicing Allowance	Total
5.	DPGA	150,000 to 170,000	50,000 to 80,000	200,000 to 250,000	230, 000	100,000	330,000
6.	Special Prosecutor (S. Court)	90,000 to 120,000	30,000 to 50,000	120,000 to 170,000	180,000	85,000	265,000
7.	Special Prosecutor (H. Court)	70,000 to 850,000	20,000 to 40,000	90,000 to 125,000	140,000	70,000	210,000
8.	Special Prosecutor (T. Court)	600,000 to 70,000	15,000 to 30,000	75,000 to 100,000	110,000	50,000	160,000

National accountability Bureau, Rawalpindi hired the services of Senior Legal Consultant / Prosecutor at fixed monthly remuneration for a period of one year which period was extended from time to time on same terms and conditions.

Audit observed that revised monthly remuneration was allowed to the existing prosecutors without having provisions in Service Terms and Conditions which causes loss of Rs.16.230 million to Govt. Similarly, the extensions in contract period were granted for more than two times and failed to take minimum six (06) months break in violation of SOP for Induction Procedure and Pay Scale Structure of Advisors / Consultants / Experts and Law Officers of NAB.

Audit is of the view that allowing of extensions for more than two times and payment of monthly remuneration on enhanced rates during the contract period without having provisions in Service Terms and Conditions was irregular.

Neither management replied nor DAC was convened till finalization of the report.

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

21.5.14 Unauthorized maintenance of vehicles without authorization and incurring of expenditure on purchase of POL and repair/ maintenance –Rs. 34.996 million

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.

National accountability Bureau, Rawalpindi was maintaining a fleet of 69 vehicles. Rs. 29.876 million and Rs. 5.120 million was incurred for purchase of POL and repair/ maintenance of the vehicles respectively during the year 2018-21.

Audit observed that vehicles were being maintained without authorization from Cabinet Division for Protocol/General/Operational duties.

Audit is of the view that maintenance of vehicles without authorization was irregular.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that authorization from Cabinet Division for Protocol/General/Operational duties may be obtained.

21.5.15 Irregular reemployment beyond the age of superannuation on contract –Rs.8.231 million

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

Establishment Division letter No. 7/3/89-OMG-II dated 28.01.1989 states that re-employment beyond the age of superannuation in all cases requires the approval of the Prime Minister.

Para 6(b) of Part I – General of Standard Operating Procedure (SOP) for Induction Procedure and Pay Scale Structure of Advisors / Consultants / Experts and Law Officers of NAB dated 02.07.2015 states that after grant of two extensions, service provider will have to take minimum six (06) months break or go through the fresh process of hiring for further services in NAB as per this SOP.

National Accountability Bureau appointed Mr. Ghulam Farooq beyond the age of superannuation (retired officer of NAB, Sukkar) as Expert on contract for six months w.e.f. 22.01.2019 on monthly remuneration equal to last pay drawn in NAB less Hardship Allowance. The appointee is still working in NAB, Rawalpindi. NAB, Rawalpindi paid an amount of Rs. 8,230,911 w.e.f. 29.01.2019 to 30.06.2021.

Audit observed as under:

i) The position was not advertised as required under the rules.
ii) The appointment was made without approval of the Prime Minister.
iii) Appointee was working for the last few years and contract was continuously revising in-violation of SOP.

Audit is of the view that re-employment on contract without adopting laid down criteria was irregular and unauthorized.

Neither management replied nor DAC was convened till finalization of the report.

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

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 foodgrains, 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-2020-21) Rs. in million	Revenue / Receipt Audited (FY-2020-21) Rs. in million
1	Formations	43	6	8,718.045	412.808
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	-	-

22.2Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the National Food Security And Research Divisionfor the financial year 2020-21 was Rs.35,519.69 million, out of which the Division expended an amount of Rs.34,124.93 million. The Division had 3 current grant and 1 development grant. Grant-wise detal of current and development expenditure is as under:

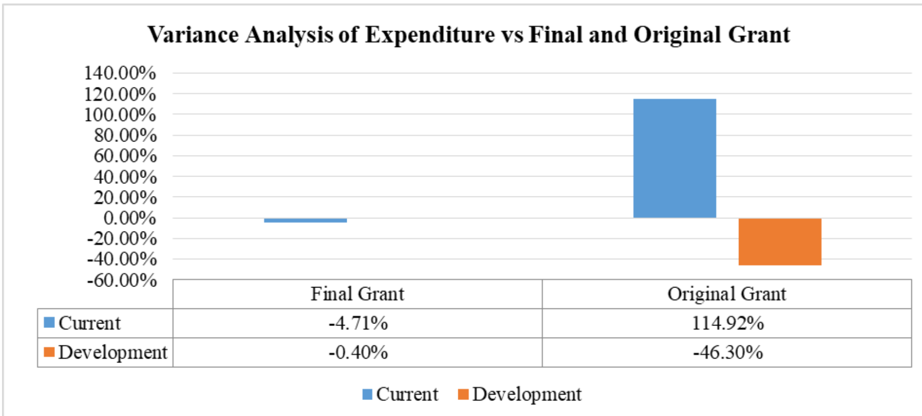
Grant No.	Type of Grant	Original Grant	Supplementary	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
120	Current	486.35	459.50	-116.41	369.93	351.16	-18.77	-5.07%
121	Current	2,211.18	0.00	-178.90	2,032.28	1,043.57	-988.71	-48.65%
122	Current	10,182.21	16,469.45	-4.11	26,647.55	26,286.36	-361.19	-1.36%
	Current Total	**12,879.74**	**16,928.95**	**-299.43**	**29,049.77**	**27,681.09**	**-1,368.67**	**-4.71%**
	Development	12,000.00	0.00	-5,530.08	6,469.92	6,443.84	-26.08	-0.40%
	Total	**24,879.74**	**16,928.95**	**-5,829.50**	**35,519.69**	**34,124.93**	**-1,394.76**	**-3.93%**

Audit noted that there was an overall savings of Rs.1394.76 million, which was due to less expenditure 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 46.30% with respect to Original grant which reduced to 0.40% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 114.92% of excess in expenditure w.r.t original allocation reduced to 4.71% 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. 349.27million, were raised in this report during the current audit of **Ministry Of National Food Security And Research**. 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*	92.17
B	*Procurement related irregularities*	46.61
C	*Management of account with commercial banks*	132.10
D	*Recovery*	9.34
E	*Internal Control*	69.05
4	Value for money and service delivery	
5	Others	

22.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	2	2	0	2	-
2011-12	1	0	0	1	-
2013-14	2	0	0	2	-
2014-15	3	3	1	2	33
2016-17	12	0	0	12	-
2017-18	9	9	2	7	22
2018-19	2	1	0	2	-
2019-20	17	10	0	17	-
2020-21	10	0	0	10	-
Total	**58**	**25**	**3**	**55**	12

22.5 AUDIT PARAS

Pakistan Agiculture Research Council

22.5.1 Non-achievement of core objectives of the project

Clause-5 of Revised PC-I of the project states that the specific objectives of the project titled "Promotion of Olive Cultivation on Commercial Scale in Pakistan" are as under: -

1. Commercial level cultivation of olive up to 50000 acres
2. To develop infrastructure for mass scale production of olive nursery plants

The management of "Promotion of Olive Cultivation on Commercial Scale in Pakistan" provided the detail of physical progress of the project as under:-

Period	Objectives			
	Plantation 50000 acres		Specialized nurseries	
	Targets	Achievements	Targets	Achievements
2014-15	1300 acres	Nil	7	Nil
2015-16	10500 acres	2390	6	Nil
2016-17	12800 acres	Nil	0	1
2017-18	12700 acres	Nil	0	0
2018-19	12700 acres	4065	0	0

Audit observed that the management failed to achieve project objectives and the plantation of olive plants was actually done at the total area of 6455 acres against target area of 50000 acres and only one specialized nursery was established against target of 13 nurseries.

Audit is of the view that non-achievement of objectives and delay in implementation of project not only resulted in cost escalation but also loss of opportunity to take benefit of olive plantation and production of high-quality edible oil despite having good soil and environment for its cultivation.

The management did not reply till finalization of the report.

Audit recommends proper implementation of project to achieve its maximum benefits besides fixing of responsibility.

22.5.2 Irregular payment to supplier to avoid lapse of funds- Rs.7.485 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 states that the funds in Assignment Accounts will be part of Consolidated Fund. Amounts remaining unspent at the close of financial year will appear as savings under the respective budget grant unless surrendered in time. Unspent amounts cannot be carried forward to next financial year. The officers holding Assignment Accounts will ensure that no money is drawn from these accounts unless it is required for immediate.

Para-96 of GFR Volume-I states that it is contrary to the interest of the State that money-should be spent hastily or in an ill-considered manner merely because it is available or that the lapse of a grant could be avoided. In the public interest, grants that cannot be profitably utilized should be surrendered. The existence of likely savings should not be seized as an opportunity for introducing fresh items expenditure which might wait till next year. A rush of expenditure particularly in the closing months of the financial year will ordinarily be regarded as a breach of financial regularity.

The management of "Promotion of Olive Cultivation on Commercial Scale in Pakistan" issued a supply order dated 22.06.2015 to M/s Khaista Khan Enterprises, Islamabad for the purchase of 30000 olive plants @ Rs. 249.50 each amounting to Rs. 7,485,000 during the financial year 2014-15.

Audit observed as under:

i. The payment of Rs. 7,485,000 was made to M/s Khaista Khan Enterprises vide Cheque No. A258406 dated 29.06.2015 to avoid the lapse of funds.

ii. The plants were delivered on 05.07.2015 instead of 30.06.2015 and the management did not impose penalty on the firm @ Rs. 0.2% per day.

Audit is of the view that the funds were spent hastily to avoid the lapse of funds.

The management did not reply till finalization of the report.

Audit recommends that responsibility may be fixed for making payment in advance of actual requirement besides recovery of penalty.

22.5.3 Non-submission of statutory audit reports to the Federal Government

According to Section (19), (3&4) of Pakistan Agriculture Research Council Ordinance, 1981 "The accounts of the Council shall be maintained in such form and manner as the Federal Government may determine in consultation with the Auditor General of Pakistan. The accounts of the Council shall be audited by one or more auditors who are Chartered Accountants within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961) and are appointed by the Federal Government in consultation with the Auditor-General of Pakistan on such remuneration, to be paid by the Council, as the Federal Government may fix".

Section-24 ibid further states that the Council shall furnish to the Federal Government, as soon as possible after the end of each financial year, but not later than the last day of December next following a report on the conduct of its affairs for that year, and shall publish the same alongwith a Summary of the accounts for that year.

Pakistan Agricultural Research Council, Islamabad awarded statuary audit of the accounts of PARC for the financial years 2003-04 to 2007-08 to M/s Horwarth Hassain Ch. & Co Chartered Accountants vide letter dated 06.07.2010. The auditors submitted the audit report on 19.12.2017 by raising four (4) qualifications which remained unsettled till November,2021.

Later on, the statuary audit of PARC for the financial year 2008-2009 to 2012-2013 was awarded to M/s Bakertilly Mehmood Idress Qammar Chartered Accountants in consultation the Auditor General of Pakistan on 09.09.2020.

Audit observed as under:

1. The statutory audit reports for the financial year 2003-04 to 2007-08 submitted by the M/s Horwarth Hassain Ch. & Co Chartered Accountants to the PARC on 19.12.2017 could not be finalized due to unsettled four (04) qualifications raised by the auditors. Resultantly, the statutory audit reports could not be submitted to the Federal Government so far.
2. The statutory audit for financial year 2008-09 to 2012-13 awarded to M/s Bakertilly Mehmood Idress Qammar Chartered Accountants could not be finalized by the auditors till November, 2021.The audit reports for the said financial years could not be submitted to the Federal Government as well.
3. The statutory audit for the financial for the financial years 2014-15 to 2020-21 was not awarded to the Chartered Accountants till November, 2021. Resultantly, the audit reports could not be submitted to the Federal Government till November, 2021.

Audit is for the view that non-submission of statutory audit reports to the Federal Government for the financial years 2003-04 to 2020-21 is sheer breach of the provisions of PARC Ordinance, 1981.

The management replied that five years audit from 2018-19 to 2022-23 of the Council would be matured in the June 2023, and the pending auditsfrom 2013-14 to 2017-18 would be completed after appointment of an auditor.

The reply is not cogent as the accounts of the PARC for the financial year 2003-04 to 2013-14 are still lying un-finalized. No Chartered Accountant Firm was appointed to conduct the statutory audit for the financial year 2013-21.

The management did not convene DAC meeting till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

22.5.4 Unauthorized payment of Disparity Reduction Allowance to PARC employees- Rs. 92.168 million

The Federal Government vide Finance Division's OM No. F-14(1) R-3/2021-90 dated 3rd March, 2021 granted Disparity Reduction Allowance @ 25% of the basic pay of the Basic Pay Scales, 2017 w.e.f 1st March, 2021 to civil employees in BPS-1-19 of the Federal Government.

Pakistan Agricultural Research Council Islamabad made payment of Disparity Reduction Allowance amounting to Rs. 92,168,000/- to their employees as detailed below:

Period of payment	Name of station	Cheque No. &Date	Amount (Rs.)
01.03.21 to 31.05.21	PARC(HQ)	A912951 dated 26.05.21	17,705,662
01.06.21 to 30.06.21		Payment made through payroll for the month June,21	5,618,407
Sub Total of PARC(HQ)			23,324,069
01.03.21 to 30.06.21	Others stations	Figures of expenditure provided in consolidated expenditure statement for the financial year 2020-21.	68,843,931
Grand Total (PARC HQ +other stations)			**92,168,000**

Audit observed that the Disparity Reduction Allowance is admissible to the civil employees drawing their salaries in Basic Pay Scales, 2017. Since the PARC employees have adopted Special Pay Scales (SPS), therefore, they were not entitled to get the payment of Disparity Reduction Allowance.

Audit is of the view that the unauthorized payment of Disparity Reduction Allowance amounting to Rs.92.168 million is recoverable from the concerned employees of PARC.

The management replied that Finance Division GoP notified the approval of Federal Govt. regarding grant of Disparity Reduction Allowance @ 25% of the basic pay w.e.f. 01-03-2021 to all Civil Employees of BPS 01-19 including employees of Federal Secretariat and attach Departments with following condition;

"This Allowance will not be admissible to the employees of the organizations as mentioned in Annexure-I and those employees who are drawing additional allowance/allowances equal to or more than 100% of the basic pay (whether frozen or otherwise)"

Keeping in view the conditions &instructions notified by Finance Division, Head of the department of PARC i.e. Chairman PARC forwarded the case to Principal Accounting Officer (PAO) on following grounds:

a. PARC does not fall in the list of organization which are not admissible for grant of DRA as notified by Finance Division at Annexure-I of notification dated 03-03-2021.
b. Employees of the PARC are not drawing additional / allowances equal to or more than 100% of the basic pay (Whether frozen or otherwise) or any sort of performance allowance.
c. PARC does not require any additional funds / grant for grant of DRA rather it would be met through existing resources.
d. Having been the Public Servant Status of PARC employees vide Section 27 of PARC Ordinance 1981, PARC adopt all Policies / benefits of Civil Servant Employees through Board of Governors of PARC. Hence, DRA will be adopted by PARC through ensuing meeting of BoG.

Keeping in view the pre-cited facts, the case was processed in M/o NFS&R. Finance Division and CF&AO Wing also endorsed the justification submitted by PARC. Hence Secretary / PAO approved the grant of DRA to the employees of PARC subject to subsequent approval from BoG of PARC vide letter dated 25-05-2021.

The reply is not cogent as the employees of PARC have adopted Special Pay Scales, therefore, they are not entitled to get the Disparity Reduction Allowance.

Audit recommends recovery of Disparity Reduction Allowance and stoppage of further payment.

22.5.5 Un-authorized advance payments made to seed corporations out of Assignment Account and non-adjustment thereof - Rs. 35.258 million

According to Para-3(iii) Finance Division’s letter No. 916/CGA/A.A/RP-2018 (L.C) dated 16.10.2018 the officer 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. Cheque (s) 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.

Para-3 (iv) ibid further states that AGPR/DAO will endorse only those cheques which are drawn in the name of contractor/supplier/vendor/salaried individuals only in lieu of their payments on account of purchases, supplies, salaries etc. moreover, AGPR/DAO will not endorse any cheque under any circumstances which are drawn in the name of project authorities or drawer/payer for lump sum transfer of funds from Federal Consolidated Fund/Central Account No. 1 to their commercial bank account (s) or deposit into any chest.

Rule-668 of FTR 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 project titled "Promoting Research for Productivity Enhancement in Pulses" made advance payments of Rs. 37,930,650/- to Punjab Seed Corporation and PARC Agrotech Company (PATCO) out of Assignment Account No. 270375-8 being maintained with National Bank of Pakistan, Main Branch, Civic Center, Islamabad. Detail is as under:

Date	Voucher No.	Proj. Comp.	Particulars	Amount Rupees	Cheque No.	Remarks
23.11.2020	15 of C-3	AED, Punjab	M/s Punjab Seed Corporation, Lahore	8,400,000	A835401	Advance payment, no adjustment
11.02.2021	15 of F-3	AED, Balochistan	M/s. Punjab Seed Corporation, Mianwali	1,638,000	A845289	Advance payment, no adjustment
02.04.2021	16 of C-3	AED, Punjab	M/s. Punjab Seed Corporation, Lahore	9,435,000	A879580	Advance payment, no adjustment
26.04.2021	34 of F-3	AED, Balochistan	PARC Agrotech Company (PATCO)	15,629,000	A892667	Advance payment, no adjustment
01.06.2021	34 of C-3	AED, Punjab	M/s Punjab Seed Corporation, Piplan district, Mianwali.	156,000	A913078	Advance payment made on tentative bill submitted by Punjab Seed Corporation Piplan, Distt. Mianwali.
Total expenditure				**35,258,000**		

Audit observed that the payments were made without any written agreement and without obtaining adjustment accounts.

Audit is of the view that the payments made to seed corporations without agreement and without obtaining adjustment accounts are irregular.

The management replied that only two payments i.e. Rs. 9,435,000 made to PSC Lahore and Rs.15,629,000 to PATCO are advance payments. Reservation of seed through payment beforehand has been made in a bid to ensure availability of seed at the time of distribution to the farmers. So the advance payments were necessary to accomplish the project objective efficiently. Before the bill was sent by Punjab Seed Corporation to AED and further forwarded to PARC, the seed was already handed over to the department for timely distribution to the farmers as timely sowing of pulses is critical especially in rain fed areas, reportedly. Furthermore, after confirmation of non-availability of seed from PSC, AED, Baluchistan procured FSCRD tagged material (seed) which was available with PATCO Islamabad subject to advance booking only, reportedly with the permission of the relevant committee. It is quite evident that advance payments have been made to ensure timely availability of seed to the farmers at the time of sowing in consideration overall certified seed availability situation with the concerned Govt. Seed Corporations/ Organizations by the respective AEDs.

The reply is not tenable as the advance payments made out of Assignment Account are violation of the instructions of Finance Division.

Audit recommends inquiry into the matter to fix the responsibility for the said lapses besides submission of adjustment accounts of all advance payments to Audit.

22.5.6 Less booking of expenditure in the books of accounts of PARC - Rs.35.552 million

Rule- 15 of GFR Vol-I 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."

Rule-16 ibid further states that "An officer who signs or countersigns a certificate is personally responsible for the facts certified to, so far as it is his duty to know or to the extent to which he may reasonably be expected to be aware of them."

Pakistan Agricultural Research Council Islamabad got budget allocation of Rs. 3,965,800,000 against which total expenditure of Rs. 3,965,786,183 was incurred during financial year 2020-21 and reconciled with the AGPR Islamabad. The management provided head wise break up of consolidated expenditure of Rs. 3,930,234,000 in respect of PARC (HQ) and its Centers/offices at various stations with difference of Rs. 35,552,183 between the expenditure booked with the AGPR and recorded in the books of accounts of PARC.

Audit observed that there was less booking of Rs. 35.552 million in the books of accounts of the Council.

Audit is of the view that due to less booking of expenditure, the accounts of the PARC are unauthentic and do not present true and fair picture.

The management replied that difference of Rs. 35.552 million in consolidated expenditure statement of PARC arises owing to booking of less expenditure for the FY 2020-21 by Research Establishments of PARC. All REs have been requested to provide revised/updated/actual/corrected expenditure statement for the FY 2020-21 so that consolidated expenditure statement could be updated and provided to Audit. Hence, the revision is under process and Audit will be intimated in due course of time.

The reply is not cogent as no rectification was made in the books of accounts.

Audit recommends fixing of responsibility for the said lapses besides rectification of in the books of accounts of the PARC.

22.5.7 Unauthorized purchase of uncertified pulses seeds from PATCO - Rs 15.692million

According to the provision of PC-I of the project titled "Promoting Research for Productivity Enhancement in Pulses", 'Pulses seed' of certified disease resistant in the packing of 10,10,20,20 & 35 kg bags for Mung, Mash, common bean, lentil and Chickpea respectively will be provided according to proportions share of pulses area in the villages and the districts. A Provincial Seed Selection &Procurement Committee (SSPC) constituted under the auspices of Director General Agri (Ext) of each province will work to recommended quality wise best available certified seed of various disease resistant high yielding varieties of pulses (duly recommended by superior committee).

Pakistan Agricultural Research Council Islamabad made advance payment of Rs.15.692 million to PARC Agrotech Company (PATCO), Islamabad for purchase of pulses seed for Agri-Extension Balochistan as detailed below:

Voucher No.& date	Project Component	Name of Company	Amount Rupees	Cheque No.& date
34 of F-3 Dated 26.04.2021	AED, Balochistan	PARC Agrotech Company (PATCO) Islamabad	15,629,000	A892667 Date.03.05.2021
Total Rs.			**15,629,000**	

Audit observed that the PATCO was neither certified seed producer nor registered with the Federal Seed Certification and Registration Department. No recommendations of Provincial Seed Selection and Procurement Committee were obtained before purchasing pulses seed from the PATCO.

Audit is of the view that the purchase of uncertified seed from PATCO is violation of the provisions of the PC-I. The PATCO was extended under favour on this account.

The management replied that PATCO is subsidiary of Pakistan Agricultural Research Council (PARC) and seed supplied was produced at NARC under Federal Seed Certification & Registration Department (FSC&RD) protocols. Moreover, Provincial Seed Selection and Procurement Committee in its meeting held on 27th August, 2020 at PARC, Islamabad unanimously decided that all seed corporations/companies having seed, bearing “Tags of FSC&RD”, are authorized to supply seed to the farmers and same is observed in case of PATCO. The seed supplied to AED, Baluchistan was certified by FSC& RD. The award of seed supply work order to PATCO, PARC for supply of seed to AED, Baluchistan was done consequent upon “Non-availability of seed certificate” from Provincial Seed Corporation. The reply is not cogent no evidence regarding purchase of certified seed from the PATCO was provided to Audit.

Audit recommends provision of relevant record regarding purchase of certified seed from the PATCO.

National Agricultural Research Centre, Islamabad

22.5.8 Non-reconciliation of bank accounts-Rs.30.592 million

According to Chapter VI (19)(2&3) of Pakistan Agricultural Research Council Ordinance, 1981"the Council may open accounts in any scheduled bank in Pakistan. The accounts of the Council shall be maintained in such form and manner as the Federal Government may determine in consultation with the Auditor General of Pakistan".

Rule-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".

National Agricultural Research Centre, Islamabad was maintaining following two bank accounts and provided bank reconciliation statements for the period with w.e.f 1.07.2020 to 30.06.2021. As per reconciliation statements the following were long outstanding unsettled figures of debit and credit with the National Bank of Pakistan:

Bank A/C No	Detail of un settled differences of amount	Amount
064-4	Amount directly credited by bank but not recorded in cash book.	3,029,120
	Amount directly debited by the bank but not recorded in Cash book	17,998,870
	Sub total	**21,027,990**
044-9	Un-presented cheques	5,013,651
	Bank have credited the account but the same has not been accounted for in books of accounts.	2,729,484
	Amount directly debited by the bank but not recorded in cash book	1,821,162
	Sub total	**9,564,297**
Grand Total		**30,592,287**

Audit observed as under:

i. The details of incorrect debited amounts of Rs.19.819 million (Rs. 17.998 million +Rs.1.821 million) by the bank along with their aging were not on record.

ii. Similarly, the details of incorrect credited amount of Rs. 5.758 million (Rs.3.029+2.279) by the bank along with their aging was not on record. The said incorrect figures of debit and credit outstanding cheques were never reconciled with the NBP.

iii. The details of un-presented cheques of Rs. 5.013 million in the bank account No.044-9 was not on record.

Audit is of the view that due to non-reconciliation of bank accounts with the NBP the possibility of misappropriation or fraud could not be ruled out.

The management did not convene DAC meeting till finalization of the report.

Audit recommends fixing responsibility against the concerned persons for the said lapse besides carrying our reconciliation of above bank accounts.

22.5.9 Unauthorized change of specifications of speed breeding facility glass house inviolation of the provision of PC-I -Rs. 26.014 million

According to the provision of the PC-I of Umbrella Project titled "Productivity Enhancement of Wheat" there was provision of Glass house with the following specifications:

Size 80ft x 33ft.: 8 glass house rooms/ chambers with cooling heating +air conditioner at total cost of Rs.27.100 million.

Pakistan Agricultural Research Council Islamabad floated open tender for construction of Accelerated/ Speed Breeding Facility (Modern Glass House) at NARC Islamabad in newspaper on 23-05-2020. The closing and opening date of tender was 10.06.2020. Letter of Acceptance/Work Order was issued to M/s Saleem Enterprises, Faisalabad on 12-06-2020.While floating tenders the specifications were changed as under:

"Size 60ft x 33ft: 6 glass house rooms/chambers with cooling + heating air conditioners". The detail of expenditure incurred on construction of Glass Houses was as under:

Sanction No.	Dated	Gross Amount of bill	Detail of running bills
F.D-872/2019-20/W&EM/NARC	19.06.20	5,910,000	1st Running
F.D/20-21/W&EM/NARC	18.12.20	3,086,978	2nd Running
F.D-6514/2019-20/W&EM/NARC	04.02.21	9,474,217	3rd Running

F.D-1177/2020-21/W&EM/NARC	29.04.21	7,543,260	4th Running
F.D-/2020-21/W&EM/NARC	26.06.21	939,000	5th Running
Total		**26,953,455**	

Audit observed as under:

i. As per project PC-I the size of glass house was 2640sq.ft (80ft x 33ft) with 08 chambers, whereas, the NARC got constructed the glass house with reduced covered area of 1980sq.ft (60ft x 33ft) with 6 chambers after making unauthorized changes in approved specifications.

ii. The total provision of PC-I for the glass house (having covered area of 2460 Sq.Ft) was Rs. 27.100 million but the NARC management incurred expenditure of Rs.26.953 million on construction of glass house with less covered area and chambers.

Audit is of the view that change of specifications of glass house in violation of the provisions of PC-I is unauthorized.

The management replied that the size of the Speed Breeding Facility was reduced to 1980 sq.ft.i.e 60 ft x 33 fthaving 06 chambersagainst the PC-1 provision of 2640 sq.ft. i.e. 80 ft x 33 ft containing 08 chambers on account of the following two factors:

i). Exchange rate is involved as imported material and equipment were to be used in the construction & functioning of this facility. The steep rise in the exchange rate of US dollar made us compelled to reduce the size/area of the facility to remain within the allocated budget as per PC-1.

ii) To enhance the efficiency and effectiveness of this facility through controlled environment by incorporating automatic, intelligent and programmable DC inverter air conditioning system. For this, area was required to be reduced.

The reply is not cogent. No revision of the PC-I was made before start of the construction of glass house. The entire PC-I allocation was utilized on construction of glass hose with reduced covered area.

The management did not convene DAC meeting till finalization of the report.

Audit recommends fixing of responsibility against the persons concerned besides obtaining approval of the PC-I from the competent forum.

22.5.10 Non-recovery of late delivery charges and liquidated damages from firms- Rs. 9.335 million

As per standards Terms & Conditions of the of Tender Document for the purchase of Next Generation Sequencing (NGS) machine "if the company/firm make delay in supply within in stipulated period, 0.2% late delivery charges per day will be deducted on the billing amount of delayed supply."

According to standards Terms & Conditions of the of Tender Document for the purchase of one Pass Tillage Operation Machine /Tractor along with accessories "if the company/firm make delay in supply within in stipulated period, 0.2% late delivery charges per day will be deducted/claimed on the total amount/supply order if deem appropriate in public interest."

According to serial #07 of appendix-A to Tender Documents for Construction of Speed Breading Facility Glass House at NARC, Islamabad. "Amount of liquidated damages Rs.50000 for each day, for delay in completion of work subject to maximum of 10% of contract price stated in the letter of acceptance is recoverable.

National Agricultural Research Centre Islamabad floated open tender in newspapers for purchase of Next Generation Sequencing (NGS) machine, Pass Tillage Operation Machine /Tractor along with accessories and construction of Accelerated/ Speed Breading Facility (modern Glass House) at NARC Islamabad.

The firms at S.No.1 & 2 (of Annexure) were bound to supply the machinery & equipment and the firm at S.No.3 to complete construction within stipulated period but the firms did not supply the machinery and complete construction work within stipulated period.

M/s BMITCO Pvt. Ltd Islamabad (at S.No.1) requested for extension in period of supply of machinery construction up to 25.06.2021 which was granted by the NARC vide letter No.F.1-10/2020-21/PSDP-Project-NIGAB dated 24-06-2021.

M/s Pakistan Adam Motors Rawalpindi (S.No2) was bound to supply the Puma Tractor and accessories upto 26.04.2021 but the firm did not supply the machine within stipulated period and requested for extension upto 01.06.2021 which was granted vide letter No.F.1-38/2020-21/Pulses dated 26.04.2021.

The contractor M/s Saleem Enterprises Faisalabad failed to complete the work within stipulated time upto15-12-2020 and requested for extension w.e.f 16-12-20 to 15-03-21 which was granted by the management. Even then the work was not completed within extended period and 2nd extension was allowed w.e.f 16-03-21 to 15.05.21 (02 months). Total five months extension was granted to the contractor.

Audit observed as under: -

i. Against original completion period of six-months, further extension of 05 months was granted to M/s Saleem Enterprises without cogent reasons and solid grounds.

ii. Since the two firms (at S.No.1 & 2) failed to deliver the machinery and the third firm (s.No.3) failed to complete the construction work within stipulated period, therefore, the late delivery charges/liquidated damages amounting to Rs.9,335,858 were recoverable but no recovery was made by the management of NARC.

Audit is of the view that the public exchequer was deprived of recovery of liquidated damages amounting to Rs.9.335 million due to non-observance of conditions of contract and undue favour extended to the firms/contractor.

The management replied that NIGAB was regularly in contact with M/s BMITCO and MGI; the Manufacturer of NGS system. All the items were released by the MGI, China 15 days before due date i.e. 15 June 2021. However, due to Covid-19 pandemic there were abrupt changes in flights to carry such heavy equipment's, and big challenge was to arrange flight booking from China to Pakistan. The delay was beyond the control of anybody to any one due to Covid-19 pandemic emergency worldwide. Therefore, on the request of supplier, Chairman PARC being Chief Executive of the Council/competent authority granted extension in supply period along with non-recovery of the late fee charges.

The construction of the Speed Breeding Facility was not completed according to the fixed target dates. The main reason was the Covid-19 pandemic condition, which disrupted the availability of imported items and other local constraints like unavailability of local materials well in time, due to the closer of local markets, according to the instructions of Government of Pakistan from time to time. This special condition also created hurdles in the availability of concerned technical people, secondly the climate issues especially Monsoon season had started during the construction period, which ultimately resulted in the delay of construction of this facility. Therefore, these extensions were approved by the competent authority after examining the contractor requests and found eligible for extension that the delay was beyond the control of contractor.

It is recapped that M/s Pakistan Adam Motors Rawalpindi had delivered "One Pass Tillage Operation Machine/Tractor (Puma-210 HP 4 WD) along with attached accessories" imported from UK/Italy during a peculiar nature time and under specialized circumstances of covid-19 SOPs restrictions and intricate import process likewise worldwide shipping line issues as the import was made UK & Italy which confronted in a most difficult times in the world (especially in Europe) associated with another cogent factor of Blockage on Suez Water Canal a there was huge a pileup hence all the shipments rescheduled having new ETA (Estimated Time of Arrival) at Karachi port. The supplier was provided initial supply period up to 26.04.21 which extended up to 01.06.21 owing to fact of new arrival time (ETA), port/customs clearance procedure and then transportation of machinery form Karachi to Islamabad which obviously taken time fully justified with the sequel of circumstances. The extension was granted to a successful bidder with sole purpose to streamline task execution within the bid validity period specified in bidding document as per PPRA Rule 26(2) and Rule 38 of Public Procurement Rules, 2004.The machinery was also imported from two different country (UK & Italy) thus the supplier has to manage all affairs and shipment arrangements at two sides which certainly required time. Therefore, late delivery charges not apply after acceptance of above clarification which may not as to construe putting Public Exchequer to loss.

The reply is not acceptable the firms were granted extension in violation of the provisions of Tender Documents.

The management did not convene DAC meeting till finalization of the report.

Audit recommends recovery of late delivery charges/liquidated damages from the firms.

PARC Agrotech Company Private Limited, Islamabad

22.5.11 Unauthorized signing of contract agreement with Asian Development Bank - Rs. 66.248 million (USD 425,377)

As per Para 56(2) of Rules of Business, 1973 “All requests to a foreign Government or an international organization for economic or technical assistance shall be made through the Economic Affairs Division, which shall correspond with the foreign Government, etc., in accordance with the prescribed channel. The Economic Affairs Division may allow, by general or special orders, such requests to be made direct”.

The PARC Agrotech Company (Pvt) Limited (PATCO) Islamabad signed consultant services contract No. 165001-S53900 with Asian Development Bank on 17.03.2021. As per agreement the ADB agreed to assist the Government of Pakistan with technical assistance for the TA-663-PK: Strengthen Food Security Post COVID-19 and Locust Attacks-Food Security Information’s upgrading Package (54319-001). The total maximum payment of US Dollar 425,377 was to be made by the ADB during contract period w.e.f 19-03-2021 to 30-11-2021. During financial year 2020-21 the PATCO received mobilization payment of USD 56,405.34 as under:

Invoice No. & Date	Amount in USD
No.01 dt.29.03.2021	26,548
No.02 dt.09.05.2021	26,548
No.03 dt.28.06.21	3309.34
Total	**56,405.34**

Audit observed that the signing of contract agreement without obtaining approval of the Economic Affairs Division (through PARC and Ministry of National Food Security & Research) is unauthorized.

Audit is of the view that the PATCO violated the provisions of Rules of Business, 1973.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends inquiry to fix responsibility for unauthorized signing of agreement with Asian Development Bank besides obtaining approval of the Economic Affair Division.

22.5.12 Irregular expenditure without calling open tender-Rs. 30.922 million

Rule-12 (2) of Public Procurement Rules, 2004 states that "Procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority's website in the manner and format specified by regulation by the Authority from time to time."

According to Para-2 (viii) of PATCO Procedures and Policies Documentation of all purchases of goods and services will be maintained properly".

According to Pakistan Agricultural Research Council letter No. F.1-10/09-PATC O/Fin. Inc dated 19.03.2012 the Executive Committee in its 4th meeting allowed to implement the proposed floated by the CEO PATCO for a period of six months which inter alia contained the following proposal regarding laboratory testing facilities.

"the case will extend any sort of lab testing facilities such as grain quality test, soil sample tests, seed quality test, honey quality test milk or dairy product test etc. or its enrolment.

The CEO PATCO vide office note dated 05.01.2021 constituted three members committee for purchase of honey with the following TORs.

- On spot quality testing of moisture, total sugars and pollen analysis.
- Evaluation of the physical analysis of honeys i.e. color, smell, taste and viscosity.

PARC Agrotech Company Pvt. Ltd. Islamabad incurred expenditure of Rs. 30,922,181 during financial year 2020-21 on purchase of honey and packing material from the open market.

Particulars of purchases	Total expenditure incurred
Honey	25,902,771
Packing Material	5,019,410
Total	**30,922,181**

The PATCO Islamabad incurred total expenditure of Rs. 25,902,771 on purchase of honey during financial year 2020-21.

Audit observed as under:

i. The entire expenditure of Rs. 30.922 million was incurred without calling open tender as required under PPRA Rules, 2004.

ii. The honey and packing material was purchased without need assessment as no record was maintained in this regard as required under PATCO Procedures and Policies.

iii. Out of total expenditure of Rs. 25.902 million, the expenditure of Rs.21.687 million was incurred without carrying out laboratory tests. The laboratory test reports enclosed with the vouchers disclosed that the tests were performed after lapse of time ranging from 10 days to 113 days after the purchase of honey.

Audit is of the view that incurring of expenditure of Rs.30.922 million without calling open tender is irregular. The purchases of honey without carrying out laboratory tests is violation of the ToRs approved by the competent authority. The possibility of fake laboratory reports could not be ruled out.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends fixing of responsibility against the persons concerned for the lapses besides regularization of expenditure from the Finance Division.

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 InternationalAgencies 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-2020-21) Rs. in million	Revenue / Receipt Audited (FY 2020-21) Rs. in million
1	Formations	70	17	33,584.097	5.483
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 2020-21 was Rs.59,279.43 million, out of which the Division expended an amount of Rs.51,051.01 million. The Division had 3 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

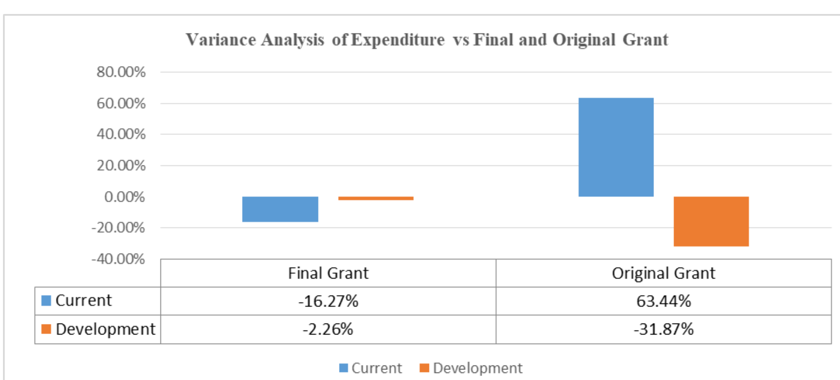
Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
123	Current	680.7	25,541.5	-15.0	26,207.3	18,609.8	-7,597.5	-28.99%
124	Current	15,263.8	7,702.0	-6,385.1	16,580.7	16,305.2	-275.4	-1.66%
125	Current	9,242.2	417.3	-3,281.6	6,377.8	6,251.0	-126.8	-1.99%
Sub-Total Current		**25,186.8**	**33,660.9**	**-9,681.8**	**49,165.9**	**41,166.1**	**-7,999.8**	**-16.27%**
177	Development	14,508.1	0.0	-4,394.6	10,113.4	9,884.8	-228.6	-2.26%
Total		**39,695.0**	**33,660.9**	**-14,076.4**	**59,279.4**	**51,051.0**	**-8,228.4**	**-13.88%**

Audit noted that there was an overall Saving of Rs.8,228.42 million, which was due to less expenditure in 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 31.87% with respect to Original grant which reduced to savings of 2.26% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 63.44% of excess in expenditure w.r.t original allocation reduced to 16.27% 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.2,641.38 million, were raised in this report during the current audit of **Ministry Of National Health, Services, Regulations And Coordination**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	1,141.24
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	*HR/Employees related Irregularities*	22.88
B	*Procurement related irregularities*	804.99
C	*Management of account with commercial banks*	37.25
D	*Recovery*	71.36
E	*Internal Control*	563.66
4	Value for money and service delivery	
5	Others	

23.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	5	3	0	5	-
2011-12	19	0	0	19	-
2012-13	30	0	0	30	-
2013-14	27	27	8	19	30
2014-15	17	0	0	17	-
2015-16	3	3	2	1	67
2016-17	30	10	0	30	-
2017-18	18	12	0	18	-
2018-19	30	0	0	30	-
2019-20	44	11	4	40	36
2020-21	21	0	0	21	-
Total	**244**	**66**	**14**	**230**	21

23.5AUDIT PARAS

National Health Services, Regulations and Coordination (Main)

23.5.1 Irregular expenditure on procurement of IT Equipment – Rs.13.335 million

Para 2.9 of Terms and Condition of Tender Document for supply of IT equipment (hardware and network) for project titled "Enhancement of Ministry of National Health Services, Regulations & Coordination's ICT Infrastructure" states that the items mentioned in the list are required to be delivered at Ministry of National Health Services, Regulations & Coordination within time period mentioned in the tender document.

Para 2.11 (iv) & (v) of Terms and Condition of Tender Document for supply of IT equipment (hardware and network) for project titled "Enhancement of Ministry of National Health Services, Regulations & Coordination's ICT Infrastructure" states that 2% performance guarantee is provided with the invoice having validity up to the date of warranty period. The payment against a supply order shall be made on the completion of the delivery of supplies including installation, commissioning, etc. as mentioned in supply order.

Para-7 of Public Procurement Rules states that for the procurements exceeding the prescribed limit (i.e. as per Rule 12.1 of PPRA Rule, 2020 procurements over five hundred thousand Pakistani Rupees) shall be subject to an integrity pact, as specified by regulation with approval of the Federal Government, between the procuring agency and the suppliers or contractors.

A project titled "Enhancement of Ministry of National Health Services, Regulations & Coordination's ICT Infrastructure" approved by Departmental Development Working Party (DDWP) on 27.01.2018 for a period of 18 month (01.01.2018 to 30.06.2019) with a capital cost of Rs. 37.674 million. In a DDWP meeting held on 20.01.2020 the project was revised at a total cost of Rs. 28.6145 up to 30.06.2020.

The management of Ministry of National Health Services, Regulations and Coordination incurred an expenditure of Rs.13,335,280 for procurement of Information Technology Hardware equipment, details are as under:

S. No.	Firm name	Item purchased	Cheque No.	Date	Amount
1.	M/s Lodhi Traders	15 PCs, 10 Laptops, 01 Servers, 15 Laser Printer, Heavy Duty Scanner, Auto Document Feeder (ADF) Flatbed Scanners, 1 UPS 10 KVA Rack mount, 1 UPS 1 KVA, 1 Multimedia Projector Portable option	7838206	29.06.2020	10,295,000
2.	M/s Lodhi Traders	1 Core Switch, 2 Access Switch, 2 Access Switch, 3 Wireless Access Point, 1 42 U Data Rack, 1 15 u Switch Cabinet	7838207	29.06.2020	2,845,000
3.	M/s Lodhi Traders	Cable Ducting in Server Room	7856151	28.06.2020	97,000
4.	M/s Maaz Enterprises	Core i-7 laptop	7855274	22.06.2020	98,280
Total					**13,335,280**

Audit observed that:

i. No time period was mentioned in the supply order.

ii. No integrity pact was made with the supplier.

iii. No performance guarantee was obtained from the supplier.

iv. The procurement was made in the last week of June 2020 to avoid the lapse of funds.

v. No Technical Evaluation Report was prepared to review the IT equipment.

vi. Payment was made in advance for purchase of IT equipment without the approval of Finance Division.

vii. Cabling and ducting was charged separately for Rs.97,000, which was included in the cost of equipment as per tender document.

viii. The procurement of Rs.98,280 was made from M/s Maaz Enterprises in excess of procurement already published through tender.

Audit is of the view that in the absence of provisions of PPRA rules and terms and conditions of the agreement with the vendors the procurement of IT equipment was irregular.

The management replied that the expenditure was required to be made before the closure of the financial year as per strict directions of PM's Office to complete the infrastructure and initiate e-filing basic trainings and development before July 2021. The technical evaluation report on specified format of PPRA was prepared and after sale service agreement was made with the vendor.

It was the responsibility of the vendor to install and configure all the equipment after delivery. There was a short period of 6 days after finalization of tender. The delivery challan was issued because it was the codal formality for submission of bill to AGPR and to avoid from laps of the allocated budget. The vendor gave the undertaking to install the provided equipment as per tender requirement. The ducting, cabling and electrification work is a sperate job and it was not included in tender. The laptop was procured before in April, 2020 as an urgent requirement of command and control center initially established at Board Room of the Ministry.

The management accepted the view of point of Audit regarding advance payment as delivery challan was issued for submission of bill to AGPR and to avoid from laps of the allocated budget without completion of the task. It was the responsibility of the vendor to install the equipment which includes ducting, cabling and electrification etc. No record related to the procurement of laptop was provided to audit.

The management did not convene DAC meeting till finalization of the report.

Audit recommends inquiry to fix the responsibility.

23.5.2 Non-achievement of objectives of project and lapse of fund - Rs.21.739 million

A project titled "Enhancement of Ministry of National Health Services, Regulations & Coordination's ICT Infrastructure" was approved by Departmental Development Working Party (DDWP) initially DDWP approved this project on 27.01.2018 for a period of 18 month (01.01.2018 to 30.06.2019) with a capital cost of Rs.37.674 million. Subsequently, in a meeting held on 20.01.2020 the project was revised at a total cost of Rs.28.6145. The project life was extended up to 30.06.2020.

The objective of the project was aim to create Information Communication Technology (ICT) infrastructure and provide necessary resources to implement E-office application at all wings of Ministry of National Health Services, Regulation and Coordination to improve internal communications and to bring efficiency, accuracy, effectiveness, transparency, and accountability in decision-making.

The management of Ministry of National Health Services, Regulations & Coordination, Islamabad incurred an expenditure of Rs.14,608,666 out of project's funds. Details areas under:

Financial Year	Final Budget	Budget Released	Expenditure	Lapsed
2019-20	24,536,000	19,604,000	13,469,015	6,134,985
2020-21	6,010,000	2,134,800	1,139,651	995,149
Total Rs.			14,608,666	7,130,134

Audit observed that the management incurred Rs.14,608,666 out of project's funds but objectives of the project were not achieved as E-office application was not in place in all the wings even after completion of the project.

Audit further observed that Rs.7,130,134 was also lapsed which was required to be surrendered before the 15^{th} of May of each financial year.

Audit is of the view that non-achievement of the project objectives is a serious lapse on the part of management.

The management replied that the equipment was installed and the access of e-filing was provided in the premises of the Ministry, fiber optic connectivity, e-filing networking facility. The digital certificates were prepared/installed. The files of all the sections were scanned, e-filing certificates were installed and trainings of e-filing were conducted/arranged in all the offices of the Ministry and most of the officers and staff were trained under this project activities.

The reply of the management is not acceptable as related record was not provided to Audit.

The management did not convene DAC meeting till finalization of the report.

Audit recommends to probe the matter to fix the responsibility.

23.5.3 Non-provision of adjustment and audited statements of funds provided to other departments – Rs. 1,141.243 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 i.e. 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.

The management of National Health Services, Regulation and Co-ordination, Islamabad released funds Rs. 1,141.243 million to the following society, foundation, trust and hospital. Details are as under:

(Rs. In million)

S No.	Department	2019-20	2020-21
1.	Pakistan Red Crescent Society, Islamabad	9.640	1.181
2.	Fatimid Foundation, Karachi	28.00	26.180
3.	Provision to National Institute of Heart Diseases (AFIC), Rawalpindi	250.00	233.00
4.	Provision to Shifa-Eye Trust Hospital Rawalpindi	31.00	144.925
5.	Isolation Hospital & Infections Treatment Centre (IHITC)	00.00	417.317
	Total	**318.64**	**822.603**

Audit observed that management fail to obtain audited statement of the above released fund.

Neither the management replied nor was DAC convened.

Audit recommends that adjustment accounts may be obtaind and produced to Audit.

23.5.4 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 and 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 National Health Services, Regulation & Coordination did not provide the following record:

1. List of unserviceable items.
2. A certificate regarding theft, embezzlement, fraud etc. during the period under audit.
3. Year Book of the Ministry of National Health Services, Regulation and Coordination
4. Inquiry reports.
5. Details of construction of hospital (Jinnah Hospital) in Afghanistan by Ministry of National Health Services and Coordination.
6. Details of achievements of targets and objectives mentioned in Strategic Developments Goads (SDGs)/MTBF and Operational Plan
7. Detail of information/data/record pertaining to COVID-19
8. Detail of Vaccination Centers
9. Detail of vaccine distribution

Audit observed that despite repeated requests the department did not produce the record to Audit.

Audit is of the view that non-production of record hindered the auditorial function of the Auditor General of Pakistan.

The management replied that the Ministry was not involved in any construction (Civil-Work) at Afghanistan, however, Procurement of Medical Equipment for the project titled "Procurement Installation of Medical Equipment for three Hospital in Afghanistan" were executed by the Ministry. Furthermore, the audit of the said project has been audited annually by the Director General Audit Works, Islamabad.

The reply of the management is not acceptable as no record was provided to Audit.

The management did not convene DAC meeting till finalization of the report.

Audit recommends inquiry to fix the responsibility.

23.5.5 Non obtaining of adjustment accounts

Para 148 of GFR 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 charges 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 Ministry of NHSR&C incurred an expenditure of Rs. 10,437.958 million on procurement and transportation of 18.870 million doses.

Audit observed that there was no record available with the management regarding details of receipt, distribution, utilization and stock details of the vaccine to Audit.

Audit is of the view that in the absence of relevant record the authenticity of the expenditure could not be ascertained.

Neither the management replied nor was DAC convened.

Audit recommends that responsibility may be fixed for the irregularity.

23.5.6 Irregular payment to M/s AJM Pharma (Private) Limited Karachi – Rs.27.162 million

Para 10 (1) of Public Procurement Rules states that the procuring agency shall allow the widest possible competition by defining such specifications that shall not favor any single contractor or supplier nor put others at a disadvantage.

Para 15 (1) of Public Procurement 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 and in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids. Such pre-qualification shall solely be based upon the ability of the interested parties to perform that particular work satisfactorily.

As per Clause 3.5 of the Supply Agreement dated 14.04.2021, all the cost related to artworks, print samples and technical management of packaging materials shall be borne solely by the NIH.

Clause 7.1 of the Supply Agreement dated 14.04.2021, states that the purchase price of bulk product remit AJM technology transfer of filling and quality control.

The management of Ministry of National Health Services Regulations & Coordination purchased 1,752,000 doses of Corona Vaccine in shape of raw material from M/s Cansino Biologics China through M/s AJM Pharma (Private) Limited Karachi and paid Rs. 27,161,651 at the rate of USD 1.5 per dose to M/s AJM Pharma (Private) Limited Karachi.

Audit observed that:

i. M/s AJM Pharma (Private) Limited Karachi was selected in violation of Public Procurement Rules which not only deprived the Government from open competition but also extended undue favour to the company.

ii. As per agreement the artworks, print samples and technical management of packaging materials was the responsibility of NIH which was the major laboratory task to transform the raw material and the involvement of the M/s AJM Pharma (Private) Limited Karachi is unnecessary.

iii. No details of services provided by the company were on record for which the payment was made.

iv. No details of technology transfer and quality controls as per agreement were provided.

The management did not reply till finalization of this report.

Audit recommends inquiry to fix the responsibility.

23.5.7 Procurement of Vaccine without approval and site audit by DRAP

As per Appendix-A of the Supply Agreement dated 14.04.2021, parties agree that the delivery of Purchase Order is conditional on the following pre-requisites:

1. Obtaining the Emergency use approval of finished product issued by DRAP in territory in the context of a rolling regulatory submission and completion of the technical transfer.
2. The Tianjin-2 production/manufacturing site of CanSinoBIO is audited by and receives a permit/certificate from DRAP no later than April 30, 2021, enabling CanSinoBIO to sell finished and bulk products to purchase.
3. CanSinoBIO receives an export permit for the batch/products.

The management of Ministry of National Health Services Regulations & Coordination purchased 2,744,000 doses of vaccine from CanSionoBIO against payment of Rs. 3,419,082,391.

Audit observed that:

i. No emergency use approval of finished product was issued by DRAP.

ii. No audit of the Tianjin-2 production/manufacturing site of CanSinoBIO was conducted by DRAP.

iii. Export permit for the batch/products were not provided to Audit.

The management replied that as per protocol of Drug Regulatory Authority of Pakistan (DRAP) circulated vide letter No. F.3.28/2005-Reg-1/(Vol-II) dated 10^{th} September, 2021, audit/inspection of the manufacturing site is conducted if the finished product of any drug is being imported. In this specific case, a bulk concentrate was imported from China and was converted into finished form at NIH which fall under the category of local manufacturing, hence, did not require any pre-audit inspection of manufacturing site.

Further, the drug (PakVac Vaccine) was registered in Pakistan on the basis of country origin registration Authorization under the after Emergency the Use thorough checking/submission of all relevant documents i.e. BPR, Safety Analysis, Phase-I II & III Clinical Trials etc.

Request was made to CanSinoBio for the provision the export permit but they refused to provide the same being the confidential document.

The reply of the management is not acceptable as no approval of DRAP was provided to Audit.

Audit recommends to probe the matter and fix the responsibility.

College of Physicians and Surgeons Pakistan

23.5.8 College of Physicians and Surgeons Pakistan refused to get their accounts audited

In terms of Article 170(2) of the Constitution of Islamic Republic of Pakistan read with AGP's Ordinance, 2001 the Auditor General of Pakistan has the mandate to audit accounts of any authority or body established by or under the control of the Federal or Provincial Government.

The Honorable Supreme Court of Pakistan in its judgment dated 08.07.2013 declared and directed in Para 27(b) that the Auditor General, in order for him to fulfill his duties under Articles 169 and 170 of the Constitution, is not only authorized but also obliged to seek access to any and all records actually maintained by all Federal and Provincial Governments, as well as all entities established by or under the control of the Federal and Provincial Government, regardless of the designation of such records as secret or otherwise.

Section 14(2) of the 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 the 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

i. College of Physician and Surgeons of Pakistan was formed under Pakistn College of Physician and Surgeons Ordinance, 1962 and also falls under Schedule II, Rule 3(3) {Distribution of Business Among the Divisions} at serial No. 24(3) under National Health Services, Regulation and Coordination Division of Rules of Business, 1973.

ii. A team of Federal Government Auditors approached CPSP, Lahore on 15.11.2018 to conduct the audit but the management of CPSP refused to get their accounts audited by the Auditor General of Pakistan. Another audit team was deputed to conduct the audit of CPSP, Karachi and the management of CPSP, Karachi informed that the matter is subjudice and still being dealt through appropriate legal process.

iii. The matter was reported to the Secretary, Ministry of National Health Services, Regulation & Coordination vide letter No. Coord/Refusing Entities/2017-18/F-739/753 dated 22.04.2019.

iv. The Constitutional provisions were further elaborated by Honorable Supreme Court of Pakistan in its judgement vide suo moto Case No.12 of 2015.

Audit is of the view that the stance taken by the management is in violation of the orders of the Honorable Supreme Court of Pakistan and attracts Section 14(3) of AGP's Ordinance, 2001.

Audit is also of the view that as the CPSP was established and controlled by the Fedederal Government thus it falls under the audit jurisdiction of the Auditor General of Pakistan.

Audit recommends that disciplinary action may be taken against officers involed in hindering the auditorial functions of the Auditor General of Pakistan and defiance of the Order of the Honorable Supreme Court of Pakistan dated 08.07.2013, besides provision of auditable record.

Pakistan Nursing Council

23.5.9 Pakistan Nursing Council refused to get their accounts audited

In terms of Article 170(2) of the Constitution of Islamic Republic of Pakistan read with AGP's Ordinance, 2001 the Auditor General of Pakistan has the mandate to audit accounts of any authority or body established by or under the control of the Federal or Provincial Government.

The Honorable Supreme Court of Pakistan in its judgment dated 08.07.2013 declared and directed in Para 27(b) that the Auditor General, in order for him to fulfill his duties under Articles 169 and 170 of the Constitution, is not only authorized but also obliged to seek access to any and all records actually maintained by all Federal and Provincial Governments, as well as all entities established by or under the control of the Federal and Provincial Government, regardless of the designation of such records as secret or otherwise.

Section 14(2) of the 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 the 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

i. Pakistan Nursing Council was formed under Pakistan Nursing Council, Act 1973 and also falls under National Health Services, Regulation and Coordination Division as per Serial No.24(2) of Rules of Business, 1973.
ii. A team of Federal Government Auditors approached Pakistan Nursing Council (PNC), Islamabad on 04.10.2021 vide intimation No. Coord/Audit Intimation/2021-22/F-753/1896 dated 27.08.2021 to conduct the audit but the management of PNC refused to get their accounts audited by the Auditor General of Pakistan.
iii. The Constitutional provisions were further elaborated by Honorable Supreme Court of Pakistan in its judgement vide suo moto Case No.12 of 2015.

Audit is of the view that the stance taken by the management is in violation of the orders of the Honorable Supreme Court of Pakistan and attracts Section 14(3) of AGP’s Ordinance, 2001.

Audit is also of the view as the PNC was established and controlled by the Fedederal Government thus it falls under the audit jurisdiction of the Auditor General of Pakistan.

Audit recommends that disciplinary action may be taken against officers involed in hindering the auditorial functions of the Auditor General of Pakistan and defiance of the Order of the Honorable Supreme Court of Pakistan dated 08.07.2013, besides provision of auditable record.

Directorate of Central Health Establishment

23.5.10 Non-Production of record

Section 14(2) of the 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 the 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.

The management of Directorate of Central Health Establishment, Islamabad was requested to provide the record.

Despite repeated requests the management did not provide the following record:

i) Standard Operation Procedures for the Directorate Central Health Establishment.

ii) Details of Partner/Registered/Affiliated Organizations.

iii) Copies of Minutes of meeting.

iv) Monitoring & Evaluation Reports.

v) List of Bank Accounts along with Bank Statements.

vi) Details of Income/receipts along with reconciliation.

vii) List of vehicles.

viii) Detail of theft, fraud and embezzlement.

Audit is of the view that non-production of record hindered the auditorial function of the Auditor General of Pakistan.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that responsibility may be fixed for non-provision of auditable record.

23.5.11 Non-achievement of project objectives – Rs. 404.837 million

PC-I of the project 'Strengthening Points of Entry (PoEs) of Pakistan' costing Rs. 404.837 million provides that Quarantine Hospitals at PoE Sost, Peshawar, Quetta, Lahore and Islamabad will be constructed, whereas Quarantine Hospital Karachi and PoE Wahga will be renovated in order to provide un-interrupted services at each PoE effectively and efficiently. Furthermore, one new Airport Health Department at Rahim Yar Khan Airport will be established. Following are the objectives of the project:

- Existing Points of Entry are fully strengthened.
- New Point of Entry are identified, designated and strengthened.
- Stakeholder mapping and engagement is carried out (National & International).
- Existing rules for airports, seaports are reviewed & updated and rules for ground crossings are developed.
- Detailed assessment of all PoEs is carried out.
- Existing gaps in monitoring and supervision are addressed.
- Capacity building of concerned staff done
- SoPs for one health response based on lessons learnt (SARS, Avian flu, Swine flu) are developed and implemented.
- Comprehensive Contingency Plan for PoEs is developed and implemented.
- Availability of required staff is ensured by creating new positions.
- Availability of required equipment and infrastructure is improved.
- Un-interrupted operational and logistics support is ensured.

The Directorate of Central Health Establishment, Islamabad being the executing agency of the project was required to construct/renovate the PoEs to strengthen core capacity, prevent and provide a public health response to the international spread of Covid-19 and also required to prepare, facilitate, monitor and analyze the achievement of the above-mentioned objectives.

Audit observed that despite lapse of two and half years the management was failed to construct/renovate hospitals at Point of Entries in Pakistan.

Audit also observed that if following measures were taken in time, the damages occurred due to spread of the virus could have be mitigated:

i. Strengthening of existing point of entries in Pakistan and identification of new point of entries with engagement of different stakeholders.
ii. Reviewing and updation of existing rules for airports, seaports and development of ground crossings rules with detailed assessment of all point of entries.
iii. Capacity building of concerned staff with development of comprehensive contingency plan and its implementation at point of entries.
iv. Provision of required equipment and infrastructure with un-interrupted operational and logistics support was also one of the core objective of the project.

Audit is of the view that due to non-construction/renovation of Quarantine Hospitals at PoEs the government was unable to prevent spread of crona virus at initial level.

Audit is also of the view that non-achievement of project objectives is a serious lapse on the part of management.

The management did not reply till finalization of this report.

Audit recommends to inquire the matter to fix the responsibility.

Federal Medical & Dental College, Islamabad

23.5.12 Non-Deposit of College & Hostel Fees into Government treasury - Rs. 37.251 million

Para 26 of GFR Vol-I states that subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts, it is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

The management of Federal Medical & Dental College Islamabad collected college & girls hostel fees from students amounting to Rs.37,250,600 during the financial year 2019-20.

Audit observed that the college and girls hostel fees were lying in college account and were not deposited into Government treasury.

Audit is of the view that non-deposit of fee into Government treasury is a serious lapse on the part of management.

Management replied that college fees and hostel charges for the financial year 2019-20 are in the college current account after promulgation of Federal Medical Teaching Institute Ordinance (FMTI),2020 where BOG is competent for utilization of all types of revenues.

The reply of the management was not acceptable as the Ordinance was enforced w.e.f 16.11.2020 whereas the college and hostel fees relate to the financial year 2019-20.

The management did not convene DAC meeting till finalization of the report.

Audit recommends to deposit the amount into Government treasury.

23.5.13 Unauthorized payment of Health Allowance-Rs. 22.878 million

As per Para-2(b) of Carrier Structure for Health Personnel Scheme Ordinance, 2011 the employees of the Federal Medical and Dental College are not health personnel and not included in Schedule-1 of the Ordinance. (To be rechecked)

The management of Federal Medical and Dental College made payment of Health Allowance to its employees amounting to Rs 22,877,691 during financial year 2018-19 and 2019-20.

Audit observed that the payment was made to the employees of the Federal Medical College, which was neither included in Schedule-1 of the Career Structure for Health Personnel Scheme Ordinance, 2011 nor approved by the Finance Division.

Audit further observed that special allowance for teaching staff (Faculty) was also being paid w.e.f 09.01.2014 at the following rates.

S. No	Designation	BPS	Rate/Month
01	Professor	20	80,000
02	Associate Professor	19	65,000
03	Assistant Professor	18	55,000
04	Demonstrator	17	20,000

Audit is of the view that payment of health allowance without approval of Finance Division was unauthorized.

The management replied that Honorable Federal Service Tribunal (FST) Islamabad has maintained the letter issued by the Finance Division dated 27.03.2012 according to which FMC is eligible for Health Professional Allowance being part of health institution. However, case for merger of Special allowance for Federal Medical College faculty and Health Professional Allowance for faculty & non-teaching staff is under process for approval in BOG after promulgation of Federal Medical Teaching Institution Ordinance.

The management did not convene DAC meeting till finalization of the report.

Audit recommends to probe the matter besides recovery.

National Institute of Rehabilitation Medicines, Islamabad

23.5.14 Non-achievement of objectives of KPI based incentive – Rs. 9.834 million

Ministry of National Health Services, Regulations and Coordination letter No.F.10.368/2019-H-1 dated 24th May, 2021 laid down revised KPIs of doctors working in NIRM, Islamabad for grant of Special Healthcare Allowance. The main objective was to use the KPIs as performance measurement tool to monitor, analyze and optimize all relevant healthcare processes to increase patient satisfaction and enable healthcare providers to understand and improve performance besides gauging their eligibility for grant of performance based allowance.

Management of NIRM disbursed Rs.9,834,429 as Special Healthcare Allowance to 43 Doctors of BPS 17, 18 and 19.

Audit observed that the Special Healthcare Allowance was disbursed without proper evaluation of performance of each doctor. Each doctor was given 100% score without proper evaluation of Duty Performance and Feedback from Stakeholders

Audit is of the view that disbursement without proper evaluation of the performance of the employees is irregular and against the objective of the grant of Special Healthcare Allowance.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends re-assessment of the performance of all the eligible employees for the Special Healthcare allowance and recover the overpaid amount.

College of Nursing and Medical Technology

23.5.15 Unauthorized maintenance of bank accounts and retention of public funds therein – Rs. 69.012 million

Rule 7(1) of FTR Volume-I states that all moneys received by or tendered to government officers on account of the revenue of the Federal Government shall without undue delay be paid in full into Treasury or into the bank. 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 Federal Consolidated Fund of the Federal Government.

Finance Division vide letter dated F.No.2(28)/S.O(TSA)/2020/393 dated 16.07.2021 informed that the Ministries, Divisions, Attached Departments etc. were time and again requested to close the accounts in commercial banks and re-align their existing financial/banking arrangement with the approved legal framework provided under the Constitution of Islamic Republic of Pakistan 1973 and Public Finance Management Act, 2019 and the rules made thereunder. In this regard, a number of deadlines were conveyed, however the needful was not done. As a last resort, the banks were instructed to close all the bank accounts opened in the name of/under the authority of the Federal Government as required under the Cash Management and Treasury Single Account Rules 2020 by 31.05.2021.

The management of College of Nursing and Medical Technician, Islamabad maintained two banks account in National Bank of Pakistan PIMS Branch, Islamabad. Detail as follows:

S.No.	Account Title	Account No.	Bank	Amount received	Expenditure	Balance as on 30.06.2021

1.	Principal College of Nursing	4010797156	NBP, PIMS Branch, Islamabad	8,321,150	3,624,334	40,199,975
2.	Principal College of Medical Technician	3010765422	-do-	6,340,080	8,687,553	28,811,853
Total				**14,661,230**	**12,311,887**	**69,011,828**

Audit observed that:

i. The college was maintaining and retained balances of Rs.28.811 million in PLS account No.3010765422 NBP without approval of Finance Division.

ii. Expenditure amounting to Rs.12.312 million were made without any approved rules from Finance Division.

iii. Profit amounting to Rs.1,488,314 was also earned during financial year 2020-21 on the PLS Saving Account which was required to deposit in Government Treasury.

Audit is of the view that retention of amount in banks without approval of Finance Division is unauthorized.

The management replied that the matter of approval of the Finance Division in respect of two bank accounts, for expenditure of student fund and student fee charges are being taken up with the Ministry of National Health Services Regulation & Coordination vide this Institute letter No.F.1-50/2018-19(Acct)/PIMS dated 20.07.2019.Subsequently reminder dated 17.08.2020 has been served in this regard. The solicited approval of the Finance Division is still awaited and will be transmitted to the audit as and when received.

The reply of the management is not acceptable as no approval has been obtained from Finance Division.

Audit recommends to probe the matter.

Pakistan Institute of Medical Sciences, Islamabad

23.5.16 Unauthorized expenditure on repair and maintenance of building - Rs.54.320 million

Sl. No.9(46) of the Annexure-1 to the System of Financial Control and Budgeting 2006, states that Ministries/Divisions are empowered to give administrative approval of works in respect of non-residential building up to Rs. 500,000. This power stands re-delegated to the Executive Director, PIMS by the Ministry of National Health Services, Regulations and Coordination.

Para 184 of GFR states that Pak PWD is the only authority to execute the civil works and infrastructure of the Government organizations.

Paragraph 56 of the CPWD code states that a properly detailed estimate must be prepared for the sanction of competent authority. This sanction is known as the technical sanction and as its name indicates, it amounts to no more than a guarantee that the proposals are structurally sound and that estimates are accurately calculated and based on adequate data.

The management of Pakistan Institute of Medical Sciences (PIMS) Islamabad incurred expenditure of Rs 54.320 million under the head, Repair and Maintenance of building structure (residential and nonresidential) during the financial year 2019-20.

Audit observed that the PIMS incurred expenditure of Rs.54,319,924 on repair and maintenance of office and residential building departmentally beyond the delegated financial powers and without getting technical sanction.

Audit is of the view that execution of repair and maintenance departmentally and without approval of the technical sanctions was irregular.

The management replied that in May, 2006, a high-level meeting was held between Secretary Health and DG Pak PWD, Chief Engineer North, Supdt. Engineer Pak PWD and Executive Director, PIMS.After detailed deliberations, it was decided that repair and maintenance work of PIMS may be executed by the PIMS engineering department.

The reply was not accepted as Vice Chancellor/ Executive Director being head of attached department was not empowered to grant approval of expenditurefor civil works beyondRs 0.5 million in each case.

Audit recommends that responsibility may be fixed on person(s) concerned for the irregularity.

23.5.17 Irregular extension in deputation under wedlock Policy

In terms of the deputation policy of the Federal Government issued by the Establishment Division vide O.M No. 1/28/75-D-II/R-1 dated 11.04.2000, Secretaries of the administrative Ministries/Divisions and Heads of Attached departments and Subordinate Offices not below BS 21 have been delegated powers to approve initial deputation of officers up to BS-19 belonging to cadres and posts under the administrative control for a period of three years under standard terms and conditions of deputation. The deputation policy is also applicable to the cases under Wedlock Policy as well. The case for extension under wedlock policy complete in all respect should be forwarded to the Establishment Division for its concurrence.

The following Medical Officers from provinces were posted in Pakistan Institute of Medical Sciences (PIMS) Islamabad on deputation basis under wedlock policy under standard terms and conditions of deputation:

Particulars			Period	
S.No	**Name and Designation**	**Parent Department**	**From**	**To**
01	Dr.AsmaKhattak. M.O B- 17	JPMC	08.09.2015	Till date
02	Dr. ShehlaMandoKhail M.O B-17	Health Deptt Govt of Baluchistan	15.02.2015	Till date
03	Dr. Qasim Hussain M.O B-17	CHE, Karachi, Under M/o NR &S	15.01.2014	Till date
04	Dr. Uzma Zafar M.O B-17	Abbasi Shaheed Hospt. Karachi	22.04.2015	Till date
05	Dr. Irshad Hussain M.OB-17	Health Deptt AJK	11.11.2016	Till date

Audit observed that after the lapse of initial three year’s deputation, the case for further extension was not referred to Establishment Division for its concurrence but was extended by the controlling Division, defunct CAAD/Ministry of National Health Services, Regulations and Coordination in violation of Government instructions.

Audit is of the view that extension in deputation after expiry of initial three years without concurrence of Establishment Division was irregular.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that responsibility for extension in deputation after expiry of initial three years without concurrence of Establishment Division may be fixed.

Shaikh Zayed Medical Complex, Lahore

23.5.18 Irregular appointment of 50 Nurses without observing the Regional/provincial Quota

S.R.O. No. 747(1)/2020 of Establishment Division, Government of Pakistan dated 19.08.2020 states that provincial quota as described below shall be observed while making appointments in the Federal Government institutions:

Merit	7.50%
Punjab (including Federal Area of Islamabad	50%
Sindh	19%
Urban	40% of 19% or 7.6%
Rural	60% of 19% or 11.4%
KPK	11.50%
Balochistan	6%
EX-FATA	3%
Gilgit-Baltistan	1%
Azad Kashmir	2%

Rule 1(d) of the Employees Services Regulation, 1990 further states that all the Gazetted and Non-Gazetted posts to be filled by initial recruitment shall be filled in on all Pakistan basis in accordance with merit and provincial or regional quotas prescribed by the Federal Government from time to time. Where in case the quota cannot be observed, sanction of the President, Board of Governors shall be obtained before making appointment to such post.

The management of Shaikh Zayed Medical Complex, Lahore made recruitment of 50 staff nurses @ Rs 56,862 p.m. amounting to Rs 2.843 million p.m. vide para No. 7 of Note sheet file dated 26.05.2021, minutes of meeting of DP&SC dated 19.05.2021.

Audit observed that:

1. The posts were advertised in newspaper(s) on 19.05.2021 without indicating any regional / provincial quota.
2. Short-listing and minutes of the meeting of the Selection Committee were not provided. Hence the appointments were made without observing the prescribed quota.

Audit is of the view that appointment without observing of provincial quota was irregular.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends fixing of responsibility for the irregularity.

23.5.19 Local purchase of medicine without any approved sops / policy - Rs. 131.065 million

Rule 19 of Ministry of Health, Special Education and Social Welfare Islamabad resolution dated 29-5-1986 states the institute may make such regulations not inconsistent with the Provisions of this Resolution and rules as may be expedient for the achievement of its aims and objective and for the performance of its functions.

Para 41 of Purchase Procurement Procedure (Annexure D) Part VI Financial & Accounting Rules provides that in case of acute emergency the Administration may allow for reasons to be recorded the purchase to be made by two members of which one should be accounts officer.

Para 42 further states that in the reasons for such course shall duly be intimated to the chairman and linked with the Comparative Statement while sending the bills to Internal Audit.

The management of Shaikh Zayed Medical Complex, Lahore incurred an expenditure of Rs. 131.065 million on account local purchase of medicines and consumeables during 2020-21.

Audit observed that local purchase was made without any approved SOPs. Further, utilization reocord of medicines was also not available with the management.

Audit is of the view that expenditure on local purchase without approved SOPs was irregular and in the absence of utilization record the authenticity of the expenditure could not be ascertained.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

23.5.20 Irregular and unauthorized reduction of Tax liability - Rs. 17.764 million

Clause 1(2) of Part III of income Tax ordinance 2001 states that the tax payable by a full time teacher or a researcher, employed in a nonprofit education or research institution duly recognized by Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government research institution, shall be reduced by an amount equal to 25% of tax payable on his income from salary.

Provided that this clause shall not apply to teacher of medical profession who derive income from private medical practice or who receive share of consideration received from patients.

The management of Shaikh Zayed Medical Complex, Lahore allowed reduction in tax liability to its various employees at the rate of 40% instead of 25%. The details are as under:

Sr. NO	Financial Year	Number of employees	Taxable Salary Income	Tax Due (100%)	Tax Deducted After rebate @40%	Less deducted
1	2019-20	95	249,898,125	22,195,120	13,317,072	8,878,048
2	2020-21	92	244,846,981	22,214,155	13,328,493	8,885,662
Total			**494,745,106**	**44,409,275**	**26,645,565**	**17,763,710**

Audit observed that:

1. The rebate in tax liability was admissible to Full Time Teachers and Researchers only, whereas management allowed the reduction to employees who were not full time teachers and researchers.
2. Most of the above were in receipt of share of consideration received from patients. Therefore, rebate was not admissible.
3. Tax rebate @ 40% instead of 25% was allowed.

Audit is of the view that management the government was deprived from its due receipts.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends discontinuation of irregular practice, recovery of due amount of Income Tax besides fixing of responsibility.

23.5.21 Non-recovery of risk cost from defaulting suppliers - Rs. 14.876 million

Clause II of Terms & Conditions of tender documents states that the contractor will supply the material within the stipulated period mentioned in the supply order and if failed, no notice will be served and purchase will be made from second lowest bidder or from the local market at the risk and cost of tender firm and CDR will also be forfeited.

Annexure A paragraph 1(i) provides that Director Finance shall be responsible for the coordination on accounting matters.

(ii) to render financial advice to the Chairman on matter containing financial implications.

Paragraph 6 further states that he will be directly responsible to the chairman for the submission of correct accounts. He will certify the correctness of any bill passed along with the Administrator/Deputy Dean. For this purpose he will work in close coordination and directly linked with Administrator Sheik Zayed Hospital and Deputy Dean FPGMI.

The management of Shaikh Zayed Medical Complex, Lahore made procurement of medicines, disposables etc. from the local suppliers on the risk & cost of the firms approved in tender proceedings. The details are given below:

S.NO.	COMPANY	CDR AMOUNT RS.	RISK & COST AMOUNT	Total
1	Al-Rehan Pharma	200,000	71,187	271,187
2	Sy AG Impex	500,000	534,400	1,034,400
3	Surge Lab.	658,721	34,748	693,469
4	Wimits Pharma.	131,740	40,607	172,347
5	Save on Health Care	183,000	287,280	470,280
6	3-Plus Pharma.	5,000	18,513	23,513
7	IBL Health Care	566,460	1,258,400	1,824,860
8	Abbott Laboratories.	1,577,785	822	1,578,607
9	Medi Save.	5,000	96,944	101,944
10	Barlas Sale	500,000	52,014	552,014
		200,000		200,000
11	Nabi Qasim Industries.	178,743	98,226	276,969
		147,200		147,200
12	Mactor International	200,000	4,189,608	4,389,608
		200,000		200,000
		82,659		82,659
13	Trowmadic International	500,000	180,520	680,520
14	Novartis pharma	652,310	-	652,310
15	Mactor International	482,659	707,438	1,190,097
16	M/S Gulab Din and Sons	138,500	-	138,500
17	Glaxo Smith Kline	195,440	-	195,440
Total		**7,305,217**	**7,570,707**	**14,875,924**

Audit observed that:

i. Management did not effect an amount of Rs.7.571 million as risk & cost from the defaulters/non-supplier firms.

ii. Management also did not forfeit the CDR/Securities Rs.7.305 million.

Audit is of the view that management deprived the Government from its due revenue.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends recovery of amount besides fixing of responsibility.

23.5.22 Non-testing of medicines from drug testing laboratory – Rs 278.981 million

As per clause 10 of General Conditions of Contract of Bidding Document for the financial year 2020-21 states that all the medicines shall be acceptable subject to chemical and physical examination. The chemical examination shall be carried out by the Drug Testing Laboratory. The Inspection Committee constituted by the Consignee shall carry out the physical examination after receipt of supplies and standard test / analysis report of the Lab. If the facility of test /a analysis is not available with laboratory the batch release certificate and test analysis report of quality control / quality assurance department of the manufacturer shall be relied upon.

As per clause 5 of General Conditions of Contract of Bidding Document states that the Medicines shall be accompanied by the necessary warranty on form 2-A (on judicial paper) in accordance with the provision of the Drug Act 1976 & rules framed their under. The Procuring Agency shall promptly notify the Supplier in writing of any claims arising under this warranty.

The management of Shaikh Zayed Medical Complex, Lahore incurred an expenditure of Rs. 306.635 million on account of local purchase of medicines. The details are given below:

Sr. No.	Description	Amount
1	Local Purchase	131,064,668
2	Local Purchase (funded patients)	41,093,565
3	Hemodialysis Unit/Department	106,823,510
Total		**278,981,743**

Audit observed that neither the Lab Testing of the medicines were carried out from the Drug Testing Laboratory nor the reports made available.

Audit is of the view that non-testing of the medicines compromised the provision of quality medicines to the patients.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends discontinuation of irregular practice besides fixing of responsibility.

23.5.23 Non-recovery of rent & utility charges from the occupant - Rs. 16.459 million

Clause 2 of the lease agreement for pharmacy/medical store with M/s AAA Pharmacy Plus dated 14.11.2017 states that lease period will be for two year from the date of award with annual increase which may be extended for another span of years but with 10% increase per annum.

Clause 12 of the lease agreement further states that lessee will be responsible to pay the electricity bill on commercial rates.

Clause 26 also states that the lease money will be deposited on 14th of every month in advance, in case the Lessee fail to deposit on due date, he will pay a penalty of Rs.500/- per day.

The management of Shaikh Zayed Medical Complex, Lahore entered into an agreement with the vendor for provision of space consisting of one room measuring 216 sq. ft. on a monthly rent of Rs. 541,646 w.e.f. 14.11.2017 to 13.11.2019 and the management did not extend the lease agreement. The details are given below.

S.NO.	PERIOD OF RENT	RENTDUE PER ANNUM DUE	RENT RECEIVED	BALANCE
1.	14.11.2018 TO 13.11.2019	10% of 541646/- = 54165/- PM X 12	NIL	649,980
2.	14.11.2019 TO 13.11.2020	595811/- plus 10% = 655392 X 12 =7864705	NIL	7,864,705
3.	14.11.2020 TO 13.08.2021	655392/-plus 10% =720931/- X 8	NIL	5,767,448
			Total	**14,282,133**
			Utility charges	**2,177,000**
			Total outstanding	**16,459,133**

Audit observed the management did not recover rent and utility charges from the tanent.

Audit is of the view that non-recovery of rent and utility charges deprived the management from its due revenue.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends recovery of the outstanding dues at the earliest.

23.5.24 Loss due to non replacement and use of expired disposible items - Rs. 5.466 million

Para 148 of GFR VOL I 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 charges 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.

Clause E of Tender Award letter No SZH/CMS/209/2017 dated 9-1-2018 for supply of surgical stores states that any material found substandard/ misbranded or near expiry date will be replaced.

The management of Shaikh Zayed Medical Complex, Lahore made a procurement of disposables / consumables valuing Rs.14.495 million for the use in Cath Lab. Details are as under:

S. No	Invoice Date	Item Description	Qty	Unit Price	Expiry Date	Units Remaining	Amount
1	27.06.18	Angioplasty Balloon Emerge	100	7,000	14.04.21	10	70,000
2	27.06.18	Angioplasty Balloon NC Emerge	100	7,000	26.06.20	29	203,000
3	27.06.18	Cutting Balloon	4	70,000	31.10.20	4	280,000
4	27.06.18	Balloon Express LD	20	65,000	25.04.20	15	975,000
5	27.06.18	Covered Stents Wallgraft	4	125,000	14.06.20	4	500,000
6	27.06.18	PTCA Guildzilla	10	95,000	11.06.20	2	190,000
7	27.06.18	Rota Blator Rotawire	20	17,000	28.05.20	16	272,000
8	27.06.18	Rota link Plus	20	90,000	28.04.20	15	1,350,000
9	20.11.19	Orsiro Drug Eluting Stent	10	95,000	04-21	2	190,000
10	18.10.19	Coronry Coverd Stent	3	165,000	04-21	1	165,000

11	13.09.19	Coroflex Isar Neo	50	75,000	03-21	4	300,000
14	20.11.18	Fine Cross	20	40,000	*02-20*	13	520,000
15	02.11.19	Fine Cross	10	48,000	*01-21*	7	336,000
						Total	**5,351,000**

Audit observed the items were expired without any utilization.

Audit is of the view that purchase of items without any need was uncnessary burden on the government exchequer.

Audit is of the view that this act of hospital management reflects criminal negligence as the items mostly pertained to the cardiology department.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that the matter be inquired and responsibility fixed.

23.5.25 Irregular / unauthorized payment in cash - Rs. 40.469 million

Rule 132(v) of Federal Treasury Rules Volume -1 states that these advances should not be multiplied unnecessarily.

Rule 132(vi) of Federal Treasury Rules Volume -1 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.

Rule 157(1) of Federal Treasury Rules Volume -1 states that Cheques drawn in favour of Government officers and departments in settlement of Government dues shall always be crossed "A/c payee only not negotiable".

Management of SZMC, Lahore incurred an expenditure of Rs. 40.469 million under various heads of account during financial year 2020-21.

Audit observed that the payments were made to various vendors in cash instead of cross cheques

Audit is of the view that heavy payment in cash was violation of government instructions as stated above besides inherent risk associated with cash payments.

Audit is also of the view that management was maintaining the above account as parallel treasury.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that inquiry may be held to fix the responsibility.

Federal Government Polyclinic Hospital, Islamabad

23.5.26 Irregular procurement of drugs/medicines without Drug Testing Lab Reports - Rs. 241.897 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 2(l) of Public Procurement Rules, 2004 states that "value for money" means best returns for each rupee spent in terms of quality, timeliness, reliability, after sales service, up-grade ability, price, source, and the combination of whole-life cost and quality to meet the procuring agency's requirements.

The management of Federal Government Polyclinic Hospital, Islamabad accepted and approved rates of Two Hundred Eighteen (218) drugs/medicines/injections and issued offer/rates acceptance letters involving procurement of the same amounting to Rs. 241.897 million during 2020-21.

Audit observed that drugs/medicines/injections were approved for procurement by the Hospital management without having Drug Testing Lab Reports showing efficacy and efficiency of the drugs/medicines/injections required to be procured.

Audit is of the view that procurement of drugs/medicines/injections without issuance of Drug Testing Lab Reports showing efficacy and efficiency of the same is serious negligence on the part of the Hospital management.

Audit is also of the view that procurement of drugs/medicines/injections without having Drug Testing Lab Reports questions the usefulness/effectiveness of the drugs/medicines and expenditure incurred thereon.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends holding of inquiry to fix responsibility on person(s) at fault.

23.5.27 Non-recovery from the FGPC hostel allottees - Rs. 40.028 million

Rule 3(2) of Allocation Rules, 2002 states that unmarried Federal Government Servants (FGSs) shall be eligible for house rent allowance or single or bachelor accommodation so earmarked for them.

The management of Federal Government Poly Clinic Hospital, Islamabad allotted hostel accommodation to officers and officials in government own hostels.

Audit observed that:

1. As required in allotment letters, AC Charges (Utility Charges) amounting to Rs. 29,147,347, refundable security amounting to Rs. 495,000, HRA from doctors amounting to Rs. 3,379,345 and HRA from Nurses amounting to Rs. 7,006,002 was not recovered by the FGPC management from the hostel allottees / occupants. Total recoverable amount comes toRs. 40,027,694.
2. Electricity Bill amounting to Rs. 36,024,535 was payable (showing non-payments since long) to IESCO against the Reference Number 15141114021000 installed for Hostel premises of FGPC.

Audit is of the view that non-recovery of Utility Charges, Security Charges and House Rent Allowance deprived the government from its due receipts.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends fixing of responsibility for non-recovery of the amount, recovery of the amount and deposit of the same into government treasury at the earliest.

23.5.28 Irregular and unauthorized expenditure on civil works - Rs. 24.912 million

Para 192 of GFR (Vol-I) states that when works allotted to a civil department other than the Public Works Department are executed departmentally, whether direct or through contractors, the form and procedure relating to expenditure on such works should be prescribed by departmental regulations framed in consultation with the Accountant General generally on the principles underlying the financial and accounting rules prescribed for similar works carried out by the Public Works Department.

Para 66 of GFR (Vol-I) states that all estimates of revenue and expenditure included in the Budget were for the financial year.

Para 105-A of GFR (Vol-I) states that every disabusing officer shall maintain a register of liabilities in GFR 10-A, in which he should enter all those items of expenditure for which (i) payment is to be made by or through another officer (ii) budget allotment or sanction of a higher authority is to be obtained or (iii) payment would be required partly or wholly during the next financial year or years.

The management of Federal Government Polyclinic Hospital, Islamabad incurred an expenditure of Rs. 62.722 million under the head of account 'A13370-Repair and Maintenance of Buildings' during 2020-21.

Audit observed that:

i. Expenditure amounting to Rs. 24.912 million was incurred on civil works/repair of buildings which was neither carried out through Pak PWD nor the expenditure was incurred departmentally by making departmental regulations.

ii. No Measurement Books were maintained in support of the works carried out.

iii. Out of expenditure of Rs. 24.912 million incurred, civil works amounting to Rs. 15.608 million was done during 2019-20 for which no liability register was maintained.

Audit is of the view that the expenditure incurred without making departmental regulations was irregular and unauthorized.

Audit is also of the view that payments of previous year's liabilities without observing the budget allocations of that year and without maintaining a register of liabilities is irregular.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends discontinuation of irregular practice besides regularization of the expenditures from the Finance Division.

23.5.29 Weakness in internal control system of medicine and surgical disposable records

Para 155 of GFR (Vol-I) states that a reliable list, inventory or account of all stores in the custody of Government officers should be maintained in a form prescribed by competent authority to enable a ready verification of stores and check of accounts at any time and transactions must be recorded in it as they occur.

The management of Federal Government Polyclinic Hospital, Islamabad incurred an expenditure of Rs. 436.973 million under the head of account "A03927-Purchase of Drug and Medicines" meant for purchase of drugs/medicines (tablets, syrups, injections, surgical consumable items, laboratory test kits) during 2020-21.

Audit observed that:

1. The management did not follow the provisions of General Financial Rules for maintenance of accounts of drugs/medicines/injections/surgical consumable items/laboratory test kits.
2. Complete record i.e. issuance of medicines from main store to wards and expense registers at wards containing prescriptions of doctor, patient number, date of admission and discharge is not available with the Hospital.

3. Record of receipt and issuance of medicines was being maintained manually instead of using a software for ‘Inventory Management System’.
4. Real-time information about receipt, issuance and stock position of each medicine along with batch/lot number, expiry dates and price/cost were not available in the manual registers.

Audit is of the view that there is weak internal control in handing a huge quantity of medicines due to non-maintenance of proper store accounts.

Audit is also of the view that in the absence of proper ‘Store Accounts’ the management’s deterrence and detection of losses by theft and fraud, verification of the accuracy of stock records, and identification of any weaknesses is not possible.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that internal control system needs to strengthen switching over to IT base system to have real-time information of medicines availability and consumption.

23.5.30 Procurements of items at excessive rates compared with bill of lading - Rs. 27.850 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 2(l) of Public Procurement Rules, 2004 states that “value for money” means best returns for each rupee spent in terms of quality, timeliness, reliability, after sales service, up-grade ability, price, source, and the combination of whole-life cost and quality to meet the procuring agency’s requirements.

Para 10(ii) of GFR (Vol-I) states that the expenditure should not be prima facie more than the occasion demands.

The management of Federal Government Polyclinic Hospital, Islamabad incurred expenditures amounting to Rs. 27.850 million on purchase of machinery/equipment under different PSDPs, as per following details:

S. No.	Project Title	Item Purchased	Firm / Vender	Qty	Purchase Rate (recorded in the invoice)	Purchase Amount	Value including Taxes (as per Bill of Lading attached with the invoices)
1	IB0711-Strengthening of ICU at FGPC	ICU Beds	M/s Radiant Medical (Pvt) Ltd	20	475,000	9,500,000	989,157
2	IB0709-Strengthening of ENT Deptt. at FGPC	Hand Held Screening Audiometer	M/s Hearing Care Services	1	3,500,000	3,500,000	839,830
3		ENT Examination and Treatment Unit	M/s Sigma International	1	5,850,000	5,850,000	153,146
4		ENT Examination and Treatment Unit	M/s Mediland Pakistan (Pvt) Ltd	1	9,000,000	9,000,000	418,210
Totals						**27,850,000**	**2,400,343**

Audit observed that the procurements were made at excessive rates as compared with the prices (included all taxes) mentioned in the bill of ladings attached with the invoices.

Audit is of the view that procurements were made exceptionally at higher rates as compared with the bill of lading.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends holding of inquiry to fix responsibility on person(s) at fault.

23.5.31 Non-production of record relating to Risk Allowance (Covid-19 Allowance)

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.

Despite repeated requests, the management of Federal Government Polyclinic Hospital, Islamabad did not provide record relating to expenditure incurred and payment(s) made on account of Risk Allowance (Covid-19 Allowance) to the officers/officials during 2020-21.

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

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends fixing of responsibility besides provision of record to Audit.

CHAPTER 24

NARCOTICS CONTROL 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. 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.
6. Inter-Provincial coordination on all aspects of narcotics and dangerous drugs.
7. Monitoring of the implementation of policies on all aspects of narcotics and dangerous drugs.
8. Regulation of administrative, budgetary and other matters of Pakistan Narcotics Control Board.

Anti-Narcotics Force is an attached department of the Division..

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2020-21) Rs. in million	Revenue / Receipt Audited (FY-2020-21) Rs. in million
1	Formations	23	7	2,287.745	-
2	Assignment Accounts (Excluding FAP)	1	1	29,729.000	-
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 Narcotics Control Division for the financial year 2020-21 was Rs.3,060.09 million, out of which the Division expended an amount of Rs.3,031.60 million. The Division had 2 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

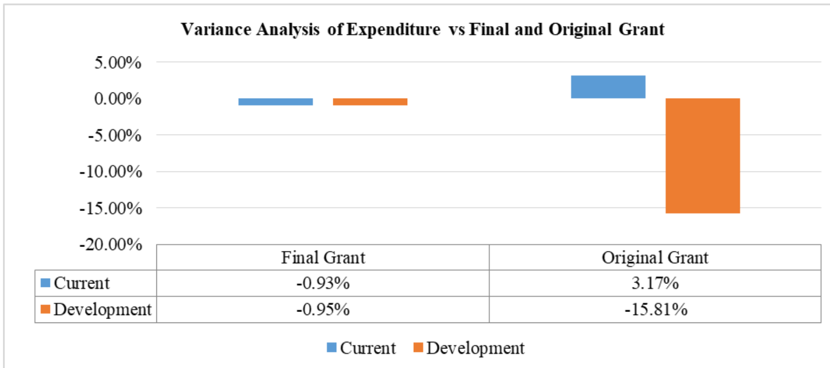
Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
116	Current	142.82	24.74	-9.62	133.21	129.96	-3.24	-2.44%
117	Current	2,751.72	153.24	-23.89	2,881.07	2,856.27	-24.81	-0.86%
	Sub Total Current	**2,894.55**	**177.98**	**-33.50**	**3,014.28**	**2,986.23**	**-28.05**	**-0.93%**
175	Development	53.90		-8.09	45.81	45.37	-0.44	-0.95%
	Total	**2,948.44**	**177.98**	**-41.59**	**3,060.09**	**3,031.60**	**-28.49**	**-0.93%**

Audit noted that there was an overall savings of Rs.28.49 million, which was due to saving 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 15.81% with respect to Original grant which reduced to savings of 0.95% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 3.17% of excess in expenditure w.r.t original allocation reduced to 0.93% 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. 318.68million, 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*	33.68
B	*Procurement related irregularities*	74.63
C	*Management of account with commercial banks*	141.45
D	*Recovery*	7.92
E	*Internal Control*	6.96
4	Value for money and service delivery	
5	Others	54.04

24.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2011-12	5	5	5	0	100

2012-13	2	2	2	0	100
2013-14	6	6	5	1	83
2019-20	5	1	0	5	-
2020-21	9	0	0	9	-
Total	**27**	**14**	**12**	**15**	86

24.5AUDIT PARAS

Anti Narcotics Force (HQ), Islamabad

24.5.1 Unauthorized payment of rent to persons other than the owners - Rs. 25.132 million

Para 2(vi) of Ministry of Housing and Works O.M. No. F.2(3)/2003-Policy dated 31.07.2004 states that all payment will be made through cross cheques, which will be forwarded to the manager of the bank for depositing in account of the owner.

The management of Anti Narcotics Force (HQ), Islamabad paid rent of residential buildings (hiring of houses) Rs. 25.132 million upto the June, 2021.

Audit observed that rent of eighty-six (86) houses was paid to the persons other than the owners (employees) on the basis of un-registered Special Power of Attorney(s) with 'Sub-Registrar'.

Audit is of the view that payment of rent to the persons other than the owners (employees) without having a legal/lawful authority (registered Special Power of Attorney(s) with 'Sub-Registrar') is unauthorized.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends calculation of entire amount paid to the persons other than the owners and provision of proof that payment had actually been received by the legal owner(s) failing which recovery thereof.

24.5.2 Less/non-deduction of Income Tax and GST - Rs. 6.963 million

In terms of Section 153 of Income Tax Ordinance, 2001 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 on the execution of a contract , that either a contract for the sale of goods or the rendering of services, shall at the time of making the payment, deduct tax from the gross amount payable at a prescribed rate.

In terms of Rule 2(5) of Sales Tax Special Procedure (Withholding) Rules, 2007, the sales tax deducted at source shall be deposited by the withholding agent in the designated branch of National Bank of Pakistan under relevant head of account on sales tax return-cum-payment challan, by 15th of the month following the month during which payment has been made to the supplier.

The management of Anti Narcotics Force (HQ), Islamabad incurred an expenditure of Rs. 77,658,028 on recruitment process from recruitment receipts and deducted Income Tax Rs. 327,273 and GST (1/5th) Rs. 469,873 from the payments made to the vendors.

Audit observed that Income Tax amounting to Rs. 5,521,133 and GST (1/5th) Rs. 1,441,515 [total Rs. 6,962,648] was less/not-deducted by the management.

Audit is of the view that less/non-deduction to taxes deprived the government from its due receipts.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends recovery of taxes and deposit of the same into government treasury at the earliest.

24.5.3 Irregular procurement without open competition - Rs. 63.206 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 management of Anti Narcotics Force (HQ), Islamabad incurred an expenditure of Rs. 63.206 million on procurement of goods and services from recruitment fee/fund during 2020-21, as per following details:

S. No.	Office	Goods	Services	Total
1	ANF HQ	8,114,802	832,134	8,946,936
2	RD ANF KPK	5,234,050	6,260,900	11,494,950
3	RD ANF North	7,626,467	5,120,600	12,747,067
4	RD ANF Punjab	8,563,194	4,862,500	13,425,694
5	RD ANF Quetta	1,877,379	2,365,251	4,242,630
6	RD ANF Sindh	9,240,377	3,108,000	12,348,377
Grand Total		**40,656,269**	**22,549,385**	**63,205,654**

Audit observed that the procurements of goods and services were made without open competition in violation of Public Procurement Rules, 2004.

Audit is of the view that procurements in violation of Public Procurement Rules, 2004 is irregular.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends fixing of responsibility for non-observance of Public Procurement Rules, 2004 besides regularization of the expenditure from the Finance Division.

24.5.4 Irregular maintenance of fleet of 131 vehicles without 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.

The management of Anti Narcotics Force (HQ), Islamabad is maintaining a fleet of 131 vehicles having different engine capacity. An expenditure of Rs. 30.234 million was incurred on POL and Rs. 9.168 million was incurred on repair/maintenance of these vehicles during FY 2020-21.

Audit observed that a large fleet of 131 vehicles has been retained and maintained without due authorization / approval of the Cabinet Division.

Audit is of the view that retention and maintenance of a large fleet of 131 vehicles without authorization / approval of the Cabinet Division was irregular and unauthorized.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends obtaining of authorization of vehicles from the Cabinet Division.

24.5.5 Non-disposal of condemned/off road 49 vehicles and 14 motorcycles

Para 167 of Rs. (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 Anti Narcotics Force (HQ), Islamabad provided a list of forty-nine (49) vehicles and fourteen (14) motorcycles which are ‘off road’ and required to be disposed off.

Audit observed that the management did not dispose of ‘off road’/condemned vehicles/ motorcycle as required under the rules, which were further depreciating with the passage of time.

Audit is of the view that the public exchequer was deprived of its due receipts which could have been obtained by disposal through public auction of these vehicles/motorcycles.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends early disposal of off road/condemned vehicles/motorcycles.

Anti Narcotics Force Peshawar

24.5.6 Irregular appoint of Special Public Prosecutors - Rs. 8.549 million

Rule 35.5.9 of the guidelines for appointment on contract to civil posts under the federal government states that the professional qualifications, experience, and age limit required for the post shall be prescribed in consultation with the Establishment Division.

Rule 12(2) of Public Procurement Rules, 2004 states that all procurement opportunities over three million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

The management of Anti Narcotics Force, KP hired services of 7 Special Public Prosecutors (SPPs) and paid them retainer-ship fee/salary (Rs.8.549 million) for defending their court cases during the financial year 2020-21.

Audit observed that:

i. The management did not advertise the procurement of services opportunity in the national press and selected the candidates without open competition.

ii. Ms. Nadia Gul was appointed as SPP. However, her experience was of almost 05 years against the prescribed experience of 07 years. Her performance was not satisfactory and subsequently, her contract agreement got terminated in April, 2021.

iii. Mr. Mohsin Khan, SPP, lost09 out of 10 cases, despite the fact that he was given a high score of 75 by the selection committee. Subsequently, his services were terminated in April 2021.

iv. 716 cases were found pended in the Control of Narcotics Substances (CNS) Courts, 58 in High Court, and 116 in the Supreme Court of Pakistan from 2013 onwards.

Audit is of the view that the candidates were chosen on an unfair basis without open competition. The adopted irregular selection process of SPPs indicates favoritism and thus undermined the work quality of the whole prosecution department. Thus, the expenditure incurred is held irregular.

The management replied that a detail answer will be offered in due course.

Audit recommends fixing of responsibility on persons at fault.

24.5.7 Un-necessary retention and non-auction of confiscated 50 vehicles

Para 167 of GFR Volume-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.

The management of Regional Directorate, Anti-Narcotics Force, K.P Peshawar confiscated 50 vehicles from smugglers, drug dealers and parked these vehicles in the office premises.

Audit observed that the Seized/Confiscated vehicles were parked in the office and were not auctioned.

Audit is of the opinion that due to non-auction of the above Seized/Confiscated vehicles the same will deteriorate with the passage of time.

The management replied that the case for auction is under process with HQ ANF. Detail reports will be given in due course.

The management accepted the audit observation.

The management did not convene DAC meeting till finalization of the report.

It is recommended early auction of the vehicles and deposit of their sales proceeds into the government treasury at the earliest.

Anti-Narcotics Force (ANF), Regional Directorate, Rawalpindi

24.5.8 Un-authorized retention of government receipt- Rs 134.047 million

Rule 7(1) of FTR 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, 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.

The management of Anti-Narcotics Force (ANF), Regional Directorate, Rawalpindi was maintaining a bank account No 3016976443 for depositing rent of confiscated building.

Audit observed that an amount of Rs 134,046,944 was lying in the bank account.

Audit is of the view that non-deposit of government money into Federal Consolidated Fund was unauthorized.

The management replied that rent of confiscated building has being collected regularly and deposited in Administrator Account. However up to date balance as on 31.08.2021 amounting to Rs.138,829,983has been deposited in National Fund.

Reply was not accepted because the reply did not address the audit observations.

The management did not convene DAC meeting till finalization of the report.

Audit recommends that the amount may be deposited into government treasury under intimation to Audit.

24.5.9 Non-recovery of outstanding rent from tenants- Rs 7.916 million

Para 26 of GFR Volume-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 subordinate's monthly accounts and returns in suitable form claiming credit for so much paid into the treasury.

The management of Anti-Narcotics Force (ANF), Regional Directorate, Rawalpindi was collecting rent of two confiscated building situated at Islamabad.

Audit observed that an amount of Rs. 7,916,196 (Rs 1,991,613+Rs 5,924,583) on account of rent was outstanding against the tenants of Ratta Mansion and Commissioner Office Islamabad.

Audit is of the view that non-recovery of the rent from the tenants was unauthorized.

The management replied that correspondence for recovery of outstanding amount is under process.

Reply was not acceptable because efforts for recovery of the outstanding rent was not made and a huge amount is still outstanding which undue favor to the tenant is.

The management did not convene DAC meeting till finalization of the report.

Audit recommends to recover the outstanding dues immediately and depositinto government account.

24.5.10 No confirmation of claimant of 18 confiscated stolen vehicles

Rule 5(5) of Disposal of vehicles and other Articles (Involved in the Narcotics cases) Rules, 2013 states that concerned regional directorate of the concerned offices of the other law Enforcement agencies shall ensure that all the documents of vehicles are complete prior to their auction. However, deficiencies, if any, shall be completed through Police and Excise and Taxation record, the vehicles are found stolen or bank leased then the same shall not be auctioned and confirmation of claimant of these vehicles shall be obtained through Provincial Inspector General of Police, Provincial Excise and Taxation offices and concerned banks. Subsequently the matter shall be referred back to the Court for obtaining fresh order or decision.

The management of ANF provided list of 18 confiscated vehicles, the documents of vehicles were reported to be stolen.

Audit observed that neither the efforts were made for the confirmation of claimants of these vehicles nor the matter was placed before the court to decide the fate of these vehicles.

The management replied that documents of subject 18 vehicles are stolen and could not be disposed off. However, this RD initiated the case for the return procedure of the same vehicles to respective police stations.

Reply was not acceptable because plausible action was not taken to resolve the issue.Furthermore, audit apprehends that these vehicles may be misused.

The management did not convene DAC meeting till finalization of the report.

Audit recommends to take action to resolve the issue as per ANF Rules.

Police Station ANF Gilgit

24.5.11 Irregular expenditure on repair/maintenance of 09 vehicles-Rs. 6.181 million

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.

Each Ministry/Division/Department will prepare and submit to the Cabinet Division and Finance Division every month a report on the expenditure relating to the CNG, POL and the repair/maintenance of the operational/general duty vehicles, so that the resultant financial impact/savings of the Policy could be assessed".

Police Station Anti-Narcotics Force, Gilgit was maintaining 09 vehicles and incurred expenditure of Rs.6,181,540 on POL and repair/maintenance during 2016-20 as under:

(Rupees)

Year	Expenditure incurred on POL	Expenditure on Repair/ maintenance	Total
2016-17	699,992	600,000	1,299,992
2017-18	487,995	592,970	1,080,965
2018-19	1,049,862	705,970	1,755,832
2019-20	1,194,971	849,780	2,044,751
Total			**6,181,540**

Audit observed as under:

i. Revised Authorization of vehicles was not obtained from the Vehicle Authorization Committee as per instructions of the Cabinet Division. Thus, maintenance and operation of fleet of 09 vehicles and incurring expenditure was irregular.

ii. No monthly report regarding expenditure incurred on POL and repair/maintenance of vehicles was prepared and sent to the Cabinet Division and Finance Division

Audit is of the view that the maintenance of fleet of 09 vehicles and incurring expenditure on POL and repair/maintenance was irregular.

The management did not reply.

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

Anti Narcotics Force Karachi

24.5.12 Doubtfulauctionofconfiscatedvehicles- Rs.7.448million

As per Article-7(5) of the vide SRO 198(I)/2013 dated 11.03.2013 issued by M/o Narcotics Control, Islamabad, the bid amount and the names of the highest and second highest bidders shall be recorded in the file maintained for that particular vehicle.

The management of Regional Directorate of Anti-Narcotics Force (ANF), Karachi auctioned 18 confiscated vehicles after advertisement in newspapers and realized sale proceed amounting to Rs 7,448,000. Detail is as under:

Sr.No.	Particulars	Amount
1.	100% Bid amount of 18 x vehicles/Motor cycles	7,432,500
2.	25% of Bid amount forfeited for 4 x vehicles/Motorcycles	15,500
Totalauctionmoneyreceived		**7,448,000**
	Expenditure incurred on conduct of auction	236,794
3.	Total amount deposited into National Fund for Control of Drug Abuse vide challan No.3372 dated 21-10-2020	**7,211,206**

Audit observed that:

i. The list ofthe persons who participated in the bidding and attendance was not available on record.

ii. Comparative statement was not prepared containing the bid amount and the namesofthe highest andsecond highest biddersas requiredunderArticle-7(5) of SRO. As such audit could not ascertain whether the vehicles were sold / auctioned to the highest bidders or otherwise.

iii. No evidence in support of expenditure amounting to Rs 236,794 incurred on conduction of auction was produced/furnished in contravention to above SRO dated 11.03.2013.

iv. Auction of confiscated items without following prescribed rules and over-riding internal controls creates huge opportunity of perpetration of fraud.

Audit is of the view that since the conditions as laid down in SRO quoted above were not observed by the management, as such the entire auction of Rs 7,448,000 is held irregular.

The management has not submitted replied within given time frame and till finalization of the report.

Audit recommends that the responsibility may be fixed on person(s) for committing the negligence and creating room for high risk of fraud.

24.5.13 Pendency of court cases

Section 45 of the Control of Narcotic Substances Act, 1997 the Special Court established under this Act shall have the exclusive jurisdiction to try an offence cognizable under this Act.

In terms of S.No 9(23) of Finance Division O.M No.F.3 (2) Exp-III/2006 dated 13.09.2016, head of department has full powers to incur expenditure on law charges in consultation with Law Division for law charges.

According to Ministry of Law and Justice and Human Rights letter No. F.6/1/2013-LA dated 03.06.2015, every government department or semi government or public corporate body shall seek concurrence of the Law Justice and Human Rights Division for engagement of lawyer where professional fee exceeds Rs. 300,000.

The management of Regional Directorate of Anti Narcotics Force (ANF), Karachi incurred expenditure of Rs. 13.299 million on account of payment to legal advocates/advisors against legal/professional fee during 2019-20.

The management also provided a list of cases under trial. The aging of pending cases is as under:

Category	1993	2005	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Evidence						4		1	10	19	29	27	8	23	23	7
Final Argument								1		1	1	2	1	6	2	
Judgment										1	2					
Bail Jumped									1	2	8	7	1		1	
Charge												1	3	7	12	12
Formal														2	19	16
NBW									1		3	2			6	5
DF									1	4	2		1	1		1
All PWs Examined									1	2	1			2	2	
Others						4	9	8	13	18	7	14	26	54	56	31
High Court	1	2	2	1	2		2	3	4	2	4	3		11	2	1
Total	**1**	**2**	**2**	**1**	**2**	**8**	**11**	**13**	**31**	**49**	**57**	**56**	**40**	**106**	**123**	**73**

Audit observed that:

i. Expenditure was made in contravention of rules.
ii. Details of lawyers on payroll of ANF not made available.
iii. List of cases under trial not provided.
iv. Criteria of selection of advocates not available.
v. The court cases are not being vigorously pleaded by the prosecutors appointed by the ANF, Karachi.
vi. Most of the cases are at evidence stage despite lapse of more than five years.

Audit is of the view that payment made on account of law charges was treated as irregular.

Audit is also of the view that the delay in finalization of the cases is negligence on part of the management, Prosecutors and the Special Courts established under the Control of Narcotic Substances Act XXV of 1997.

The management has not submitted replied within given time frame and till finalization of the report.

Audit recommends that the responsibility may be fixed for irregular payment of law charges and same may be got regularized from the Law Division. Further, maximum efforts may be made to get the pending cases decided besides fixing the responsibility on the persons responsible for the delay.

24.5.14 Non-auction of forfeited properties–4 properties

Section 39(1) of the Control of Narcotic Substances Act, 1997 provides that where the Special Court convictsan accused under section13, or sentences him to imprisonment for more than three years, the Director General or an officer authorized by him may request the said Court by an application inwriting along with a list of the assets of the convince or, as the case may be, his associates, relatives or any other person holding or possessing such assets on his behalf, for forfeiture thereof.

Section 39(2) of the Control of Narcotic Substances Act, 1997 provides that where the Special Court is satisfied that may asset specified in the list referred to in sub-section (1) were derived, generated or obtained in contravention of section 12 are liable to be forfeited under section 19, it may order that such assets shall stand forfeited to the Federal Government.

The management of Regional Directorate of Anti-Narcotics Force (ANF), Karachi provided the list of18 residential/ commercialproperties confiscated bythe ANF, Karachi in different cases.

Audit observed that the following properties have been forfeited and in possession of the ANF but not auctioned by the management.

S. No	Detailof Asset/Property	CurrentStatusof case/property
1.	PlotNo.A-161,Block-C,Gulshan-e-JamalRashidMinhasRoad,Karachi(240 Sq.yd)	Forfeited /in possessionof ANF
2.	ShopNo.2,Block-B,Gulshan-e-JamalatFL-37Karachi(21.97sq.yd)	
3.	PlotNo.132,Sector35/A,KorangiTownship,Karachi(512sq.yd)	
4.	PlotNo.C-145,Sector35/A,KorangiTownshipKarachi(512Sq.yd)	

Auditis of the view that non-auction of the forfeited properties is in violation of the rules and deprived the government of its due share of receipt.

The management has not submitted replied within given time frameand till finalization of the report.

Audit recommends that the forfeited properties may be auctioned and receipt thereof may be deposited into government treasury under verification by audit.

24.5.15 Non-auction of confiscated vehicles due to silent judgment– 21vehicles

Rule 3(1) of the Disposal of Vehicles and other articles (involved in the Narcotics cases) rules, 2012 provided that the concerned Regional Directorates, Anti Narcotics Force or other Law Enforcement Agencies shall, after submission of challan, forward list of seized, frozen and confiscated case property or vehicles required to be auctioned to the Director General or Head of other Law Enforcement Agency for approval.

Rule 3(1) of the Disposal of Vehicles and other articles (involved in the Narcotics cases) rules, 2012 provided that the Director General Anti Narcotics Force or Head of other Law Enforcement Agency shall, on receipt of above information or on his own motion, passorders directing the sale of seized, frozen or confiscated vehicles and shall approve or cause the reserved price determined for each vehicle separately.

The management of Regional Directorate of Anti-Narcotics Force (ANF), Karachi provided the list of seized / confiscated vehicles to be auctioned on decision on the case.

Audit observed that the out of 89 vehicles in the list provided by the management 21 vehicles are mentioned where judgment was against the accused but was silent about the fate of vehicle. The management did not take up the matter timely in the court for deciding fate of the confiscated vehicles. The list of vehicles is as under:

S.No.	FIR	Make & Type	Registration No.	Decision date
1.	03/1994	M/CycleYamaha	KCK-6032	25.08.1998
2.	06/1994	M/CycleHonda	KAE-1806	30.12.2012
3.	38/2001	Baleno Car	ADQ-702	30.12.2012
4.	33/2007	Corolla Car	JM-5715	17.08.2010
5.	40/2007	M/CycleSuper Power	KBZ-3536	26.01.2009
6.	33/2009	NissanTruck	C-1075	30.07.2010
7.	33/2009	NissanTrawler	Z-2581	30.07.2010
8.	66/2010	M/CycleSuper Star	Kay-5103	26.05.2011
9.	14/2008	M/Cycle	KDI-8093	01.10.2009

10.	14/2008	Corolla Car	AFW-199	01.10.2009
11.	15/2008	Trawler	P-6168	11.03.2010
12.	01/2010	Bus	C-1675	-
13.	65/2015	CultusCar	LZS-3049	07.03.2020
14.	26/2018	M/Cycle	KKR-6641	07.08.2019
15.	04/2003	M/CycleHonda	SKG-4196	05.10.2020
16.	03/2005	Corolla Car	F-6549	-
17.	03/2005	Corolla Car	W-2490	-
18.	11/2016	M/CycleCrown	-	12.02.2019
19.	12/2016	M/CycleHonda	RNQ-6274	20.11.2017
20.	35/2016	PremioCar	AXJ-615	25.10.2019
21.	18/2016	M/Cycle	LAH-6325	21.12.2018

Audit is of the view that not deciding the fate of the confiscated vehicles in time has deprived the Government of its due share of receipt.

The management has not submitted replied within given time frame and till finalization of the report.

Audit recommends that the responsibility may be fixed on the person causing delay in finalization of the cases.

24.5.16 Irregular expenditure on Repair of Transport–Rs.5.241million

Rule 12(1) of the Public Procurement Rules 2004 states that, procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised onthe Authority’s website inthe manner and format specified byregulation by the Authority from time to time. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency.

Rule 12(2) of the 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 management of Regional Directorate of Anti-Narcotics Force (ANF), Karachi incurred expenditure of Rs. 5,241,016 on Repair of Transport under the head A03001 during the period 2020-21. Detail is given below:

Name of Vendor	Particular	Amount(Rs)
M/sMadina Autos	Repair/MaintenanceofTransport	3,840,640
M/sZafcomWheels	PurchaseofTyres	1,400,376
Total:		**5,241,016**

Audit observed that the expenditure on repair and maintenance of vehicles numbering 60 was split-up into piecemeal to avoid necessity of calling open tender's through advertisement on the website of the PPRA. By not calling open tender the management has not followed prudence and value of money beside kept away other bidder who may provide the services below these rates.

Audit contends that this lapse of internal control has actually provided opportunity of faviouratism to award work to firm of its own will.

The management has not submitted replied within given time frame and till finalization of the report.

Audit recommends that the matter may be inquired and responsibility may be fixed beside irregularity may be got regularized from the competent forum.

24.5.17 Unauthorized retention of vehicles without authorization & expenditure on POL & Repair – Rs. 46.591 million

Cabinet Division vide letter No.6-7/2002-MII dated 6th May 2004 has issued instructions that it mandatory for each Ministry/Division/Department to keep the number of vehicles with in the authorized ceiling.

Serial No. (xv) Of the Annexure attached with Cabinet Division letter No.6/7/2001- CPC dated 12.12.2011 states that the Ministries/Division/ Departments needing operational vehicle shall get their authorizationof vehicles fixed fromthe Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/Division/ Department.

The management of Regional Directorate of Anti-Narcotics Force Sindh (ANF) Karachi was maintaining a fleet of 110 vehicles (66 running and 14 off road plus 30 Motorcycles) and incurred an expenditure of Rs 46.591 million on account of POL & Repair of Vehicle during 2019-21.

Audit observed that all the vehicles were being maintained as operational vehicles without authorization of the Cabinet Division as no such authorization has been shown/ produced to audit. Neither such vehicles were declared as operational.

Audit is of the view that retention of large numbers of vehicles without approval/authorization of the Cabinet Division was irregular and unauthorized.

The management has not submitted replied within given time frame and till finalization of the report.

Audit recommends that the authorization from Cabinet Division may be obtained.

24.5.18 Non-auctionof14Seized/ConfiscatedvehiclesandM/Cycles

Rule 3(1) of the Disposal of Vehicles and other articles (involved in the Narcotics cases) rules, 2012 provided that the concerned Regional Directorates, Anti Narcotics Force or other Law Enforcement Agencies shall, after submission of challan, forward list of seized, frozen and confiscated case property or vehicles required to be auctioned to the Director General or Head of other Law Enforcement Agency for approval.

Rule3(1) of the Disposal of Vehicles and other articles (involved in the Narcotics cases) rules, 2012 provided that the Director General Anti Narcotics Force or Head of other Law Enforcement Agency shall, on receipt of above information or on his own motion, pass orders directing the sale of seized, frozen or confiscated vehicles and shall approve or cause the reserved price determined for each vehicle separately.

The management of Regional Directorate, Anti Narcotics Force Sindh, Karachi provided a list of vehicles ready for auction. The detail is as under:

S.No.	FIR No.	Vehicle Make and Registration No.	Decision Date	Status
1.	45/2017	M/Cycle Honda (KJW-7909)	10.03.2020	Ready for auction
2.	05/2005	M/Cycle Honda Un-registered	-	Ready for auction
3.	05/2012	Hino Truck (DNB-6777)	23.10.2019	Ready for auction
4.	09/2012	Hino Truck (SEA-787)	06.08.2019	Ready for auction
5.	01/2013	Bedford Truck (C-2050)	13.09.2018	Ready for auction
6.	01/2007	Toyota Lexus\Unregistered	13.12.2011	Ready for auction
7.	02/2001	Rickshaw Auto (G-54398)	01.09.2003	Ready for auction

8.	02/2001	Motorcycle Honda	01.09.2003	Ready for auction
9.	13/2008	Motorcycle Honda (AG833388)	-	Ready for auction
10.	11/2014	Motorcycle Honda (HDP-5327)	08.04.2020	Ready for auction
11.	11/2014	Motorcycle (HYD-2236)	08.04.2020	Ready for auction
12.	19/2014	M/Cycle Unique (AFR-2014)	03.04.2016	Ready for auction
13.	31/2015	Motorcycle (HAR-7555)	05.10.2019	Ready for auction
14	09/2016	Motorcycle Hi-Speed (HAZ-7720)	-	Ready for auction

Audit observed that despite decision by the court the above mentioned vehicles are not auctioned and still lying in the custody of ANF Sindh, Karachi.

Audit is of the view that failure to auction the vehicles deprived the government of its due receipt.

Neither the management replied nor was DAC convened.

Audit recommends that the vehicles may be auctioned at the earliest.

24.5.19 Non-auction of 14 unserviceable vehicles

Para-23 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.

Para-167of GFR states that stores which are reported to be obsolete, surplus or unserviceable/condemned vehicles, machinery and old spare parts may be disposed-off by sale or otherwise under the orders of competent authority to sanction the writing off of a loss caused by deficiencies and depreciation equivalent to their value. Each order declaring stores as unserviceable should record the full reasons for condemning them and how the condemned stores are to bedisposedof i.e. whether by sale, publicauction or otherwise. The head of the office should record full particulars regarding all condemned stores in suitable list from which their disposal can be watched.

As per Rule-26 of Staff Cars, 1980 states that, all vehicles shall be disposed of by Ministry /Division concerned through public auction.

The management of Regional Directorate of Anti-Narcotics Force, Karachi provided a list of 14 off-road vehicles. The vehicles were off-road since January 2017. Details of vehicles is as under:

S.No.	RegistrationNo.	Make	DeclaredoffRoad
1.	X-68-2518	ToyotaLandCruiser/Ambulance	January,2017
2.	GP-7709	ToyotaDoubleCabin	January,2017
3.	GP-4390	Nissan SunnyCar	September,2018
4.	GP-4392	Nissan SunnyCar	September,2018
5.	GP-4385	Nissan SunnyCar	September,2018
6.	GP-4388	Nissan SunnyCar	September,2018
7.	RLG-2176	SuzukiAlto Car	October,2019
8.	RLG-2179	SuzukiAlto Car	October,2019
9.	GP-9373	SuzukiAlto Car	October,2019
10.	GP-9059	ShahzoreHyundai	October,2019
11.	GP-7638	ToyotaSingleCabin	October,2019
12.	GP-3190	ToyotaSingleCabin	October,2019
13.	GP-3035	ToyotaSingleCabin	October,2019
14.	X-68-5049	M/CycleHonda125	September,2018

Audit observed that the vehicles were unserviceable and were parked at different places inside the premises of RD ANF, Karachi and their condition is deteriorating with the passage of time. The vehicles in questions were not auctioned/disposed off despite lapse of more than 2 to 5 years.

Audit is of the view that the management did not take appropriate steps/measures to auction the vehicles and deprived the government of its due share of receipt.

The management has not submitted replied within given time frame and till finalization of the report.

Audit recommends that the responsibility may be fixed on person(s) responsible beside auction of the condemned vehicles.

24.5.20 Irregular maintaining of two commercial bank accounts and retention of amount – Rs. 7.406 million

Rule 5(13) of Cash Management and Treasury Single Account Rules 2020 provided that Principal accounting officers, overseeing the Government offices on the instructions of Finance Division, shall close all bank accounts in commercial banks and provide evidence of such closure to Finance Division. Principal accounting officers shall transfer to treasury single account balances of accounts that contain public moneys appropriated through the Government's.

The management of Anti Narcotics Force, Karachi had been maintaining following two current bank accounts in National Bank of Pakistan:

(Amount in Rupees)

Bank Account No.	Title of Account	Balance as on 30.06.2021
4100391637	Administrator ANF RD Karachi	5,535,938
4100386376	Welfare Fund ANF	1,870,116
	Total	**7,406,054**

Audit observed that the above bank accounts were being maintained in violation of the government rules.

As per above rules, maintaining of the bank accounts stands irregular.

Neither the management replied nor was DAC convened.

Audit recommends that the bank accounts be closed and balances thereofbe remitted to treasurysingle account and compliance of government rules may be verified by audit.

CHAPTER 25

NATIONAL HISTORY AND LITERARY HERITAGE DIVISION

25.1 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.

<u>ATTACHED DEPARTMENTS /AUTONOMOUS BODIES</u>

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-2020-21) Rs. in million	Revenue / Receipt Audited (FY-2020-21) Rs. in million
1	Formations	5	2	1,092.768	175.241
2	Assignment Accounts (Excluding FAP)	2	2	210.729	-
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 Division for the financial year 2020-21 was Rs.1867 million, out of which the Division expended an amount of Rs.1776 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)

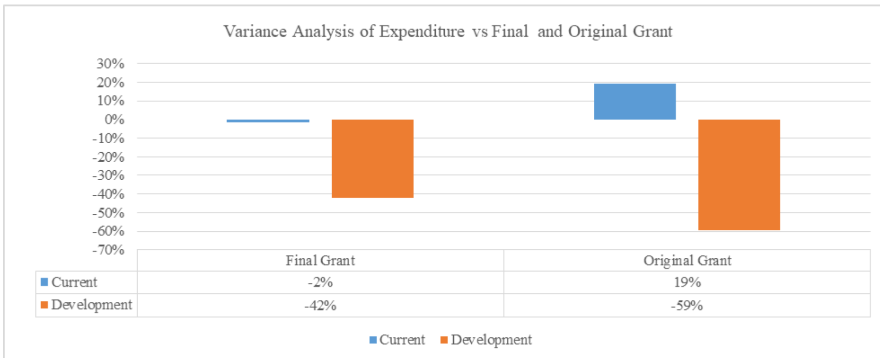
Grant No.	Type of Grant	Original Grant	Supp Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
56	Current	158	250	-20	388	383	-5	(1.20)
57	Current	346	29	-8	367	342	-25	(6.89)
58	Current	919	85	-29	975	972	-3	(0.30)
	Current Total	**1422**	**364**	**-57**	**1730**	**1697**	**-33**	**(1.90)**
164	Development	195	0	-57	137	79	-58	(42.31)
	Grand Total	**1617**	**364**	**-114**	**1867**	**1776**	**-91**	**-5%**

Audit noted that there was an overall savings of Rs.91 million, which was due to less expenditure in development grant and 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 59% with respect to Original grant which reduced to savings of 42% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 19% of excess in expenditure w.r.t original allocation reduced to savings of 2% w.r.t final allocation, as depicted in the graph below:



25.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 471.05million, 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*	
B	*Procurement related irregularities*	143.72
C	*Management of account with commercial banks*	
D	*Recovery*	27.33
E	*Internal Control*	300.00
4	Value for money and service delivery	
5	Others	

25.4 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.

25.5AUDIT PARAS

Awan E Iqbal, Lahore

25.5.1 Non- Recovery of Rent and Electricity Charges- Rs. 22.120 Million

Para 26 of the General Financial Rules Vol-I states that it is the duty of thedepartmental 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 Aiwan-e-Iqbal Complex, Lahore rented out space available at different floors of AIC to different tenants during the financial year 2015-16 to 2019-20. Details are given below:

S.No.	Building Rent Outstanding	Electricity Charges Outstanding	Total
1.	11,543,237	10,577,210	**22,120,447**

Audit observed that monthly rent and electricity charges of Rs.22.120 million were outstanding against different tenants, outstanding building rent amounts to Rs. 11.543 million and the outstanding electric charges amount to Rs. 10.577 million.

Audit is of the view that non-recovery of rent and electricity charges shows weak financial control of the management.

The management did not reply.

Audit recommends that strenuous efforts may be made to recover the outstanding dues from the tenants.

25.5.2 Irregular execution of civil works - Rs. 28.478 million

Para-1A of Central Public Works Department Code (CPWD) states that all original works and special repairs relating to central civil building and communication shall be executed through the agency of Pak PWD.

Para81 of CPWD Code further states that the papers to be submitted with the project for work will, in general, consist of a report, plans, a specification, and a detailed statement of measurements, quantities, and rates with an abstract showing the total estimated cost of each item.

The management of Aiwan-e-Iqbal Complex, Lahore executed civil works at their own by hiring private contractors and incurred an expenditure of Rs. 28.478 million from July, 2015 to June, 2020.

Audit observed that:

i. The works should have been executed through PWD whereas these were carried by the department itself.

ii. The firms were not registered as civil works contractors with Pakistan Engineering Council.

iii. The department did not have any specialty in the execution of civil works.

iv. Measurement books for work executed were not maintained.

Audit is of the view that execution of civil works in violation of government instructions was irregular.

Neither the management replied nor was DAC convened.

Audit recommends that irregular expenditure be got condoned from the competent authority. Furthermore, government instructions be followed in letter and spirit.

National Academy of Performing Arts (NAPA), Karachi

25.5.3 Un-authorized Expenditure on Construction of Zia Mohyeddin Theatre on rented building - Rs. 40.941 million

In terms of Clause 3 of Contract Agreement between the National Academy of Performing Arts and Governor of Sindh dated 16th September 2005 “the Building of Hindu Gymkhana is protected heritage under the Sindh Cultural Heritage (Preservation) Act, 1994 and the NAPA shall not make any alterations in the original structure of the building. Any alterations to be made will have to be vetted by Advisory Committee of Cultural Heritage”.

Clause 8 of said Agreement states that, if the NAPA commits any breach of any terms and conditions of this agreement, the agreement shall be liable to termination after three months’ notice and on expiry of the notice period the demised premises together with building there on shall be resumed by Government without compensation whatsoever.

The management of NAPA rented the building on lease @ Rs.50,000/- per month from the government of Sindh, with a progressive increase at the rate of 10% thereof after every three years for the lease period of thirty years subject to review by the government after each 10 years.

The management of NAPA incurred expenditure of Rs.40.941 million on construction of building “Zia Mohyeddin Theatre”, Karachi on this rented government building.

Audit observed that:

i. Management of NAPA incurred wasteful expenditure of Rs.40.941million on construction of Zia Mohyeddin Theatre on the rented building/land of Sindh Government which is contrary to the clause 3 of the contract agreement.
ii. Audit further observed that NAPA had breached the terms and conditions of agreement, consequently the agreement became liable

to be terminated without any compensation from Sindh Government.

iii. The expenditure detail was not provided, but only the Evaluation Report of building (Rs.35.025 million) was provided to Audit which was issued by M/s Sadruddin Associates on 9th July 2015.

Audit is of the view that construction of building on rented office is un-authorized.

The management didn't reply till the finalization of report.

Audit recommends that irregularity may be regularized from the concerned authority besides fixing of responsibility on the person(s) at fault.

25.5.4 Irregular Expenditure on Supply and Installation of HVAC Systems at Zia Mohyeddin Theatre, NAPA Rs.43.481 million

Rule 12(2) of PPRA 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.

In terms of PPRA Rule-10 specification shall allow the widest possible competition and shall not favor any single contractor or supplier nor put others at a disadvantage.

The management of NAPA issued work order on 29.08.2018 to M/s Brother Air Conditioning for Supply and Installation of HVAC Systems at Zia Mohyeddin Theatre (a rented building), amounting to Rs.37.184 million.

Audit observed that:

i. Work order was issued for Rs. 37,184,897 but the actual expenditure of Rs.43,481,739was incurred which is in excess of Rs. 6,296,842/-

ii. The work was awarded without inviting tender on PPRA and print media.

iii. There was no provision that allows capital expenditure on the rented building, thus subjecting the Govt. property to high risk.

The management didn't reply till the finalization of report.

Audit recommends that the matter may be investigated at appropriate level besides fixing of responsibility on the person(s) at fault.

25.5.5 Unauthorized Purchase of Vehicles without obtaining NOC from Finance Division - Rs.9.615 million

Clause (i) of Finance Division Expenditure Wing O.M 7(1) Exp.IV/2016-812 dated 21.08.2019 states that, there will be a complete ban on purchase of all types of vehicles (excluding motor cycles) both for current as well as development expenditure

The management of National Academy of Performing Arts, Karachi purchased the 03 vehicles amounting to Rs.9,615,000/- from M/s Indus Motor Company Limited during 2018-2019 to 2019-2020.

Audit observed that the above vehicles were purchased without obtaining NOC from Finance Division.

Audit is of the view that the purchase of vehicles was contrary to the above mentioned instruction of the Finance Division.

The matter was reported to the management vide memo No. OB-03 dated 05.01.2021, but no reply was received till the closure of audit.

Audit recommends that irregularity may be regularized from the Finance Division.

25.5.6 Irregular expenditure on Electric Work -Rs.11.568 million

Rule 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.

Rule 15(1) of Public Procurement Rules 2004 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, and in case of procurement of expensive and technically complex equipment to ensure that only technically and financially capable firms having adequate managerial capability are invited to submit bids.

The management of National Academy of Performing Arts, Karachi entered into contract with M/s Rehan Salim Electric, Karachi for Electrical Up-gradation of Zia Mohyeddin Theatre costing to Rs.12.205 million and paid Rs.11.568 million during 2019-2020.

Audit observed that the contract of electrical work was awarded to M/s Rehan Salim Electric, Karachi without open competition, thus violating Rule 20 of the Public Procurement Rules, 2004.

Audit further observed the local office did not engage in pre-qualification of bidders in case of services, civil works and equipment to ensure that only technically and financially capable firms having adequate managerial capability were invited to submit bids.

Audit is of the view that expenditure incurred on theatre for electric work without open tender was irregular.

The management didn't reply till the finalization of report.

Audit recommends that responsibility for irregularity may be fixed besides regularization from the Finance Division.

25.5.7 Irregular expenditure on purchase of Diesel Generator Rs. 8.861 million and loss to the public exchequer - Rs. 3.764 million

According to Rule 12(2) of PPRA, all procurement opportunities over three million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

The management of NAPA, Karachi incurred expenditure Rs. 8,378,438/- on purchase of 343.38KVA Generator and Rs. 482,903/- on 150 KVA Generator from M/s. Tricom Power during the period 2018-19.

Audit observed the following shortcomings:

i. Tender was not floated on PPRA website

ii. Advertisement was circulated in only one leading newspapers.

iii. Procurement was not made as per the tender documents i.e. 343KVA generator was procured instead of 300 KVA.

iv. As per comparative statement five parties participated.M/s. Shirazi Trading Company quoted lowest rate of Rs. 4,797,000/ for 330KVA generator - against successful bidder M/s. Tricom Power that quoted Rs. 6,000,000 for 343 KVA. M/s. Greaves Pakistan (Pvt) Ltd quoted lowest rate of Rs. 300,000 for 150 KVA generator - against successful bidder M/s. Tricom Power that quoted Rs. 350,000/-

v. Payment was made by the management against 343KVA generator for Rs. 8,378,438 and Rs. 482,903 against 150KVA

vi. No Delivery challan was found available in record.

vii. As per terms and conditions delivery was to be made within three months from the issuance of Purchase Order (issued on 07.01.2019) whereas, Sales invoice and Bill was of 16.05.2019.

viii. Penalty was not charged @ 0.5% per day for 38 days on 8,861,341 that sums up to Rs. 44,307.

ix. No commissioning/operation report was found available.

x. Logbook in relation to POL was also not available.

Audit is of the view that procurement without following the PPRA Rules held irregular.

The management didn't reply till the finalization of report.

Audit recommends that irregularity may be regularized from the Finance Division besides, fixing of responsibility on the person(s) at fault.

25.5.8 Non-Recovery of Outstanding Dues- Rs. 5.214 million.

Para 26 of GFR Vol-I provides that, subject to any special arrangement that may be authorized by the 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.

Para 28 of GFR Vol-I provides 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.

As per statement provided by the management of National Academy of Performing Arts, Karachi Rs. 5,214,433/- stood outstanding against course fee on June 30, 2020.

Audit observed that management did not take efforts to recover the long outstanding amount.

The matter was reported to the management vide OB-09 dated 05.01.2021, but no reply was received till the close of audit.

Audit recommends that amount may be recovered at the earliest under intimation to Audit.

25.5.9 Irregular Expenditure on the Hiring of Security Services - Rs.5.873 million

Rule 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.

Rule-12(2) of Public Procurement Rules 2004 states that all procurement opportunities over three million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

The management of NAPA, Karachi incurred an expenditure of Rs.5.873 million on account of security charges to M/s Mars Security Private Limited during 2016-2017 to 2019-2020.

Audit observed that the contract for hiring the security services was done without open competition.

Audit is of the view that hiring of the security services in contravention to rules is held irregular.

The management didn't reply till the finalization of audit.

Audit recommends that responsibility may be fixed besides regularization of expenditure.

25.5.10 Irregular investment of funds - Rs.300.00 million

According to Finance Division's O.M. No.F.4(1)/2002-BR-11, dated 2.07.2003, investment of working balances/ surplus funds be made subject to fulfillment of various requirements such as investment in A rating banks, 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 NAPA invested an amount of Rs.300 million in Faisal Bank and Habib Bank during the period 2019-20.

Audit observed that:

- i Limit of working balances/surplus funds was not determined.
- ii All the money was kept in a single bank in disregard to the financial rules.
- iii The investment was made in private banks and money was put at risk.
- iv Investment in different financial institutions at different interest rates caused heavy loss to the authority.
- v No Investment Committee was constituted and there existed no in-house professional treasury management function.

Audit is of the view that investment made by the NAPA is held irregular.

The management didn't reply till the finalization of report.

Audit recommends that irregularity may get regularized from the 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-2020-21) Rs. in million	Revenue / Receipt Audited (FY-2020-21) Rs. in million
1	Formations	10	5	181.323	-
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 2020-21 was Rs.2,640.02 million, out of which the Division expended an amount of Rs.2638.56 million. The Division had 1 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

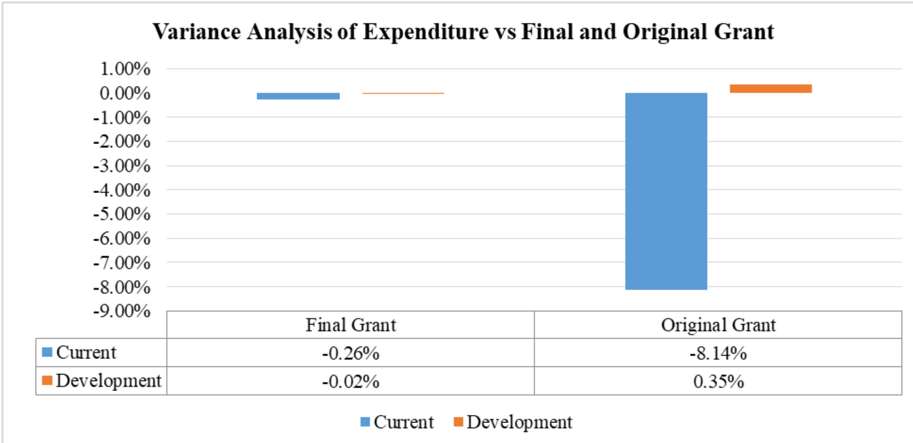
Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
55	Current	394.59	0.00	-31.20	363.39	362.46	-0.93	-0.26%
163	Development	150.00	3,042.00	-915.37	2,276.63	2,276.11	-0.53	-0.02%
	Total	**544.59**	**3,042.00**	**-946.57**	**2,640.02**	**2,638.56**	**-1.46**	**-0.06%**

Audit noted that there was an overall savings of Rs.1.46 million, which was due to less expenditure 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 0.35% with respect to Original grant and the same was subsequently reduced to 0.20% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 8.14% of excess in expenditure w.r.t original allocation reduced to 0.26% w.r.t final allocation, as depicted in the graph below:



26.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 3.52million, 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	0.00
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	*HR/Employees related Irregularities*	
B	*Procurement related irregularities*	3.52
C	*Management of account with commercial banks*	
D	*Recovery*	
E	*Internal Control*	
4	Value for money and service delivery	
5	Others	

26.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2011-12	1	0	0	1	-
2013-14	1	1	0	1	-
2014-15	5	0	0	5	-

2018-19	3	0	0	3	-
2019-20	3	0	0	3	-
2020-21	3	0	0	3	-
Total	**16**	**1**	**0**	**16**	-

26.5AUDIT PARAS

National Vocational Technical Training Centre, Quetta

26.5.1 Non-production of record of development grants disbursed to partner training institute.

Section 14(2) of the auditor General`s Ordinance 2001: The officer incharge 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 the auditor General`s Ordinance 2001: 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 course of audit of NAVTTC, Quetta for the financial year 2017-18 to 2020-21 the record of the development grants disbursed to Partner Training Institutes and its related record that is an important part component of the audit of the local office was demanded but not provided to the audit team. The details of record demanded is as follow:

1. Number of Partner Training Institutes working with
2. No of students enrolled in these institutes
3. The cost paid per student to training institutes
4. No of students who are trained/qualified
5. The criteria for selection of training institutes
6. Detailed Expression of Interests (EOI) submitted by shortlisted and selected training institutes.

Due to the non-production of above-mentioned record, audit team faced the scope limitation of audit and was unable to determine the accuracy and fairness of the process. Moreover, the non-production of the said record instead it caused doubt as to why the management was reluctant to provide the same record despite several written and verbal requests.

Neither management replied nor DAC was convened till finalization of the report.

It is recommended that the compliance to the said rules must be ensured in future besides the current record provision for audit.

National Vocational Technical Training Centre, Lahore

26.5.2 Irregular hiring of office building - Rs. 3.522 Million

In terms of Ministry of Housing and Works Letter No.F.2(1)/2004-Policy dated 17.09.2004 the scales of office accommodation in regular office buildings and requisition/ hired buildings, separately for air-conditioned and non-air-conditioned buildings.

The management of NAVTTC, Regional Office, Lahore hired a private building for office accommodation with a covered area of 940.48 Square Meter (i.e. 10,123 Square Feet) situated at 41-E-I M.A Johar Town, Lahore at a monthly rent of Rs.375,000 (Rs.4.5 Million per annum) being Rs.37.05 per Square Feet (i.e. Rs.375,000 / 10,123 Sqft).

Audit observed that the total area allowed by the Ministry of Housing and Works vide their above referred letter after calculation is 2200 sq.ft. (i.e. 204.4 Square Meter).Whereas the management hired 7,923 sq.ft. over and above the scales of office accommodation (non-air conditioned).

Audit is of the view thatan amount of Rs.3,522,029 per annum (i.e. Rs 37.05 X 7,923 sq.ft. X 12 months) is being paid in excess to the requirements of office building as defined by the Ministry of Housing and Works which is a loss to government exchequer.

Neither the management replied nor was DAC convened.

Audit recommends that the irregularity be got condoned from the Finance Division.

CHAPTER 27

PAKISTAN ATOMIC ENERGY COMMISSION (PAEC)

27.1 Introduction

The history of Pakistan Atomic Energy Commission (PAEC) goes back to 1956, when the Atomic Energy Research Council was established.In 1964, 1965 and 1973 reorganization took place and the Atomic Energy Commission was incorporated as a statutory body under an Act, with considerable autonomy. In 1972, the Commission was transferred from the Science and Technology Research Division to the President's Secretariat.

PAEC is now the largest science & technology organization of the country, both in terms of scientific/technical manpower and the scope of its activities. Starting with a nuclear power reactor at Karachi (KANUPP) and an experimental research reactor at Nilore, Islamabad (PARR-I) the emphasis in the early years remained focused on the peaceful uses of nuclear energy. Consequently, research centers in agriculture, medicine, biotechnology and other scientific disciplines were set up all over the country. As the emphasis shifted towards concerns for national security, important projects were also initiated in this area.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	27	10	15,525.181	485.889
2	Assignment Accounts (Excluding FAP)	2	-	-	-
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 the Atomic Energy Commission for the financial year 2020-21 was Rs. 83,729 million, out of which the Division expended an amount of Rs. 83,709 million. The Commission had 1 Current Grant and 1

Development Grant. Grant-wise detail of current and development expenditure is as under:

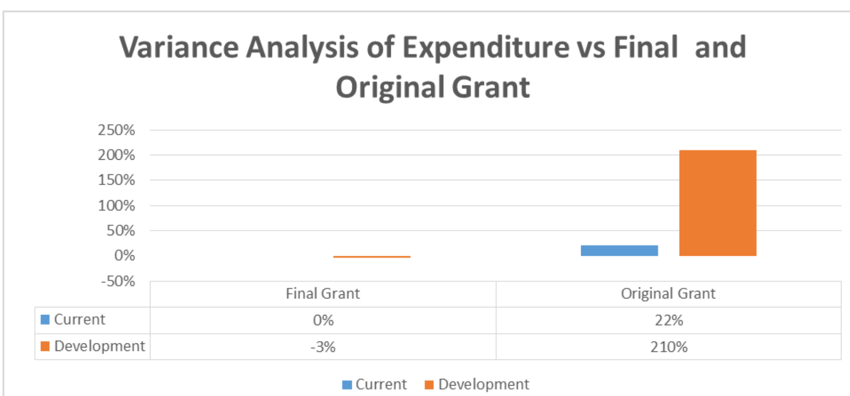
(Rupees in million)

Grant No.	Type of Grant	Original Grant	Supp Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
7	Current	9,351	2,034	0	11,385	11,385	0	0%
	Current Total	**9,351**	**2,034**	**0**	**11,385**	**11,385**	**0**	**0%**
181	Development	23,297	49,047	0	72,344	72,324	-20	-3%
	Grand Total	**32,648**	**51,081**	**0**	**83,729**	**83,709**	**-20**	**0%**

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 expenditure of 210% with respect to Original grant which reduced to savings of 3% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 22% of excess in expenditure w.r.t original allocation reduced to 0% w.r.t final allocation, as depicted in the graph below:



27.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 327.01million, were raised in this report during the current audit of **Pakistan Atomic Energy Commission (Paec)**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	0.00
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	*HR/Employees related Irregularities*	
B	*Procurement related irregularities*	118.83
C	*Management of account with commercial banks*	
D	*Recovery*	148.71
E	*Internal Control*	59.46
4	Value for money and service delivery	
5	Others	

27.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
Pakistan Atomic Energy Commission	1989-90	2	2	2	0	100%
	1992-93	6	6	6	0	100%
	1993-94	1	1	1	0	100%
	1994-95	2	2	2	0	100%
	2006-07	1	1	0	1	0%
	2013-14	3	3	3	0	100%
	2017-18	3	3	3	0	100%
	Total	**18**	**18**	**17**	**1**	**94%**

The Draft Audit Reports including following Paras were issued to the PAO on 07.10.2019 and 25.11.2019 followed by reminders 06.11.2019 and 28.11.2019 with the request to reply and also arrange the DAC meeting to discuss the Paras.

27.5AUDIT PARAS

Karachi Nuclear Power Plant (KANUPP), Karachi

27.5.1 Irregular expenditure through spot purchases - Rs. 61.611 million

Rule-12 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.

Sr.No.21(d), Annex-III of PAEC Delegation of Financial Powers-2010 regarding spot purchases states that, when the items are of a sensitive nature or urgently required, purchase through a purchase committee may be resorted to with financial concurrence. Necessary funds for this purpose will be drawn by the committee in advance.

The management of Karachi Nuclear Power Plant (KANUPP), Karachi incurred expenditure of Rs. 61.611 million on purchase of different store items & accessories related to electrical, mechanical, hardware, civil works e.g. split ACs, paints, thinner, water cooler, batteries etc. during the period 2018-19 to 2019-20.

Audit observed that items so purchased were neither sensitive / technical in nature nor required urgently.Purchases worth millions of rupees were made without calling tender / quotations as per PPRA rules, resultantly competitive rates of open market could not be obtained.

Audit is of the view that the purchases were made for routine work in violation of above referred PAEC delegation of financial powers and PPRA Rules, therefore, the procurement is treated as irregular.

The management replied that spot purchases were made due to extreme emergency of material in plant for safe and smooth running of plant.

The DAC in its meeting directed the department to get the record verified from Audit.

The management did not provide the record for verification by audit as directed in DAC

Audit recommends that the matter be inquired under intimation to audit.

27.5.2 Irregular expenditure on procurement of various items on single quotation / limited tender basis - Rs.57.223 million

Rule 12 of PPRA 2004 states that, procurements over one 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.

Rule 12 (2) of Public Procurement Rules 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.

According to Rule 12 (3) of PPRA, in cases where the procuring agency has its own website it may also post all advertisements concerning procurement on that website as well.Rule 20 of Public Procurement Rules states that, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

The management of KANUPP, Karachi incurred expenditure of Rs.57.223 millions on procurement of various items during the years 2018-19 to 2019-20 on single quotation / limited tender basis as per detail given below:

Year	Single quotation	Limited tender/ single quotation	Total Amount
2018-19	16,353,886	17,451,915	33,805,801
2019-20	3,518,687	19,899,091	23,417,778
	19,872,573	**37,351,006**	**57,223,579**

Audit observed that purchases were made without calling open tenders through PPRA Website / press and obtaining competitive rates.

Audit is of the view that by doing so, the government was deprived of the benefit of competitive rates, therefore the entire expenditure is treated as irregular.

The DAC in its meeting directed the department to submit the detail report to PAO under intimation to Audit.

Audit recommends that responsibility may be fixed and expenditure be got regularized from the competent authority.

27.5.3 Irregular expenditure on payment of electricity and gas charges of residential colony – Rs. 51.872 million

Para-26 of General Financial Rules, VoI-I provides that, it is the duty of the departmental Controlling Officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.

In terms of PAEC office order No. 1169/2001 dated 01.11.2001, all KANUPP employees are allowed certain free units of electricity per month.

The management of Karachi Nuclear Power Plant (KANUPP), Karachi incurred expenditure of Rs.55.290 million during the years 2018-20 against payment of electricity and gas charges consumed by the KANUPP colony residents beyond free units. Detail is as under:

S. No.		Period	Gas Charges paid for Residential Colony	Recovered from Residential Colony	Balance paid by KANUPP
1	Gas Charges	2018-19	9,857,640	182,767	9,674,873
2		2019-20	5,373,880	169,752	5,204,128
3	Electricity Charges	2018-19	20,811,912	3,065,398	17,746,514
4		2019-20	19,246,553	Nil	19,246,553
		Total	**55,289,985**	**3,417,917**	**51,872,068**

Audit observed that the Karachi Nuclear Power Plant (KANUPP), Karachi was making payment to KE and SSGC at bulk supply rates, whereas the residents were being charged at domestic rates resulting in less recovery of Rs. 51.872 million.

Audit is of the view that due to non installation of separate meters, KANUPP sustained a loss of Rs. 51.872 million.

The DAC directed that separate bulk meters for residential colony may be got installed and previous expenditure may be got regularized from competent forum.

Audit recommends that necessary DAC recommendations be complied with and verified from Audit.

27.5.4 Loss due to non recovery of SST from transport contractor - Rs. 9.398 million

Rule 3 of Sindh Sales Tax on Services Act, 2011 states that, the provisions of this chapter shall apply to a person required to be registered under the Sindh Sales Tax on Services Act, 2011 and "taxable services" means the services listed in the Second schedule to the Sindh Sales Tax on Services Act, 2011.

Services provided or rendered by persons engaged in inter-city transportation at S. No. 9836.0000 or rendered by specified persons or businesses under First Schedule of Sindh Sales Tax on Services Act, 2011 are liable to pay SST @13%.

The management of KANUPP, Karachi incurred expenditure of Rs. 72.297 million on account of transportation charges (hiring of vehicles) during the year 2018-19. Payment was made to M/s. Sarfraz Ahmed Butt Transport (Contractor).

Audit observed that payment was made without obtaining sales tax invoices containing Sales Tax Number as per the provision of the Sindh Sales Tax on Services Act, 2011.Invoices submitted by the supplier neither contained the amount of sales tax separately nor the deduction at source was made.

Audit is of the view that Sales Tax at source was not deducted and the Government was deprived of its due share of receipt amounting to Rs.9.398 million @ 13%.

The DAC in its meeting directed as the stay has been vacated the honourable Sindh High Court. Recovery of 9.398 million be effected at the earliest.

Audit recommends that DAC directions be complied with.

27.5.5 Non-deposit of Sindh Sales Tax in Government Treasury - Rs. 7.591 million

Section-160 of Income Tax Ordinance-2001 states that, the amount deducted at source should be deposited in the Government account immediately.

The management of KANUPP, Karachi paid an amount of Rs. 65,989,053/- to M/s. Butt Brothers Transport on account of hiring of vehicles during the year 2019-20. An amount of Rs. 7,591,660 was deducted from the payment on account of SST @ 13%.

Audit observed that SST Rs. 7,591,660 deducted from the payment of contractor was not deposited in government treasury.

Audit is of the view that non-deposit of Sindh Sales Tax in treasury deprived the government of its due receipt.

The DAC in its meeting directed as the stay has been vacated the honourable Sindh High Court. Recovery of 7.591 million be effected at the earliest.

Audit recommends that DAC directions be complied with.

Pakistan Institute Of Science & Technology (PINSTECH)

27.5.6 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 PINSTECH did not provide the following record:

i. The detail of production of IPD products, distribution of Isotope Production Division (IPD) products to government and private medical centers, outstanding recovery for the period 2006-07 to 2014-15.
ii. Detail of receipts and expenditure along-with vouchers of cafeteria for the period 2006-07 to 01.12.2016
iii. Bank statements of cafeteria account for the period 2006-07 to 01.12.2016.
iv. Record of electricity charges received from employees residing in colony for the period 2006-07 to 2013-14.

Audit is of the view that in the absence of above mentioned records the authenticity of the expenditure could not be ascertained.

The management replied that the observation is generalized. The audit observations raised clearly indicate that the record as requested was provided to them. In the absence of any specific mention of the non-provided record, it is difficult to respond to this observation.

Reply was not accepted because specific record of specific period was requested but the management treated as generalized and refuted to provide the record.

The DAC in its meeting held on 28.12.2021 directed the management that record may be kept ready for next Audit.

Audit recommends that the directives of the DAC be complied with.

27.5.7 Non-recovery of sales proceeds - Rs.109.448 million

Para 26 of GFR Volume-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 subordinate’s monthly accounts and returns in suitable form claiming credit for so much paid into the treasury.

According to the Sale invoices charges of the medicines were payable by the purchaser within 15 days of its receipt.

The Isotope Production Division (IPD) of PINSTECH produces Radiopharmaceuticals and supplies to different Government and Private Hospitals throughout the country.

Audit observed that an amount of Rs. 109,448,704 on account sale proceeds was outstanding since 2010-11. Details are as under:

S. No	Period	Outstanding amount
1	2010-11	692,000
2	2011-12	67,558
3	2013-14	102,000
4	2014-15	2,684,110
5	2015-16	4,766,541
6	2016-17	8,126,855
7	2017-18	9,480,200
8	2018-19	15,892,870
9	2019-20	67,636,570
	TOTAL	**109,448,704**

Audit is of the view that non-recovery of the sale proceed from the hospitals was violation of terms and conditions of sales of medicines.

The management replied that an amount of Rs. 26.554M has been received out of total outstanding amount Rs. 109.448M as on 18.03.2021. Efforts are being made for realization of the same.

Reply of the management was not accepted because these outstanding amount was not vigorously perused for early recovery.

DAC reduced the Audit Para just for 60 million and directed to recover the remaining amount of Rs. 49.448 million and present the record of recovery for verification.

Audit recommends to comply with DAC's directions.

27.5.8 Less-recovery of electricity charges from tenants - Rs. 18.918 million

Para 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 subordinate's monthly accounts and returns in suitable form claiming credit for so much paid into the treasury.

The management of PINSTECH paid electricity charges out of PINSTECH budget (main) and subsequently recovered these charges from the residents of colony on the basis of reading noted from sub-meters.

Audit observed that the management less recovered electricity charges from the colony residents as compared to the rate paid to WAPDA. Details are given as under:

Year	WAPDA			PINTECH Colony			Difference per unit cost	Difference in Rs.
	Unit Consumed	Amount	Per unit cost	Unit Consumed	Amount	Per unit cost		
2014-15	648653	11,335,354	17.475	397916	4,588,062	11.530	5.945	2,302,852
2015-16	639375	10,205,919	15.962	419534	4,271,187	10.181	5.782	2,425,556
2016-17	735475	11,726,000	15.943	512332	5,511,038	10.76	5.187	2,657,295
2017-18	789325	12,898,929	16.342	542332	7,230,887	13.333	3.009	1,631,751
2018-19	805650	18,618,833	23.110	535422	7,451,111	13.916	9.194	4,922,665
2019-20	741125	18,334,774	24.739	490581	7,158,743	14.592	10.147	4,977,795
Less recovered from the residents of colony								**18,917,914**

Audit is of the view that non recovery of the full electricity charges from the users was unauthorized.

The management replied that recovery from colony residents is made according to IESCO domestic Tariff A-1 on actual consumption and through independent electricity meters installed at every house in PINSTECH colony.

Reply was not acceptable because provision of subsidy on account of electricity charges were not admissible to PINSTECH employees.

DAC directed to formulate a policy for deduction of utility charges so that loss to PAEC can be avoided and present the same to Audit for verification.

Audit recommends that amount of less charged may be recovered from the users and irregular practice be stopped forthwith and responsibility be fixed against the persons at fault.

27.5.9 Non-recovery of pay and allowances from absconders- Rs 10.950 million

Para 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 subordinate's monthly accounts and returns in suitable form claiming credit for so much paid into the treasury.

The management of PINSTECH sent the following employees for PhD in various universities abroad on scholarships basis. Details are as under:

S. No	Name	Designation	Date	Amount
1	Mr. Mehboob-ur-Rehman	SS	24-08-2012 to 31.07.2017	4,157,374
2	Mr. Atif Raza	SS	29.06.2014 to 31.05.2019	3,406,324
3	Mr. Shafaqat Rasool	SS	17.08.2014 to 31.07.2019	3,386,176
			Total	**10,949,874**

Audit observed that PINSTECH paid pay and allowances for five years to above mentioned scholars in addition to their educational expenses. Audit observed that these scholars were not returned back to the institute. The management dismissed the scholars mentioned at serial No 1 and reminder to the remaining scholars to join the institute as their last extensions till 28.06.2020 and 16.08.2020 has been expired. The expenditure incurred on account of tuition fee and other expenses of the foreign universities was not provided

Audit is of the view that non recovery of the pay and allowances along with other education expenses for the absconder was irregular.

The management replied that Mr. Mehboob ur Rehaman , Sr. Scientist PINSTECH has been dismissed from Service on account of unauthorized absence w.e.f 24-08-2019 vide O.O No. 159/2021 dated 26-.01.2021 by the competent authority and the bond money and other PAEC dues amounting to Rs. 39,46,890 are required to be recovered . Disciplinary proceeding against Mr. Atif Raza and Mr. Shafqat Rasool are under process and yet to be finalized. Action for recovery of outstanding amounts against them will be taken after finalization/ decision of their cases.

The DAC in its meeting directed to present the relevant record after completion of required action for verification

Audit recommends that DAC direction be complied at the earliest

CHAPTER 28

PLANNING AND DEVELOPMENT 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. (i) Preparation of comprehensive National Plan for the economic and social development of the country; (ii) Formulation, within the framework of the National Plan, of an annual plan and an annual development programme; and (iii) Recommendations concerning orderly adjustments therein in the light of new needs, better information and changing conditions.
2. Monitoring the implementation of all major development projects and programmes; identification of bottlenecks and initiation of time remedial action.
3. Evaluation of on-going and completed projects.
4. Review and evaluation of the progress achieved in the implementation of the National Plan.
5. Identification of regions, sectors and sub-sectors lacking adequate portfolio of projects and taking steps to stimulate preparation of sound projects in those areas.
6. Continuous evaluation of the economic situation and coordination of economic policies.

7. Organization of research in various sectors of the economy to improve the data base and information as well as to provide analytical studies which will help economic decision making.
8. Association with the Economic Affairs Division in matters pertaining to external assistance in individual projects, form the stage prior to preliminary discussion up to the stage of final signing of documents with aid-giving agencies.
9. Development of appropriate cost and physical standards for effective technical and economic appraisal of projects.
10. Coordination of Social Action Program with World Bank and other donor Agencies.
11. National Logistics Cell.
12. Administrative control of:

    (i) Economists and Planners Group; (ii) Pakistan Institute of Development Economics; and (iii) Overseas Construction Board. (iv) Omitted vide SRO 428(1) /2018 dated 04-04-2018. (v) Pakistan Planning and Management Institute (PPMI). (vi) Jawaid Azfar Computer Center (JACC).
13. The Planning, Development and Reform Division shall act as the Secretariat of the Planning Commission which is the apex planning and coordination body under the Chairmanship of the Prime Minister. The relationship between the Planning and the Planning, Development and Reform Division will be as defined in Cabinet Division’s Resolution No.4-6/2006-Min.I, dated 30th October, 2013.
14. Pakistan Environmental Planning and Architectural Consultants Limited.
15. Preparation of annual programmes in accordance with agreed priorities and to assign responsibilities for the execution of their component items.
16. Examination and clearance of budgetary proposals for annual for statistical improvements and developments.
17. Formulation of policy regarding general statistics for Pakistan and thereof by suitably adapting the statistical system of Pakistan to conform with the policy.

18. 18. Coordination with the Provincial and Federal Governments, Semi-autonomous bodies and international organizations on statistical bearing directly or indirectly on such subjects as trade, industry, prices expenditure, input-output accounts, flow of funds, balance of payments, etc.
19. Evaluation and introduction of standard concepts, definition classification pertaining to national statistics series.
20. Preparation and implementation of in-service and foreign programmes in the fields of statistics.
21. Evaluation of efficiency computerized methods for statistical estimation.
22. Clearance of statistical projects undertaken by different organizations on a contract basis.
23. Preparation, printing and release of publications on national statistics.
24. Undertaking of national census and surveys.
25. Administration of:

i. The Industrial Statistics Act, 1942.

ii. General Statistics (Reorganization) Act, 2011.

26. Agricultural Census, Population Census, National Quinquennial Livestock Census.
27. Collection, maintenance and analyses of demographic, population and vital health statistics.
28. Compilation of labour, manpower and employment statistics for nationaland international consumption.
29. Periodic assessment, review and analysis of manpower resources andrequirements with reference to the employment situation in the country.

ATTACHED DEPARTMENT / AUTONOMOUS BODIES

i. Pakistan Bureau of Statistics

ii. Pakistan planning and management Institute.

iii. Pakistan institute of development economics

iv. Overseas construction board

v. National fertilizer development center

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19) Rs. in million	Revenue / Receipt Audited (FY 2018-19) Rs. in million
1	Formations	64	5	3,705.581	-
2	Assignment Accounts (Excluding FAP)	1	-	-	-
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 Planning, Development & Reform Division for the financial year 2020-21 was Rs.33,178.84 million, out of which the Division expended an amount of Rs.2,683.25 million. The Division had 3 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

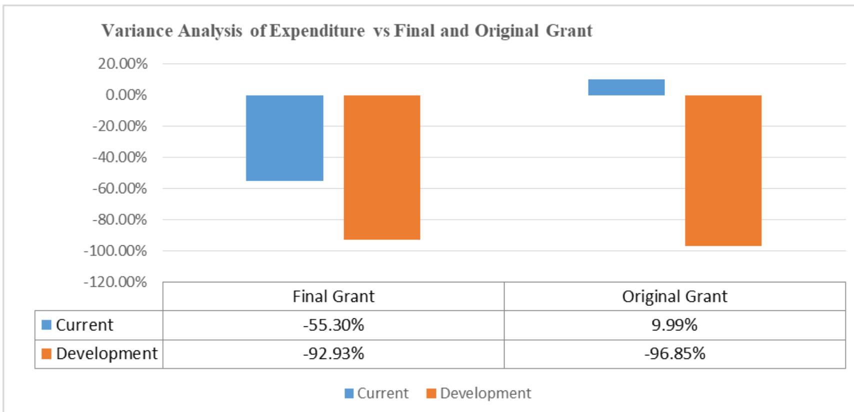
Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
129	Current	1,146.43	5,800.00	-217.61	6,728.82	1,501.62	-5,227.19	-77.68%
130	Current	2,447.66	0.00	-1.50	2,446.15	2,399.60	-46.56	-1.90%
131	Current	283.05	81.96	0.00	365.01	363.11	-1.90	-0.52%
Sub-total Current		**3,877.14**	**5,881.96**	**-219.12**	**9,539.98**	**4,264.33**	**-5,275.65**	**-55.30%**
178	Development	73,545.10	16,628.93	-57,360.20	32,813.84	2,320.14	-30,493.70	-92.93%
Grand Total		**73,828.15**	**16,710.89**	**-57,360.20**	**33,178.84**	**2,683.25**	**-30,495.59**	**-91.91%**

Audit noted that there was an overall saving of Rs.30,495.59 million, which was due to less expenditure 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 96.85% with respect to Original grant which reduced to savings of 92.93% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 9.99% of excess in expenditure w.r.t original allocation reduced to 55.30% 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.3,866.48 million, were raised in this report during the current audit of **Planning And Development Division**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	0.00
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	*HR/Employees related Irregularities*	
B	*Procurement related irregularities*	38.16
C	*Management of account with commercial banks*	
D	*Recovery*	
E	*Internal Control*	3,828.32
4	Value for money and service delivery	
5	Others	

28.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2012-13	12	0	0	12	-
2013-14	4	0	0	4	-
2014-15	1	1	0	1	-
2015-16	5	0	0	5	-
2016-17	8	0	0	8	-
2019-20	5	0	0	5	-
Total	**35**	**1**	**0**	**35**	-

The Draft Audit Report including following Paras was issued to the PAO on 10.01.2020 followed by reminders 11.01.2020 and 30.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

28.5 AUDIT PARAS

Planning and Development Division (Main)

28.5.1 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".

Ministry of Planning Development and Special Initiatives, Islamabad was requested to provide the following record/information relating to Main Ministry and Development Projects vide requisition No. 1 dated 12.01.2021, No. 2 dated 15.01.2021, No. 4 dated 19.01.2021, No. 6 dated 20.01.2021 & No. 7 dated 21.01.2021, No. 08 dated 22.01.2021, No. 9 dated 26.01.2021 and No. 10 dated 26.01.2021:

i. All relevant record of closed and ongoing development projects for the financial year 2018-20.

ii. Detail of recruitment made in development projects along with files of recruitments made during financial year 2018-20.

iii. Detail of releases made out of block allocation (unfunded important projects) during financial year 2018-19 and 2019-20.

iv. File regarding recruitment of officers/staff in CPEC Support project.

v. Detail of officers / officials re-employed after superannuation, if any.

vi. A certificate regarding theft, embezzlement, fraud etc. during the period under audit.

vii. Detail of NAB and FIA cases, if any.

Audit observed that the management of the Ministry of Planning, Development and Special Initiatives has not provided the above record to Audit till 27.01.2021 despite repeated written & various verbal requests.

Audit is of the view that due to non-production of above record the scrutiny of record could not be carried out/completed by the Audit.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that responsibility may be fixed against the persons for non-production of record to Audit. All the requisite record may be provided to Audit.

28.5.2 Loss to public exchequer due to payment of delay/penalty charges to CDA - Rs.373.917 million

Rule-23 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.

Ministry of Planning, Development and Special Initiatives got approved a development project titled "Purchase of Land in Sector H-11/2 for Pakistan Institute of Development Economics" from the ECNEC on 22.05.2018 at a total cost of Rs. 3,519.47 million with implementation period of 24 months.

The PIDE opened an Assignment Account No.2300-5 with the National Bank of Pakistan Main Branch, Civic Centre, Islamabad wherein funds amounting to Rs.3,913,827,216 were transferred by the Ministry during 2017-18 to 2019-20 for payment of cost of land to CDA.

Out of total releases of Rs.3,913,827,216an amount of Rs.373,917,216was paid to Capital Development Authority, Islamabad vide Assignment Account cheque No.389284 dated 08.01.2020 on account of delay penalty charges on premium and on Annual Ground Rent as demanded by the CDA vide their letter dated 04.09. 2019. The Ministry of Planning agreed to pay the delay penalty charges vide letter No.1(11) SI-IV/PDR/2019 dated 19.09.2019.

Audit observed as under:

i. Being government institution neither the PIDE nor the Ministry of Planning approached the CDA for waiver of the delay penalty charges.
ii. No action was taken against the officers/officials responsible for delay in release of funds to the project and subsequent payment to CDA.

Audit is of the view that the public exchequer was put to loss of Rs.373.917 million on this account.

The management replied that PIDE had made payments to CDA as and when the funds were released from the Ministry of Planning, Development & Special Initiatives (M/o PD&SI). Due to delay in change of signatories of assignment account, on 10.05.2019 the payment was delayed The CDA on 26.06.2019 instructed PIDE to pay delay charges amounting to Rs. 373.917 million. Secretary, M/o PD&SI has accorded approval to make additional payment of Rs. 373.917 millions to CDA on account of delay charges.

The management has accepted the audit observation.

The management did not convene DAC meeting till finalization of the report.

Audit recommends that inquiry into the matter to fix the responsibility against the officers/officials concerned.

28.5.3 Unauthorized grant of advance payments to firms-Rs. 22.148 million

Rule-397 of Federal Treasury Rules states that "as a general rule, and subject to such exceptions as may be authorized by the Government, no payment can be made to a contractor, except for work actually done or supplies actually received.

According to Sr. No. 44 of Finance Division's O.M No. No. F.3 (2) Exp.III/2006 vide letter dated 13.09.2006 "the Secretary/PAO is authorized to sanction advance payment to other government departments and government owned/ controlled organizations, in exceptional cases only".

Ministry of Planning, Development and Special Initiatives, Islamabad granted advance payments to the following two firms for conducting feasibility studies as per provision of agreements made with the firms by the project management:

S No.	Name of Development project	Name of firm	Particular of payment	Invoice No. & date	Gross Amount	Amount paid	Cheque No. & date
1.	Cluster Development Based Agriculture Transformation Plan-V2025	Small and Medium Enterprises Development Authority (SMEDA)	Payment for conducting feasibility study on Cluster Development Based Mineral Transformation Plan Vision-2025.	No invoice is on record. 1st installment as mobilization advance of Rs. 3.95 million (10% of total cost of Rs. 39.501 million)	3,950,104	3,950,104	6773275 dt. 20.06.2018
2.	Cluster Development Based Agriculture	M/s Centre of Agriculture and Bioscience	Payment for conducting feasibility study on Cluster	FSCD-AT/01 dt. 11.05.2018 Mobilization Advance	18,198,300	18,198,300	6772471 dt. 11.06.2018

	Transformation Plan-V2025	International (CABI) Rawalpindi	Development Based Agriculture Transformation Plan Vision-2025.	@ 30% of total cost of feasibility study of Rs. 60.661 million.			
Total Rs.					**22,148,404**	**22,148,404**	

Audit observed as under:

i. The inclusion of clause for grant of advance payments in the above quoted agreements was undue favour to the firms and violation of rules.

ii. The sanction for the grant of advance payment at Sr. No.1 was accorded by the Secretary without having financial power. The advance payment was made without obtaining firm’s invoice.

iii. The sanction for grant of advance payment at Sr. No. 2 was accorded by the Project Director without having financial power in this regard.

Audit is of the view that the firms were extended undue favour which is also violation of Finance Division’sinstructions.

The management replied that as per agreement duly approved by the competent authority. 30% advance as per agreement was mandatory and the approval of the same is attached. The advance payment made to SMEDA does not relate to this section. It is stated that the Project Director acted as a sanction conveying authority under the direction of Secretary. Ministry of Planning, Development and Special Initiatives and was not under his own power.

The reply was not accepted as the agreement was executed in violation of financial authority delegated by the Finance Division.

The management did not convene DAC meeting till finalization of the report.

Audit recommends fixing of responsibility on the persons at fault.

28.5.4 Irregular expenditure without open competition -Rs. 16.016 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.

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 project titled "Support & Monitoring of High Impact New Initiatives of Vision 2025" under Ministry of Planning, Development and Special Initiatives incurred expenditure of Rs. 16,016,948 during Pakistan Development Summit & Expo on 70th Independence Day held in Pak-China Friendship on 17 August, 2017 and 28th meeting of ECO Regional Planning Council on 11-14, December, 2017**.**

Audit observed that the expenditure was incurred without open competition.

Audit is of the view expenditure without open competition was irregular and unauthorized.

The management did not convene DAC meeting till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity.

28.5.5 Non-submission of PC-IV of completed projects to Planning Commission

Para 3.33 of Project Management Guidelines issued by the Planning and Development Division states that the final stage of the project is its completion. The project is considered to be completed/closed when all the funds have been utilized and objectives achieved, or abandoned due to various reasons. At this stage the project has to be closed formally, and reports to be prepared on its overall level of success, on a PC-IV, and forwarded to the Projects Wing of the Planning Commission".

Ministry of Planning, Development and Special Initiative, Islamabad completed/closed 15 development projects during financial year 2018-20 as under:

S. No.	Name of Project	Date of closure
1.	Cluster Development Based Agriculture Transformation Plan-V2025	30.06.2020

2.	Establishment of Climate Change & Environment Section	30.06.2020
3.	Inspector General Development Project, Quetta Balochistan	30.06.2020
4.	Institutional Cooperation Program (Norwegian Grant)	31.12.2017
5.	Centre of Excellence PPMI	30.06.2019
6.	Restructuring, Institutional Strengthening and Capacity Building of Energy Wing	31.12.2018
7.	Support and Monitoring of High Impact New Initiatives Vision 2025.	30.01.2019
8.	Up-gradation of Jawaid Azfar Computer Centre	30.06.2020
9.	Construction of PPMI Complex	30.06.2019
10.	Feasibility Research/Study on Cluster Development Based Industrial Transformation Plan-Vision 2025 (PC-II)	30.06.2018
11.	Research Study on Cluster Development based Mineral Transformation Plan Vision 2025	30.06.2019
12.	Integrated Transport Infrastructure Planning and Management Unit	31.12.2018
13.	Pakistan Productivity, Quality and Innovation Initiatives	26.04.2019
14.	Research/Feasibility Studies and Workshop	30.06.2020
15.	Monitoring of PSDP Financed Projects	30.04.2020

Audit observed that despite lapse of considerable period, the PC-IV of the above said completed development projects were neither prepared by the Project Directors concerned nor submitted to the Planning Commission.

The management replied that PC-IV of the project "Feasibility/Research Study on Cluster Development Based Mineral Transformation Plan-Vision 2025 (PC-II)" has already been submitted two times to Ministry of Planning on 14th May 2019 and again on 13th November 2019.

The reply is incomplete. The PC-IV of remaining 14 projects at S.No.01 to 10 and 12 to 15 were neither prepared nor submitted to Planning Commission.

The management did not convene DAC meeting till finalization of the report.

Audit recommends appropriate action against the concerned project authorities responsible for the said lapse besides submission of PC-IV to the Planning Commission forthwith.

28.5.6 Whereabouts of physical assets of completed projects not on record

Para12.7 (vi) of the Manual of Development Projects states that the project sponsoring agency initiates project closure by providing recommendations for the disposal or transfer of assets purchased by the project.

Para 12.7 (x) ibid further states that the project sponsoring agency initiates project closure by conducting disposal of the project equipment if required either by transfer or donation to other sections or departments, sale or write-off. Unless disposal directives are already specified in the PC-1, the main options for disposal of the equipment in projects are to be transferred to the recipient department or government, transferred to another or follow-up project or become part of the sponsoring agency's inventory. Further options are that the equipment items may be sold, or under specific circumstances, written-off with the approval of the competent authority. For all projects, vehicles shall be transferred to the government or ministry concerned.

The following fifteen development projects of Ministry of Planning, Development and Special Initiatives were closed:

S. No.	Name of closed Project	Date of closure
1.	Cluster Development Based Agriculture Transformation Plan-V2025	30.06.2020
2.	Establishment of Climate Change & Environment Section	30.06.2020
3.	Inspector General Development Project, Quetta Balochistan	30.06.2020
4.	Institutional Cooperation Program (Norwegian Grant)	31.12.2017
5.	Centre of Excellence PPMI	30.06.2019
6.	Restructuring, Institutional Strengthening and Capacity Building of Energy Wing	31.12.2018
7.	Support and Monitoring of High Impact New Initiatives Vision 2025.	30.01.2019
8.	Up-gradation of Jawaid Azfar Computer Centre	30.06.2020
9.	Construction of PPMI Complex	30.06.2019
10.	Feasibility Research/Study on Cluster Development Based Industrial Transformation Plan-Vision 2025 (PC-II)	30.06.2018
11.	Research Study on Cluster Development based Mineral Transformation Plan Vision 2025	30.06.2019
12.	Integrated Transport Infrastructure Planning and Management Unit	31.12.2018
13.	Pakistan Productivity, Quality and Innovation Initiatives	26.04.2019
14.	Research/Feasibility Studies and Workshop	30.06.2020
15.	Monitoring of PSDP Financed Projects	30.04.2020

Audit observed as under:

i. Neither the list of physical assets i.e. furniture fixture, machinery & equipment, computers and vehicles was prepared by the Project authorities nor the assets handed over to the Ministry till 29.01.2021.

ii. The project at Sr. No. 3 is situated at Quetta and the assets of the project are still lying in the Quetta (in the premises of Governor House) but no effort was made to take over the assets by the Ministry till 29.01.2021. Both the financial and operational closing of the project are pending despite lapse of considerable period.

The management replied that I again refer here the letter of this section dated 13th November 2019 as Annex-A of 0S-09 wherein S.No. 10 (Annex-E) indicating the handing over of assets (moveable and immoveable) to the Ministry. The Accounts Officer PPMI intimated that complete record of all physical assets acquired in the projects title Up-gradation of PPMI phase-II and project titled Up-gradation of PPMI Center of Excellence have been maintained.

The reply is not convincing as no record regarding handing over of assets of closed projects to the Ministry was produced to Audit. No detail of assets of remaining 12 closed project was provided to Audit.

The management did not convene DAC meeting till finalization of the report.

Audit recommends that whereabouts of physical assets of remaining 12 closed projects along with their inventory maintained by the Ministry be provided to Audit.

28.5.7 Wastage of public money on Development Communication Project instead of hiring services of a PRO – Rs 616.401 million

The project titled "Development Communication Project" was started on 28.10.2013 and subsequently revised on 29.03.2018 and 04.11.2020 by CDWP with revised cost of Rs 616.401 million.

According to revised PC-I, objectives of the project are as follows:

i. To promote Government as a visible, accessible and proactive development actor;
ii. To disseminate key information and build awareness on national development processes, policies and initiatives amongst target audience at national and informational level;
iii. To initiate two-way dialogue with the citizens for community-based and participatory sustainable development measures;

iv. To engage citizens as primary stakeholders and partners in development process;

v. To maintain consistent and uniform policy information, messaging and advocacy across all tires of government, by building synergies where necessary; and

vi. To create and manage public knowledge resource and data bank on development sector issues.

vii. To increase the newsworthiness of development and economy related stories.

viii. To ensure appropriate media coverage of economic events and development projects of the country.

Audit observed during scrutiny of the record and discussion with the management that a full-fledge project worth of Rs 616.401 million is being run by the Project Director instead of hiring services of a Public Relation Officer (PRO) from Pakistan Information Department (PID). Audit noted that a PRO was working in the Planning Division and instead of up-skilling a PRO to use different publicity platform, a full fledge costly project is being run by Planning Division itself.

The management is un-necessarily spending public resources by developing the project and rolling it over and over again.

The management replied that under the revised resolution of Planning Commission, promotion of development disclosure in the country towards participatory and collaborative planning and development in the mandate of this Ministry. A post of Member has been created in the Commission. The Development Communication Project has been launched as a follow-up of the decision of the Government of Pakistan.

The reply of the management is not tenable as a profesionaly trained PRO from PID is the best fit for the job. Besides, PRO would be economically effective as compared to expenditure of Rs 616 million in shape of full fledge project.

Audit strongly recommends that Planning Division may hire the services of a PRO from Information Group for doing the needful. Audit further recommends that the project may be closed/not prolonged further so that wastage of public money may be avoided.

28.5.8 Lack of Quality Assessment Framework of Data Sources in Policy-Oriented Research Project executed by PIDE - Rs 1756 million

The project titled Competitive Grants Program for Policy- Oriented Research was approved by CDWP in 9th April, 2020 at a cost of Rs 1756 million. The project is being executed by Pakistan Institute of Development Economics (PIDE). The project aim is to utilize scarce resources and to meet the emerging challenges of 21st century; there is a need for better planning which can not be done without sound research.

According to PC-I of project, major objectives of the project are as follows:

i. To create a platform for funding competitive research across economic and other social science and public policy research and researchers interested in Pakistan, primarily at Pakistani institutions but with a limited participation throughout the world. An important aspect of the design was that the research project ideas, which together would constitute a national research agenda, would percolate up from the applicants.

ii. To ensure a credible and transparent peer review process for the submitted proposals involving the best talent within Pakistan as well as internationally.

iii. To develop professional networking tools such as seminars and conferences through the country to develop greater connections between researchers and evolve professional and research networks over time.

iv. To provide a multifaceted review process that would promote circulation in the public domain of policy-relevant research papers and peer-reviewed publications from the projects selected for funding.

Audit observed during scrutiny of record and discussion with the management that PIDE has not developed a framework or mechanism to assess the validity and truthfulness of data gathered by the researchers. Since the data gathered or to be gathered in future is mostly qualitative in nature. Therefore, checking the authenticity of data is crucial to get the objectives of the project. Without putting in place quality assessment framework to check the authenticity of data may jeopardize the objectives of the project and that may result in wastage of public money.

Audit recommends that the management of the project immediately design a framework to assess the authenticity of data, and develop tools to check whether data has been actually collected from source or artificially developed. The frame work may be designed, implemented and monitored by the project management. The quality assessment frame work of data sources may be share with audit.

The management has not submitted replies within given timeframe and till finalization of the report.

It is strongly recommended that before release of the next instalment of the funds to researchers, the framework must have been implemented, so that an excellent quality research may be conducted and input may help policy makers.

28.5.9 Wastage of public money due to non-achieving objectives of CPEC Support Project – Rs 732 million

The project titled "China-Pakistan Economic Corridor Support (3rd Revised)" was approved by CDWP on 19.10.2017 with a total cost of Rs 732 Million on 19th October, 2020. According to revised PC-I, major objectives of the project are to establish/strengthen China-Pak Economic Corridor Secretariat in the Ministry of Planning, Development and Reform, Islamabad for overall coordination and implementation of China-Pakistan Economic corridor projects/activities in collaboration with the concerned line ministries as detailed below:-

i. Facilitate, coordinate, monitor and evaluate the Program and projects under line ministries.
ii. Provide a much needed platform for multi sector coordination and a consultative, informed' approach to trade and transport reforms and policy formulation.
iii. Enhance capacity and provide policy governance advice to support GoP's transport and energy infrastructure modernization agenda in this context of regional connectivity
iv. Enable the related Ministries to use innovative modes of implementing and financing project and tap modern sources of financing

v. Provide secretarial services for procurement o sector specialists for each sector (railways, roads ports, and trade projects and the required technical experts)
vi. To work and coordinate efforts for social sector development of the country, people to people exchanges, ensure transfer of knowledge, provide informed and researched based data to implement CPEC projects in a smooth and steady manner and capture the window of opportunity for structural transformation in Pakistan
vii. To support coordination with Local / International institutions / Think tanks for preparing policies, research for leveraging Pakistan's SEZ.
viii. To coordinate efforts for implementing of Long Term Plan.

During the course of audit, it has been observed that the project employees are not working on the core objectives of the project rather they have been working as support staff to the Chairman CPEC Authority.

The management replied that as per direction by the competent authority, all CPECSP officers and staff are currently working on the project activities as well as the providing support to CPEC Authority, until the time is becomes fully functional.

The reply is not acceptable as the management did not responds to the observations raised by Audit.

Audit recommends that since the project is not achieving its objectives, therefore, it is recommended that an inquiry may be held in this regard and project may be closed so that further, wastage of public money may be prevented. The inquiry report may also be share with audit.

28.5.10 Wastage of public money due to non-achieving objectives of the project - Rs 350 million

The project titled “Institutional Strengthening and Efficiency Enhancement of Planning Commission/Ministry of Planning, Development and Reform” was approved by CDWP in 27.04.2017 with total cost of Rs 350 million.

According to PC-I of “Institutional Strengthening and Efficiency Enhancement” objectives are as follow:

i. There is a need to enhance the efficiency of the organization so that it can perform its enhanced functions more efficiently.

ii. The project envisages the induction of experienced experts /specialist /advisors /consultants etc having vast experience in economic and technical areas to perform a specific job or to supervise/ assist the functions of the existing sections of the Planning Commission as and when required for the period to be determined by the appointing authority under contractual agreements.

iii. The project objectives closely related to the sectoral objectives i.e Financial Reforms, Capacity Building, E-Governance, Effective preparation and implementation of plans.

During scrutiny of the record and discussion with the management, audit observed that project objectives of "Institutional Strengthening and Efficiency Enhancement" has not been achieved so far. However, an expense of Rs 14.64 million has been made on account of salaries of employees during the financial year 2020-21 while Rs 10.61 million has been utilized on renovation of Conference Rooms.

The project is demand driven to procure equipments, furniture etc on need basis. The project have been closed on 31.12.2021 and an amount of Rs 77 million have been utilized. PC-IV of the project has already been submitted.

The reply of the management is not acceptable as the management executed a project for procurement of equipment & furniture and hired various persons.

Audit recommends that the management may inquire the matter, fix responsibility and avoid misuse of public money in future.

CHAPTER 29

PRIME MINISTER'S SECRETARIAT (PUBLIC)

29.1 Introduction

The office of Prime Minister was created immediately after the establishment and the creation of Pakistan in 1947. Originally, the Prime Minister was given central executive powers, which were later reduced as the power of the Governor General. Liaquat Ali Khan was the first Prime Minister appointed in 1947 but was assassinated in 1951. From 1951 till 1957, the country saw the tenuring of seven different Prime Ministers.

In 1956, Parliament of Pakistan adopted the 1956 constitution, replacing the Governor General with President of Pakistan. However, the office was disbanded by President Iskandar Mirza and, in a coup led by his successor General Ayub Khan in 1958. General Ayub Khan replaced the 1956 parliamentary constitution with 1962 Presidential system, completely dissolving the Prime Minister Secretariat. From 1958 until 1970, there was no prime minister as the country had the Presidential system.

Following the imposition of the Constitution of Pakistan, 1973 the office of Prime Minister regained, and architect of this constitution, Zulfikar Ali Bhutto became the elected Prime minister of Pakistan. The constitution of 1973 provided the parliamentary system to Pakistan as President of Pakistan as figurehead.

The Prime Minister is elected by the people-elected National Assembly, members of which are elected by popular vote. Most commonly, the leader of the party or coalition with the most votes becomes the Prime Minister. The Prime Minister is responsible for appointing a cabinet as well as running the government operations, taking and authorizing the executive decisions and appointments recommendations also need the executive confirmation of the Prime Minister.

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2018-19)	Revenue / Receipt Audited (FY 2018-19)

				Rs. in million	Rs. in million
1	Formations	1	1	1,317.657	-
2	Assignment Accounts (Excluding FAP)	1	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

29.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Prime Minister's Office (Public) for the financial year 2020-21 was Rs.336 million, out of which the Division expended an amount of Rs.333 million. The Division had 1 current grant. Grant-wise detail is as under:

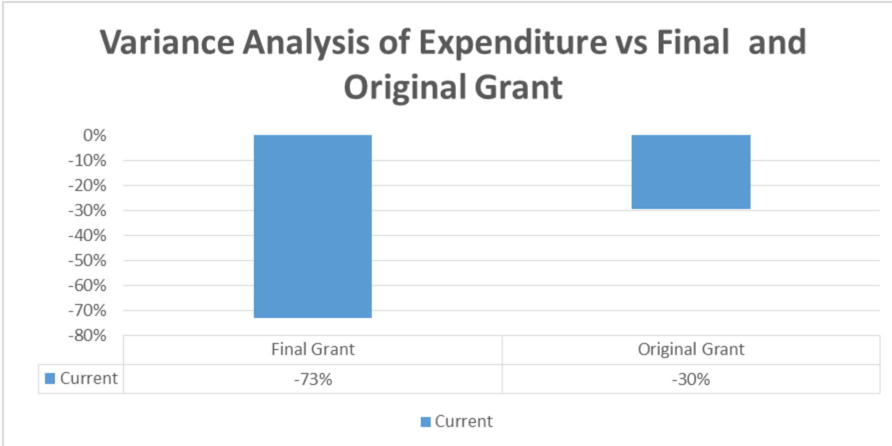
(Rupees in million)

Grant No.	Type of Grant	Original Grant	Supp Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
11	Current	474	0	-138	336	333	-2	-73%

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 expenditure the 29.69% of savings in expenditure w.r.t original allocation increased to 73% w.r.t final allocation, as depicted in the graph below:



29.3 Classified Summary of Audit Observations

Audit observations, amounting to Rs. 11.20million, were raised in this report during the current audit of **Prime Minister's Secretariat (Public)**. 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*	0.00
B	*Procurement related irregularities*	
C	*Management of account with commercial banks*	
D	*Recovery*	
E	*Internal Control*	11.20
4	Value for money and service delivery	
5	Others	

29.4 Status of compliance with PAC Directives

Name	Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
	2000-01	12	12	12	0	100%

Planning Development & Reforms	2008-09	14	14	14	0	100%
	Total	**26**	**26**	**26**	**0**	**100%**

The Draft Audit Report including following Paras was issued to the PAO on 10.01.2020 followed by reminders 11.01.2020 and 30.01.2020 with the request to reply and also arrange the DAC meeting to discuss the Paras.

29.5AUDIT PARAS

Prime Minister's Secretariat (Public)

29.5.1 Irregular Appointment of Senior Associate at Senior Management Position without relevant experience

Applications were invited for the positions of Senior Associate in MP-II in Prime Minister's Office (Public) Islamabad through daily Dawn Islamabad dated 14.07.2019. Qualification for the post was 16 years Master's Degree or equivalent and minimum 08 years relevant experience at Senior Management Positions in institutions of high repute from both national and international markets.

Mr. Nadeem Shaukat and Ms. Sadia Abbasi were appointed as Senior Associate (MP-II) for Prime Minister's Strategic Reforms Implementation Unit in PMO Public Islamabad for a period of two years w.e.f. 07.10.2019 and 11.11.2019 respectively.

Audit observed that appointment of Mr. Nadeem Shaukat was irregular as he did not possess relevant 8 years' experience at Senior Management Positions because experience certificates issued by the United Nations Development Program, Islamabad revealed that he worked as joint program support officer in UNDP from 17.06.2009 to 31.12.2012 which cannot be treated as a relevant experience at Senior Management Position. Similarly, he worked as visiting faculty in Roots College International Islamabad w.e.f. 01.09.2013 to 27.08.2018 which again cannot be treated as a relevant experience at Senior Management Position.

Audit further observed that appointment of Ms. Sadia Abbasi was irregular as she completed her 16 years education in December 2010 and MPhil. in Computer Sciences in 2016 from Muhammad Ali Jinnah University Islamabad Campus and MPhil. in Project Management from Capital University of Science and Technology, Islamabad campus in 2018. Therefore, she remained a student from 2010 to 2018 and did not work at senior management position resulting in lack of 8 years relevant experience.

Audit is of the view that appointment of Mr. Nadeem Shaukat and Ms. Sadia Abbasi without required experience at Senior Management Positions was irregular.

The management did not convene DAC meeting till finalization of the report.

Audit recommends that responsibility may be fixed for irregular appointment of Senior Associate without relevant experience.

29.5.2 Irregular payment in cash through DDO- Rs. 11.196 millions

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 payee only not negotiable'.

The management of PM’s office Public made payments in cash through DDO amounting to Rs 11,196,481 during the financial years 2018-19 and 2019-20.

Audit observed that payment in cash through DDO on various accounts was irregular and in violation of Rule 157(1) of FTR.

Audit is of the view that payment in cash through DDO is irregular and in violation of Rule 167(1) of the FTR.

The management did not reply till the finalization of this report

The management did not convene DAC meeting till finalization of the report.

Audit recommends that responsibility may be fixed for irregular paymentin cash throughDDO.

CHAPTER 30

MINISTRY OF RELIGIOUS AFFAIRS AND INTERFAITH HARMONY

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. 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-2020-21) Rs. in million	Revenue / Receipt Audited (FY 2020-21) Rs. in million
1	Formations	10	2	166.513	
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	33	4	84.875	-
4	Foreign Aided Project (FAP)	-	-	-	-

30.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Religious Affairs And Interfaith Harmony Division for the financial year 2020-21 was Rs.2,055.24 million, out of which the Division expended an amount of Rs.1,940.29 million. The Division had 3 current grant. Grant-wise detail of current and development expenditure is as under:

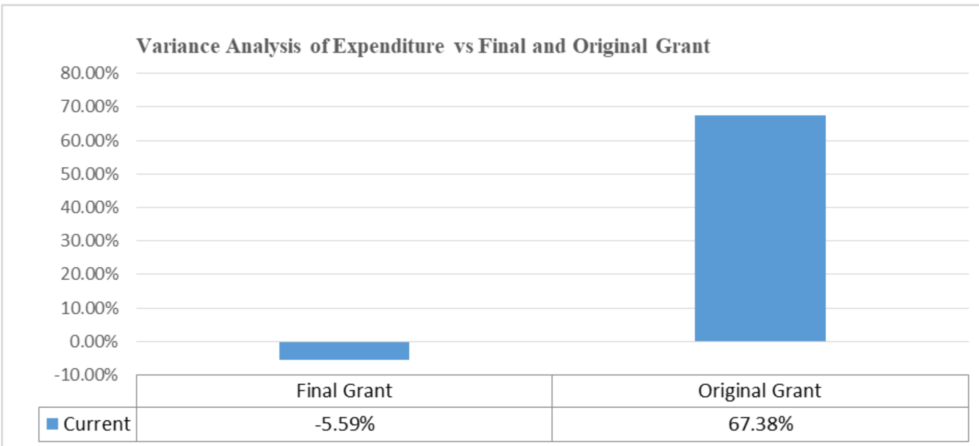
Grant No.	Type of Grant	Original Grant	Supplementary. Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
136	Current	395.7	0.0	-4.9	390.7	341.5	-49.1	-12.59
137	Current	574.4	1,000.0	-2.8	1,571.5	1,506.7	-64.8	-4.12
138	Current	189.0	1,000.0	-96.1	92.9	92.0	-0.9	-1.01
	Grand Total	**1,159.2**	**2,000.0**	**-103.9**	**2,055.2**	**1,940.2**	**-114.9**	**-5.59**

Audit noted that there was an overall saving of Rs.114.94 million, which was due to saving 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 current expenditure the 67.38% of saving in expenditure w.r.t original allocation reduced to 5.59% 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. 43.34million, were raised in this report during the current audit of **Ministry Of Religious Affairs And Interfaith Harmony**. 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*	43.34
D	*Recovery*	
E	*Internal Control*	
4	Value for money and service delivery	
5	Others	

30.4Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2012-13	6	0	0	6	-
2013-14	7	6	1	6	17
2014-15	4	4	2	2	50
2015-16	25	0	0	25	-
2016-17	11	4	1	10	25
2019-20	12	0	0	12	-
2020-21	20	0	0	20	-
Total	**85**	**14**	**4**	**81**	29

30.5AUDIT PARAS

Directorate of Hajj, Peshawar

30.5.1 Irregular Maintenance of Personal Ledger Account-Rs.43.339 million

According to Paragraph 2(a) of Hajj Pilgrims Welfare Fund Rules,1990,''welfare fund Account means the PLS account or Term Deposit Account opened in Pakistan with any Nationalized Commercial Bank or national Saving Centre and in Saudi Arabia with the National Bank of Pakistan".

According to the S.No. (ii) of the Finance Division O.M. No.F.3(4)-DS(BR-II) /2008,dated: the 06.10.2008 Islamabad "The existing Personal Ledger Accounts (PLAs)/Special Drawing Accounts (SDAs) would be replaced with the Assignment Account to be opened by Ministries, Divisions and Departments under F.T.R.170-B with effect from 1st October, 2008".

The management of Directorate Hajj Peshawar maintained a Personal Ledger Account since its inception of the account for the management the Pilgrims Welfare Fund and a total amount of Rs.43,339,974 was received from the MORA during the financial year 2012 to 2020.

Audit observed that the management failed to discontinue the PLA and obtain sanction for opening of assignment Account or depositing the receipts into PLS/TDA.

Audit is of the view that maintenance of PLA was a violation of the orders of the government ibid.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that the practice of personal ledger account should be discontinued and it may be ensured that Assignment Account shall be maintained.

CHAPTER 31

MINISTRY OF SCIENCE AND TECHNOLOGY

31.1 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-2020-21) Rs. in million	Revenue / Receipt Audited (FY 2020-21) Rs. in million
1	Formations	80	10	6,663.964	10,857.036
2	Assignment Accounts (Excluding FAP)	9	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	41	10	11,879.933	-
4	Foreign Aided Project (FAP)	-	-	-	-

31.2 Comments on Budget & Accounts (Variance Analysis)

Final budget allocated to the Science and Technology Division for the financial year 2020-21 was Rs.11,782.92 million, out of which the Division expended an amount of Rs.11,503.14 million. The Division had 2 current grant and 1 development grant. Grant-wise detail of current and development expenditure is as under:

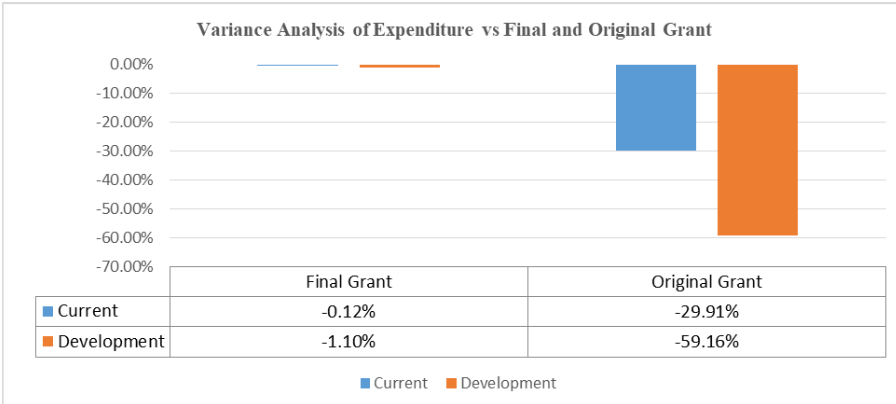
Grant No.	Type of Grant	Original Grant	Supplementary Grant	Surrender (-)	Final Grant	Actual Expenditure	Excess/ (Saving)	% age Excess/ (Saving)
139	Current	311.17	0.00	-45.71	265.47	260.68	-4.78	-1.80%
140	Current	9,371.09	317.00	0.00	9,688.09	9,680.45	-7.65	-0.08%
Current Total		**9,682.27**	**317.00**	**-45.71**	**9,953.56**	**9,941.13**	**-12.43**	**-0.12%**
179	Development	4,458.07	0.00	-2,628.71	1,829.36	1,562.02	-20.08	-1.10%
Grand Total		**14,140.34**	**317.00**	**-2,674.42**	**11,782.92**	**11,503.14**	**-32.51**	**-0.28%**

Audit noted that there was an overall savings of Rs.32.51 million, which was due to less expenditure in the 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 59.16% with respect to Original grant which reduced to savings of 1.10% w.r.t Final Grant in case of development expenditure. In case of current expenditure the 29.91% of savings in expenditure w.r.t original allocation reduced to 0.12% w.r.t final allocation, as depicted in the graph below:



31.3Classified Summary of Audit Observations

Audit observations, amounting to Rs.1,467.43million, were raised in this report during the current audit of **Ministry Of Science And Technology**. Summary of the audit observations classified by nature is as under:

(Rupees in million)

S. No	Classification	Amount
1	Non-production of record	0.00
2	Reported cases of fraud, embezzlement and Misappropriation	
3	Irregularities	
A	*HR/Employees related Irregularities*	144.14
B	*Procurement related irregularities*	85.52
C	*Management of account with commercial banks*	174.63
D	*Recovery*	732.62
E	*Internal Control*	48.65
4	Value for money and service delivery	
5	Others	281.87

31.4Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2010-11	5	5	2	3	40

2011-12	3	0	0	3	-
2012-13	6	0	0	6	-
2013-14	3	3	2	1	67
2014-15	5	0	0	5	-
2015-16	2	2	0	2	-
2016-17	24	18	0	24	-
2017-18	2	2	1	1	50
2018-19	3	3	0	3	-
2019-20	18	0	0	18	-
2020-21	12	0	0	12	-
Total	**83**	**33**	**5**	**78**	15

31.5AUDIT PARAS

Pakistan Engineering Council

31.5.1 Irregular procurement without open tender – Rs.37.02 million

Rule 9 of PPRA Rules states that "Save as otherwise provided and subject to the regulation made by the Authority, with the prior approval of the Federal Government, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority's website as well as on the website of the procuring agency in case the procuring agency has its own website."

The management of Pakistan Engineering Council (PEC) Islamabad incurred expenditure of Rs.37.02 million on procurement under various heads during 2017-18 to 2019-20 detail is as follows:

Finanical Year	Items	Amount
2017-18	Office Equipment & Appliances HQ	5,510,944
	Stationery	11,799,257
2018-19	Office Equipment & Appliances HQ	3,266,292
	Stationery	11,656,429
2019-20	Office Equipment & Appliances HQ	3,692,323
	Stationery	1,095,106
Total		**37,020,351**

Audit observed that the management made the procurement on quotation basis in violation of the direction of the PPRA.

Audit is of the view that procurements made on quotation basis resulted in loss to the funds of PEC in shape of non-competitive rates.

The management replied that all procurements were made as per PPRA Rules. Mostly procurement was carried out as per requirement emerged from time to time based on the nature of work and emergency situation. The procurement has also been made through tendering process where it was required.However, the suggestion for preparation of annual procurement plan is noted and will be complied for future procurement as per annual plan.

Department accepted the audit point of view.

The management did not convene DAC meeting till finalization of the report.

Audit recommends preparation of annual procurement plans as per PPRA rules under intimation to Audit.

National Physical and Standards Laboratory (NPSL), Islamabad

31.5.2 Loss due to purchase of Reference Power Analyzer from highest bidders -Rs. 3.731 million

Rule 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.

Rule 2(h)(i)(ii) of Public Procurement Rules, 2004 states that the "lowest evaluated bid" means, a bid most closely conforming to evaluation criteria and other conditions specified in the bidding document; and having lowest evaluated cost.

The management of National Physical and Standards Laboratory (NPSL), Islamabad incurred expenditure of Rs. 4.622 million on purchase of Reference Power Analyzer (RPA) from M/s Mushko from the Project titled "Establishment of Proficiency Laboratory (PT Lab)" during 2015-16.

Audit observed that the financial bid offered by M/s Prescon for the RPA was Rs. 0.981 million but the management of NPSL ignored the same and RPA offered by M/s Mushko at highest quoted bid of Rs. 4.622 million was procured, which caused loss of Rs. 3.731 million to the exchequer.

Audit is of the view that procurement of RPA from highest quoted bidder by ignoring the lowest quoted rates is undue favour and loss to government.

The management replied that Technical Evaluation was made against BMR Specification of Equipment; such as, Accuracy, Range, Made, Applications, etc. The Best option amongst the three shortlisted equipment was procured. They said that the RPA offered by M/s Prescon did not meet the above features and functions.

The reply of the management is not accepted because, if the RPA offered by M/s Prescon were not of required specifications / features then it would not be technically qualified.

The management did not convene DAC meeting till finalization of the report.

Audit recommends that the matter be inquired beside responsibility be fixed on the person(s) concerned.

31.5.3 Irregular and unauthorized opening and operation of 05 Private Bank Accounts - Rs. 174.625 million

Section 10 (2) of the Pakistan Council of Scientific and Industrial Research Act, 1973 states that the Council may open a deposit account with the State Bank of Pakistan or with any agency of the State Bank other than a Government Treasury or, with the approval of the Federal Government, with any other bank.

The management of the National Physical and Standards Laboratory (NPSL), Islamabad operating 05 bank accounts in Allied Bank Limited (ABL) during 2014-15 to 2019-20. Detail is as under:

S.No.	Title of Account	Bank Name	AccountNo.
1.	Services and Contracts	ABL	8257-0
2.	Pension Fund	ABL	8258-1
3.	Social Welfare Fund	ABL	8260-5
4.	Revolving Fund	ABL	8259-2
5.	Scientist club	ABL	8261-6
6.	Upgradation of BMR	ABL	2590-3

Audit observed that the accounts were opened in Allied Bank Limited without approval of Federal Government.

Audit further observed that an amount of Rs. 174.625 million were remained in these accounts and utilized by the NPSL irregularly.

Audit is of the view that opening of bank accounts without approval of the Federal Government, as required by the PCSIR Act and holding & utilization of receipts was irregular and unauthorized.

The management replied that in the light of PCSIR Act Section 10 (2) the Council may open a deposit account with the State Bank of Pakistan or with any agency of the State Bank other than a Government Treasury or, with the approval of the Federal Government, with any other bank. Further, as per Finance Division letter No. 6(1)BR-II/2000-Vol-II-581 dated 21.07.2001, the working balances can be deposited with ABL along with other designated banks mentioned in the above said letter.

The reply of the management is not acceptable because Section 10 (2) clearly indicates that the Council may open a deposit account in any other bank only with the approval of Federal Government. Therefore, approval of Member Finance of PCSIR Head Office approval may not be construed the approval of Federal Government.

The management did not convene DAC meeting till finalization of the report.

Audit recommends that the matter be inquired and responsibility be fixed on person(s) concerned.

Pakistan Standard Quality Control Authority

31.5.4 Non-Recovery of marking fees against -Rs. 520.838 million

In terms of Para-26 of Federal Treasury Rules Vol-1 "Para to any special arrangement, that may be authorized by competent authority with respect to any particular class of receipts, it is the duty of departmental controlling officerto see that sums due to Government are regularly and promptly assessed, realized and duly credited in the public account”.

Further Para 28 of GFR Vol-1 “No amount due to Government should be left outstanding without sufficient reason, and where any dues appears to be irrecoverable the orders of competent authority for their adjustment must be sought”.

The management of the Pakistan Standards and Quality Control Authority, Karachi was in receipt of marking fee in light of notification of Government of Pakistan, Ministry of Science & Technology Islamabad SRO No. 29 (KE) 2008 dated 27th February 2008.

Audit observed that an amount of Rs. 520,838,475 was outstanding against M/s.Lucky Cement Limited and Unilever Pakistan Limited on account of marking fees. Details are as under:

Name of Firm	Period	Amount
Lucky Cement Limited	July 2017 to 30 June, 2021	506,482,044
Unilever Pakistan. Ltd	July 2020 to June, 2021	14,356,431
Total		**520,838,475**

Audit is of the view that non-recovery of amount in question is a serious negligence on the part of the management which resulted in loss to public exchequer.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommend that the amount may be recoverd under intimation to Audit.

31.5.5 Irregular payment of incentive share to employees –Rs. 136.033 million

Rule 11 of PSQCA Service Regulations, 2015 states that the employees of the Authority shall be entitled for pay and allowances and other allied facilities as admissible to the Civil Servants of the Federation.

The management of PSQCA, Karachi incurred expenditure of Rs. 136.033 million on payment of incentive share to employees @ 10% of gross revenue during the Financial Year 2020-21.Detail is given below:

S.No.	Cheque No. Date	Amount
1.	85616012 dated 24.07.2020	53,762,541
2.	85616011 dated 24.07.2020	4,993,967
3.	11443410 dated 02.02.2021	325.081
4.	11443411 dated 02.02.2021	69,169,980
5.	11443413 dated 02.02.2021	479,155
6.	11443424 dated 02.02.2021	6,023.329
7.	211443483 dated 19.02.2021	706.590
8.	211443484 dated 19.02.2021	549,541
9.	11443293 dated 18.03.2021	23,228
Total		**136,033,412**

Audit observed that the payment of incentive share was made to the employees in violation of the regulations.

Audit is of the view that payment of incentive was irregular and unauthorized.

Neither management replied nor DAC was convened till finalization of the report.

Audit recommends that the unauthorized payment may be recovered.

31.5.6 Unauthorized expenditure on payment of house rent ceiling-Rs. 8.108 million

Ministry of Housing & Works O.M. No. F.4 (8)/ 92-Policy Dated: 18.10.2011 states that there are only six specified stations for the purpose of rental ceiling throughout Pakistan which are Islamabad, Rawalpindi, Lahore, Quetta, Peshawar and Karachi.

Rule 11 of PSQCA Service Regulations, 2015 states that the employees of the Authority shall be entitled for pay and allowances and other allied facilities as admissible to the Civil Servants of the Federation.

The management of PSQCA, KarachipaidRs. 8,108,031to officers/officials as rent of residential buildings at Gujranwala, Multan, Hyderabad, Faislabad, Hub, Bahalwapur and Sukker during the Financial Year 2020-21.

Audit observed that the house rent ceiling was paid for non-specified stations in violation of the regulations.

Audit is of the view that payment of house rent ceiling for non-specified stations was irregular and unauthorized.

The management replied that payment of rent of residential building for non-specified stations has been stopped from January 2021.

The management has accepted the irregularity.

The management did not convene DAC meeting till finalization of the report.

Audit recommends recovery of irregular payment of house rent ceiling.

PCSIR- Establishment of Technical Training Center for Precision Mechanics and Instrument Technology, Gwadar

31.5.7 Unauthorized payment to contractor without provision in PC-I/ BoQ - Rs. 29.301 million

According to 2.86 of B&R Code, the authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If after the accord of technical sanction, alterations are contemplated, orders of the original sanctioning authority should be obtained even though no additional expenditure is involved.

The management of the project Establishment of Technical Training Centre for Precision Mechanics and Instrument Technology, Gwadar Balochistan awarded construction of Administration &Academic Block and Workshop Building to M/S Sheikh Dhani Bux & Co vide work order No. PSCIR/HQ/DW/Admin & Academic PSTC Gwadar/2017 dated 19-06-2017 for financial Year 2018-19 & 2019-20.

Audit observed that the contractor executied extra items of works amounting to Rs. 29.304 million which were not included in the BoQ. Details are as under:

(Rupees)

Work item	Work	Qty	rate	Amount
providing and laying sand filling of approved quantity	Construction of Administration and Academic Block	25605	49.17	1,258,997
Providing & laying porcelain tiles for flooring 2' x 2' make master tile		31541.64	697	21,984,523
Providing & laying porcelain tiles for skirting 1 adoo 2' X6" make master tile		6275	356	2,233,900
providing and laying sand filling of approved quantity		26330	49.17	1,294,646

Providing & laying porcelain tiles for flooring 2' x 2' make master tile	Work Shop Building	3379	697	2,355,316
Providing & laying porcelain tiles for skirting 1 adoo 2' X6" make master tile		495	356	176341
			Total	**29,303,723**

Audit view that executing of work beyond the scope of PC-1 and BoQand payment to contractor is unauthorized which resulted in loss to Government exchequer amounting to Rs. 29,303,723.

Neither management replied nor convened DAC meeting till finalization of the report.

Audit recommends that that the extra payment made to the contractor may be recovered besides fixing responsibility.

31.5.8 Recovery/Overpayment due to excess quantity of earth work– Rs.6,917,098

Para 209 (d) of CPWA Code, states that as all payments for work done are made on the basis of quantities recorded in the Measurement Book (MB), it is incumbent upon the person taking measurements to record the quantities clearly and accurately. He would also work out and enter in the MB the figure for the contents or area. As per Para 56 of CPWD Code, Technical Sanctioned Estimate is a guarantee that the proposals are structurally sound and that the estimates are accurately calculated and based on adequate data. Material structural alterations require approval of original sanctioning authority.

Para-2.86 of B&R Code, states “the authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If after the accord of technical sanction, alterations are contemplated, orders of the original sanctioning authority should be obtained even though no additional expenditure is involved”.

Paras-16 and 220 of CPWA Code, states that “The Divisional and Sub Divisional Officers have to satisfy themselves before signing the bill that the quantities recorded in the MB, rates are correct, and calculation have been checked arithmetically.”

The management of project Establishment of Technical Training Centre for Precision Mechanics and Instrument Technology, Gwadar Balochistan awarded contract of construction of Administration & Academic Block and Workshop Building to M/S Sheikh Dhani Bux & Co vide work order No. PSCIR/HQ/DW/Admin & Academic PSTC Gwadar/2017 dated 19-06-2017 for financial Year 2018-19 & 2019-20.

Audit observed that the contractor executed excess quantities in some items in '**Construction of Administration & Academic Block**' and '**Construction of Workshop Building'** resulting in excess payment of Rs. 15.894 million. Details are as under:\

(Rupees)

S. No.	**Item**	**Qty as per CA**	**Qty as per MB**	**Rate**	**Difference**	**Amount**
1	Supplying earth from approved outside sources within a radius of 5 miles (8 km) including digging, loading and unloading and filling in foundation trenches, plinth or under floor…	40,478	200,698.00	2467	160,220.00	3,952,627.40
2	Providing and laying reinforced cement concrete using screened graded bajri 3/4 inch …	8522	44519	17960	4,041.00	725,763.60
3	Supplying earth from approved outside sources within a radius of 5 miles (8 km) including digging, loading and unloading …	58,500	224,241	2467	183,763.00	4,533,433.21
						9,211,824.21
	Add Premium 75%					3,508,793.25
	Add Premium 70%					3,173,403.25
Total						**15,894,020.71**

Audit is of views that the overpayment occurred due to weak internal controls and inadequate oversight mechanism for enforcing relevant rules and regulations.

Neither management replied nor convened DAC meeting till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides recovery of the overpaid amount.

31.5.9 Overpayment to contractor for construction of underground water tank - Rs. 8.619 million

According to GFR-23, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

During the course of audit of the project Director Establishment of Technical Training Centre for Precision Mechanics and Instrument Technology, Gwadar Balochistan for financial Year 2018-19 & 2019-20, It was noted that the contract of construction of Administration & Academic Block and Workshop Building were awarded to M/S Sheikh Dhani Bux & Co vide work order No. PSCIR/HQ/DW/Admin & Academic PSTC Gwadar/2017 dated 19.06.2017.

As per the cost summary (page 01, BOQ duly singed by Contractor, Consultant, project Direct and all members of tender opening committee) the total cost of 500 gallons underground water tank with 100 % premium was Rs.1,169,912. While scrutiny of record it was revealed that Payment amounting to Rs.9,789,692 was made to contractor as per total cost summary 5th running bill in MB(2) page 10 which resulted in overpayment of Rs.8,619,780 to contractor. Detail is given below:

Particulars	Cost as Per BoQ	Premium (100%)	Total Cost to be paid (actual)	Payment made to Contractor	Overpayment to Contractor
Construction of under Ground water tank - 500 gallon	*584,956	584,956	**1,169,912	***9,789,692	8,619,780
Reference *BOQ, Page 01 , Cost summary S,No.04 ** BOQ page 25-28items (89 to 104) *** MB(2) page No. 10,5th Running bill, totalcost summary					

It is pertinent to mention here that neither specification of underground water tank were changed nor scope of subject item was enhances. But the overpayment of Rs. 8,619,780 was made to contractor which 737 % higher than of actual cost

The local office replied during discussion that the size of underground water tank was increased but change in drawings, supporting Document or approval of competent authority were not shown to audit

Audit views that overpayment to contractor is unauthorized, grave negligence on part of local office and undue favor to contractor which result in loss of Rs. 8,619,780 to Government exchequer.

Neither management replied nor convened DAC meeting till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides recovery of the overpaid amount.

31.5.10 Inadmissible payment to contractor on account of earthwork- Rs. 6.853 million

According to Paras 16 and 220 of CPWA Code, the Divisional and Sub Divisional Officers have to satisfy themselves before signing the bill that the quantities recorded in the MB, rates are correct, and calculation have been checked arithmetically

During the course of audit of the project Director Establishment of Technical Training Centre for Precision Mechanics and Instrument Technology, Gwadar Balochistan for financial Year 2018-19 & 2019-20, It was noted that the contract of construction of Administration & Academic Block and Workshop Building wereawarded to M/S Sheikh Dhani Bux & Co vide work order No. PSCIR/HQ/DW/Admin & Academic PSTC Gwadar/2017 dated 19.06.2017

It was noted that as MB (1). page 199, 5th Running bill, item No.05 Quantity of earth 158691 Cft was excavated.The excavated quantity of earth was not utilized for the filling (foundations) and quantity of 200,698 Cft was supplied from outsource within radius of 8 Kms.Thus, the quantity of 158,691cft was paid in excess of Rs. 6.852 million.

Audit is of the view that non-utilization of available excavated earth and suppling earth from outside source for refilling purpose is unjustified and undue favor to contactor which resulted in loss of Rs.6.852 million.

Neither management replied nor convened DAC meeting till finalization of the report.

Audit recommends that responsibility may be fixed for the irregularity besides recovery of the overpaid amount.

31.5.11 Non-Production of record to audit.

Section 14of the Auditor General (Powers, Functions 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 form as possible and with all reasonable expedition and 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 Project Director,Establishment of Technical Training Centre for Precision Mechanics and Instrument Technology, Gwadar Balochistan for financial Year 2018-19 & 2019-20, was requested to produce following record:

1. Revised PC-1 duly approved and signed from the competent authority/ approval
2. Administrative approval (original &revised)
3. Bidding documents, bids and BoQs of M/s Zareef khan kabzi & Sons.
4. Approval of CDWP for revised PC-1.
5. Original BOQ, cost estimates approved from competent authority.
6. Technical sanction of revised / original estimates.
7. Feasibility study of project

Despite repeated requests the management did not produce the record.

Audit is of the view that non-produciton of record hindered the auditorial functions of the Auditor General of Pakistan.

Neither management replied nor convened DAC meeting till finalization of the report.

Audit recommends that responsibility may be fixed for hindering the auditorial functions of the Auditor General of Pakistan.

National Testing Service, Islamabad

31.5.12 Irregular grant of Loan to COMSATs and subsequently writing it off – Rs. 227.446 million

Rule 5 (5)(b) (iii) of Corporate Governance Rules states that “where a director, executive or other employee has a conflict of interest in a particular matter, such person shall play no part in the relevant discussion, decision or action”

Management of National Testing Service granted loans amounting of Rs.227.446 million to COMSAT Virtual Campus during 2012 – 13 to 2014-15. Loans were granted with the approval of BoDs. Loans included payment of Rs. 1,476,830 on behalf of CIIT Virtual Campus, Karachi for purchase of Suzuki Bolans and another amount of Rs. 5,850,000 on account of purchase of USBs for COMSAT Virtual Campus.

Subject loan of Rs.227.446 was approved to be written off in the 45th Board of Directors' meeting held on 7th November, 2018

Audit observed that loans were approved and written off in meetings of the BoDs consisting of directors who were holding offices of Rector, Registrar, Director and Treasurer in COMSAT University.

Audit is of the view that grant of loan to COMSAT is irregular and unauthorized and caused a loss of Rs.227.446 to the National Testing Service, Islamabad.

Department replied that the loan amounting Rs. 227 Million granted to COMSATS University, Virtual Campus (formerly known as COMSATS Institute of Information Technology Virtual Campus (CIIT-VC)) The said loan was written off in Financial Year 2018 – 2019 by National Testing Service – Pakistan (NTS)' statutory auditors, GTI Anjum Rahman (Chartered Accountants).

Initially,the M/S Horwath Hussain Chaudhry, Chartered Accountants in its Audit report for the Financial Year 2018 qualified the matter as the recovery of the loan was doubtful based on the order issued by the Higher Education Commission (HEC) for cessation of new admissions to CIIT-VC whereas NTS did not amortize the loan amounting Rs. 227,445,761 as required by IAS 39 Financial Instruments Recognition and Measurement accordingly.

The matter was presented before the board in its 45th meeting held dated November 07, 2018 for resolution and by exercising the powers as authorized in term of Section 183 (2) (L) (i) of the Companies Act, 2017 to write off bad debts, advances and receivables; the board decided to write off the loan of Rs. 227 million granted to CIIT-VC, during the period from 2012-13 to 2014-15. However, the board also advised the CEO, NTS to seek the opinion from both the auditors; M/S GTI Anjum Rahman, Chartered Accountants (Incoming) and M/S Horwath Hussain Chaudhry, Chartered Accountants (Outgoing) regarding determination of period in which it will be amortized/written off.

However, no such opinion was received from the both in this regard. Subsequently, M/S GTI Anjum Rahman, Chartered Accountants written off the loan based on the board's approval together with the non-recoverability of it. The Audit report along with the Audited financials for Financial Year 2018 – 2019. Moreover, the board has also endorsed the same in its 50th BoDs meeting.

The subject audit observations under the Rules are not relevant due to following reasons.

a) The matter of Legal Status of NTS was unresolved since long. The management of the NTS obtained various opinions from the NTS Legal Advisor who were of the view that the Public Sector Companies (Corporate Governance) Rules, 2013 does not apply to NTS, therefore, the same stance/plea based on his opinion was taken before various institutions.

b) The Ministry of Law and Justice has recently confirmed vide their letter dated November 09, 2020 that NTS is a Public Sector Company (PSC).

c) Owing to the recent development the NTS management has placed the matter of Legal Status of NTS before the 57th Meeting of BoDs held on February 25, 2021 and the BoDs are of the view that, NTS will be considered as a PSC with effect from July 1, 2021 followed by necessary/mandatory amendments in Memorandum and Articles of Associations process with in stipulated time period i-e. on or before June 30, 2021. (minutes are at approval stage). Besides, various documents required under the Rules were also placed before the board in order to convert the company into a PSC. The Board has constituted a committee to review the said documents. The meeting of the committee is scheduled on March 25, 2021.

d) The directors are empowered in term of Section 183 (2) (L) (i) of the Companies Act, 2017 to write off bad debts.

e) The majority of the directors are from COMSATS University Islamabad, therefore without their participation in the meeting no decision can be taken, even the quorum to meet for a transaction of business will not be valid as provided in term of Article 46 of the Articles of Association.

f) The directors who decided to write off the loan were not present when the loan was granted to Virtual Campus CIIT.

Reply does not address the issues pointed out by audit like loan in shape of procurement of Suzuki Bolans , USBs for COMSAT-VCand requisitioning of loan made by the authority who was member of the BoDs of NTS.

The management did not convene DAC meeting till finalization of the report.

Audit recommends inquiry into the matter for fixing of responsibility.

31.5.13 Irregular payment of Scholarships and stipend – Rs.54.42 million

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

Management of NTS expended Rs.54.42 million on account of "NTS need-based Scholarship program" to different Universities. Management of NTS entered into contracts with respective universities on account of NEED BASED SCHOLARSHIP enumerating therein the dos and do nots. Cheques on account of stipend as well as Scholarships were issued to in favour of respective University accounts. Consolidated list of Scholarship disbursed to different universities and institutes.

Audit observed that no check and balance mechanism was developed to ensure that the scholarship extended reached the beneficiary or not. No acknowledgment of the beneficiaries receiving the scholarships and stipends is available on record.

Audit is of the view that in absence of acknowledgment of receipt of scholarship expenditure cannot be authenticated.

Management replied that the as per the contract clause 3 it was the responsibility of the institute to take care of the matters pertaining to the payments.

Reply is not satisfactory as the department cannot just disburse the public money without any check and balances.

The management did not convene DAC meeting till finalization of the report.

Audit recommends provision of of acknowledgment receipts of the stipends and unacknowledged stipends be recovered from the institutes.

31.5.14 Non-recovery of outstanding receivables - Rs. 204.865 million

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

Balance Sheet of National Testing Service showed receivables amounting Rs. 204,865,584 as on 30.06.2020 from various parties on account of Testing Service, Performance Guarantee and Security Deposits as tabulated below:

Particulars	Outstanding Range(in Months)	Amount
Performance Guarantees	14-60	18,633,185
Security Deposits	12-65	23,007,516
Testing Service Receivables	12-45	163,224,883
Total		**204,865,584**

Audit observed that the management failed to recover dues and deposits despite a lapse of 12 to 60 months till date.

Audit is of the view that none recovery of receivables entails huge financial cost on the company which could otherwise be invested in profitable avenues. Furthermore the management of NTS was unable to fulfill its responsibility as described in the above stated rule.

Department replied that the rigorous efforts are being made to recover the outstanding receivables. Clients are being regularly pursued and followed through personal visits, telephonecalls and written reminders/ requests for the recovery. The Process of recoveries has been mainly affected due to Pandemic COVID especially 2nd half of last Financial Year and Three Quarters of the current Financial Year.

Despite the precarious situation, substantial recoveries have been made since July 2020. The detail of recoveries is attached for your information.

Foregone in view, it is clear that management of NTS has been putting its utmost and showing no laxity at its part in this regard, therefore, the observation may kindly be dropped on the basis of the capitalized efforts.

Reply is not justified as outstanding period which is attached with the recoverable amounts tells the reverse of the stance taken in the reply.

The management did not convene DAC meeting till finalization of the report.

Audit recommends recovery of the outstanding amount and report the same to audit for verification.

31.5.15 Unclaimed invigilation fee and refundable test fee – Rs. 33.65 million

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

Statement of Financial Position for the year ended 30th June, 2020 shows a balance of Rs. 9,258,480 and Rs.24,391,256 on account of "Test Fee Refundable" and "Unclaimed Invigilation Fee" respectively.

Audit observed this liability of Rs.33,649,736 on part of the NTS is pending since 2015 and 2016.

Audit is of the view that such longtime payables are a question mark on the working of the management with respect to paying off its liabilities.

Department replied that NTS pays off its liabilities in timely manner after due verification as is the case of Unclaimed Invigilation Fee. However, it is vital to understand the nature of the liability; NTS paid off the invigilation fee amounting Rs. 24,394,869 through Allied Bank Limited's (ABL) facility called "Pay Anyone" (the facility for those who do not maintain any bank account but they could collect their amount from any desk of ABL by showing SMS duly conveyed by the ABL together with the original CNIC). Moreover, at the time of payment, the bank debits the NTS account and credits its own particular account for the purpose. However, the payments of invigilation fee remained uncollected for years, therefore, the amount with complete detail of individuals credited back to the NTS account.

Despite of multiple reminders through different channels in respect of the refund of Rs. 9,258,480 none claimed their fee refund.Finally, the management has decided to issue the final notice through advertisement in this respect.

Moreover, since July 2020 the NTS has paid off Rs. 482 million so far in respect of its current as well as period liabilities, which shows the pattern of steps taken together with the rationale shows the management's good intention and professional style in this regard.

Reply does not address the audit observation.

The management did not convene DAC meeting till finalization of the report.

Audit recommends refund of test fee and invigilation fee at the earliest.

31.5.16 Irregular payment on account of Sponsorship to COMSAT – Rs. 15 million

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

Rule 5 (5)(b) (iii) of Corporate Governance Rules states that "where a director, executive or other employee has a conflict of interest in a particular matter, such person shall play no part in the relevant discussion, decision or action"

Management of NTS sanctioned and disbursed Rs.15.55 million as Sponsorship during 2017-18 to 2019-20. Out of the total sponsorship Rs.15 million was sanctioned in favour of COMSATs on account of sponsorship of various events.

Audit observed sponsorship was extended to COMSATs University on request of the Mr. Muhammad Azam as treasure of COMSATs University and the same was approved and sanctioned by the Sponsorship Committee formed by the BoDs of which Mr. Muhammad Azam himself was a part.

Audit is of the view that extending of sponsorship to COMSATs being promoter of the NTS Company is conflict of interest and violation of Corporate Governance Rules.

Department replied that the NTS management made the payment on account of the sponsorship as mandate given in the Memorandum & Articles of Association and the majority of the directors are from COMSATS University Islamabad, therefore without their participation in the meeting no decision can be taken, even the quorum to meet for a transaction of business will not be valid as provided in term of Article 46 of the Articles of Association.

Reply does not address the audit observation.

The management did not convene DAC meeting till finalization of the report.

Audit recommends inquiry to fix responsibility as to how COMSATS managed to get Rs.15 million worth of sponsorships out of total extended sponsorships of Rs.15.55 million.

31.5.17 Composition of Directors of the Board in violation of Corporate Governance Rule

As per Rule3(2) of Corporate Governance Rules, "The Board shall have at least one-third of its total members as independent directors. The Public Sector Company shall disclose in the annual report non-executive, executive and independent directors.

Para 2(1)(d) of Corporate Governance Rules defines Independent Director as a Non-Executive Director who is not in the service of Pakistan or of any statutory body or anybody or institution owned or controlled by the Government and who is not connected or does not have any other relationship, whether pecuniary or otherwise, with the Public Sector Company, its associated companies, subsidiaries, holding company or directors.

Para 2(1)(g) of Corporate Governance Rules defines Public Sector Company as a company, whether public or private, which is directly or indirectly controlled, beneficially owned or not less than fifty one percent of the voting securities or voting power of which are held by the Government or any instrumentality or agency of the Government or a statutory body, or in respect of which the Government or any instrumentality or agency of the Government or a statutory body, has otherwise power to elect, nominate or appoint majority of its directors, and includes a public sector association not for profit, licensed under section 42 of the Ordinance.

Composition of the BoD of National Testing Service, a Public Sector Company is as under:

S.No.	Name	Other Engagement	Designation
1	Prof. Dr. Muhammad Tabassum Afzal	Rector COMSATS University, Islamabad	Chairman / Director
2	Prof. Dr. Izhar Hussain	Eminent Professor CUI	Director
3	Mr. Muhammad Azam	Treasurer CUI	Director
4	Dr. Muhammad Abdul Rehmna Khan	Director CUI Attock Campus	Director
5	Prof. Dr. Shamsul Qamar	Acting Registrar CUI	Director

Audit observed that composition of BoD of NTS is contrary to the direction of the Corporate Governance Rules.

Audit is of the view that in absence of 1/3rd Independent Directors the composition of BoD is irregular.

Department replied that the matter of the appointment of Independent Directors has already been placed before the 57th BoDs Meeting held on February 25th, 2021. The Board constituted a committee to review the CVs of the independent directors to be held on March 31, 2021. Furthermore, the NTS management in the future, will comply with all the requirements under the Rules once it is fully converted into a PSC.

Department accepted the audit observation and seeks refuge in its undecided status as Public Sector Company.

Audit recommends that the BoD be constituted in accordance with Corporate Governance rules.

CHAPTER 32

TRADE DEVELOPMENT AUTHORITY OF PAKISTAN

32.1 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) develops and promotes 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-2020-21) Rs. in million	Revenue / Receipt Audited (FY-2020-21) Rs. in million
1	Formations	1	1	1,299.798	-
2	Assignment Accounts (Excluding FAP)	-	-	-	-
3	Authorities / Autonomous Bodies etc. under the PAO	-	-	-	-
4	Foreign Aided Project (FAP)	-	-	-	-

32.2 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%)

32.3Classified Summary of Audit Observations

Audit observations, amounting to Rs.5,415.14million, 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*	196.79
B	*Procurement related irregularities*	7.99
C	*Management of account with commercial banks*	1,931.22
D	*Recovery*	
E	*Internal Control*	1,345.92
4	Value for money and service delivery	
5	Others	1,933.22

32.4Status 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**

32.5AUDIT PARAS

Trade Development Authority of Pakistan, Karachi

32.5.1 Non-disclosure of Savings at the time of Submission of the Budget Estimate to the Finance Division - Rs. 1,921.173 million

As per Section-17 (a), Chapter-III of TDAP Financial Rules-2014, an annual one line budget for the purpose of Regular Expenditures and Export Market Development Fund based on Annual Financial Plan of the Authority, and consisting of an Overview, Sources of Revenues, Expenditure (Revenue and Capital / Development), Investments and Cash flow including Foreign Exchange requirements shall be prepared and submitted to Finance Division through Ministry of Commerce by 31st March of every year, after seeking approval of TDAP Board.

The management of TDAP, Karachi prepared and submitted the Budget Estimates amounting to Rs. 1,850.000 million for the financial year 2020-2021 to the Finance Division through M/o Commerce.

Audit observed that the management of TDAP did not disclose its savings of Rs. 1,921.173 million: in form of cash in bank accounts amounting to Rs. 921.173 million; and in form of Pakistan Investment Bonds (PIBs) amounting to Rs. 1000.000 million.

Audit is of the view that non-disclosure of savings in budget estimates is disregard of their own financial rules as well as misrepresentation of their accounts.

The management did not convene DAC meeting till finalization of the report.

Audit recommends that responsibility for committing negligence may be fixed. Besides, the available savings be reported to the Finance Division at the earliest.

32.5.2 Unauthorized maintenance of ten (10) bank accounts and retention of closing balances – Rs. 1,484.470 million.

According to Section-23(5) of TDAP Act-2013 states that the authority may open and operate one account in Pakistani Rupees and one account in foreign currency in any scheduled bank.

The management of TDAP, Karachi was maintaining 10 Bank accounts in commercial banks.

Audit observed that instead of maintaining only one Bank Account in Pak Rupees and one Bank Account in Foreign Currency in Schedule Banks, the management of TDAP was maintaining 10 bank accounts with a cumulative closing balance of Rs.1,484,470,322 as of 30.06.2021.

Audit is of the view that opening and maintenance of these bank accounts and retention of enormous closing balances is disregard of the provision of TDAP Act, 2013.

Neither the management replied nor convened DAC meeting till finalization of the report.

Audit recommends that unauthorized bank accounts may be closed.

32.5.3 Irregular Payment without Pre-Audit and non-prepration of Fianncial Statements – Rs. 1,299.798 million

As per Para-63, Chapter-V of TDAP Financial Rules-2014, the Authority shall observe internal control and audit in prescribed form and manner. For this purpose, Authority shall establish an Internal Audit Section comprising appropriate staff headed by an officer not below the rank of Director (BPS-19 or equivalent) to be nominated as "Internal Auditor" directly reporting to the Secretary; independent of Finance and Accounts Department of the Authority.

Section -26 of TDAP Act, 2013 states that the Authority shall maintain complete and accurate books of accounts of its actual expense and receipts. The Authority shall also maintain its balance sheet, statement of income and expenditure account, and statement of sources and application of funds. The auditors shall make a report to the Authority, upon the annual balance sheet and accounts, and state whether in their opinion the balance sheet is full and whether it exhibits a true and correct view of the affairs of the Authority. The Authority will then submit the report to the Board for approval.

The management of TDAP, Karachi spent a total of Rs. 1,299,798,214/- at TDAP HQ, TDAP Regional Offices and Promotional / Developmental activities for the period 2020-2021.

Audit observed that:

i. The management of TDAP failed to maintain complete and accurate books of accounts for the years up to 2020-21 since the introduction of the act.

ii. The management had not prepared balance sheet, statement of income and expenditure and sources and applications of funds for the years up to 2020-201 in accordance with Int'l Accounting Standards as notified in TDAP Act.

iii. The management had not introduced system of internal audit and control in contravention of TDAP Act-2013 and TDAP Financial Rules, 2014. All the payments amounting to Rs.1,299,798,214 were made without pre-audit of claims.

Audit is of the view that expenditure in purview of above observations is irregular and un-authorized and in the absence of balance sheet, statement of income and expenditure and statement of sources, audit is unable to express its opinion upon the fairness and accuracy of the accounts of TDAP.

Neither the management replied nor convened DAC meeting till finalization of the report.

Audit recommends that responsibility may be fixed for the negligence and the requisites as per TDAP Act-2013 be implemented.

32.5.4 Un-authorized retention of receipts in departmental bank accounts and expenditure therefrom – Rs.340.450 million

In terms of Section 37 (t) of Trade Development Authority of Pakistan Act, 2013, the Government Rules applicable to erstwhile Export Promotion Bureau (EPB) shall remain applicable in the TDAP till the notification of Authority's financial rules.

In terms of Rule 7(i) of Federal Treasury Rules 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.

The management of Trade Development Authority of Pakistan (TDAP), Karachi received a sum of Rs. 340.450 million on account of income from other sources during the year 2020-21 and incurred expenditure therefrom amounting to Rs.251.692 million.

Audit observed that instead of depositing the above receipts in the Government account, the same was credited in the departmental bank accounts maintained in the different commercial banks.

Audit further observed that expenditure amounting to Rs. 251,692,466 was made from the recipt and did not provided vouched accounts.

Audit is of the view that depositing receipts in departmental bank accounts and expenditure therefrom without the approval of the Finance Division is irregular.

Neither the management replied nor convened DAC meeting till finalization of the report.

Audit recommends that the entire receipt may be transferred to Government treasury, besides, responsibility may be fixed for unauthorized retention and utilization of Government money.

32.5.5 Unauthorized payment of allowances in violation of TDAP Act-2013 – Rs.196.779 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.

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 to the employees (civil servants) who did not opt to join the Authority and remained civil servants. Details are given below.

Hard Area All.	TDAP HQ. All.	TDAPHRA @ 65%	TDAP Medical All.@ 35%	TDAP Utility All. @ 30%	TDAP Washing All.	Total
5,644,215	34,368,435	47,183,899	33,113,740	75,059,183	1,409,958	196,779,430

Audit observed that the management paid these allowances in violation of the rule cited above and without the approval of Finance Division.

Audit is of the view that the payment of allowances to civil servents was violation of TDAP Act-2013.

Neither the management replied nor convened DAC meeting till finalization of the report.

Audit recommends that the amount may be recovered besides stopping the irregular payment of allowances**.**

32.5.6 Non-Adjustment of Foreign Remittances – Rs. 106.300million

Rule-668 of FTR states that the 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.115,837,970 to various Pakistani Missions abroad during the financial year 2020-21. Adjustment account of only Rs. 9,537,950 was received from the mission abroad. The break-up is as under:

S. No.	Financial Year	Total Foreign Remittances	Adjustments Received	Adjustment Not Received
1.	2020-21	115,837,970	9,537,950	106,300,020

Audit observed that despite lapse of the fiscal year and considerable period, the concerned embassies/missions abroad did not render the adjustment of foreign remittances of Rs.106,300,020.

Audit is of the view that non-submission of record relating to adjustment of funds released to the mission/embassies abroad is held irregular and is a violation of the above rule.

Neither the management replied nor convened DAC meeting till finalization of the report.

Audit recommends that adjustment of the expenditure incurred and refund of unspent balances may be sought at the earliest besides, responsibility may be fixed for negligence.

32.5.7 Irregular expenditure on reimbursement of medical charges - Rs.24.00 million

As per Rule-6.2 of Federal Service Medical Attendance Rules, 1990 where a Government servant is entitled under Sub-Rule(1) free of charge to treatment in a hospital any amount paid by him on account of such treatment, shall on production of a certificate in writing by the authorized Medical Attendant in this behalf, be reimbursed to him by the Federal Government.

The management of Trade Development Authority of Pakistan (TDAP), Karachi paid Rs. 24,000,000 as reimbursement of medical charges to their employees during the year 2020-21 without approved medical rules.

Audit is observed that:

i. Medical re-imbursement bills were not countersigned by the Civil Surgeon being Authorized Medical Attendant.

ii. Medical reimbursements were made on the prescription of private practitioners / doctors instead of doctors of Govt. Hospital / Dispensary.

iii. Medical reimbursements were made in addition to payment of Medical Allowance 2010 and 35% Medical Allowance.

iv. The management did not observe the rules issued by the Federal Govt. / Ministry of Health in letter & spirit. In all cases of reimbursement, emergency certificate, list of family members, admit / discharge card, OPD registration, etc. were not available.

Audit is of the view that expenditure without observing the above formalities was irregular.

Neither the management replied nor convened DAC meeting till finalization of the report.

Audit recommends that past payment may be regularized by the Finance Division. Besides, medical reimbursement to be discontinued till the approval of medical rules of TDAP.

32.5.8 Unauthorized expenditure beyond financial powers and non-refund of advance remittance – Rs. 22.125 million

As per TDAP Service & Financial Rules, 2015 the sanctioning powers were delegated as under: No limit for TDAP Board; upto Rs. 40 million for chief executive TDAP; and upto Rs 20 million for Secretary, TDAP.

An exhibition "Arab Health 2021" from 21st to 24th June-2021 was to be held in Dubai. The Secretary, Trade Development Authority of Pakistan sanctioned an amount Rs.22,125,952/- (equal to $ 144,284) on account of participation in the said exhibition**.**

Audit observed that:

i. The expenditure was sanctioned by the Secretary TDAP in violation of financial powers delegated to him.

ii. The event was to be held in Dubai whereas the amount was remitted to Houston, USA

iii. The event was cancelled, but the funds were not received back from Houston, USA.

Audit is of the view that the sanction issued by the Secretary, TDAP beyond delegated financial powers is unauthorized and retention of funds in Houston, USA without any justification is irregular.

Neither the management replied nor convened DAC meeting till finalization of the report.

Audit recommends that responsibility may be fixed for unauthorized release of funds without delegated power besides retrieval of the amount.

32.5.9 Unauthorized Retention of 39 Vehicles and Expenditure thereon- Rs.12.045million

As per Rule 3 (1) of Staff Car Rule 1980, "each division shall normally maintain one staff car for use in connection with official business. However additional staff car can specially authorized by the Cabinet Division. Further only officers of Grade 20 and above have declared as entitled officers" and in terms of sub rule-2(C) of rule-24 the Officers of BPS 20/BPS 21 are entitled to 1000cc Vehicle.

The management of Trade Development Authority of Pakistan (TDAP), Karachi was maintaining a fleet of thirty-nine (39) vehicles and incurred expenditure of Rs.12.045 million on POL and repair / maintenance of these vehicles during the period of audit 2020-2021. In addition to above, the management also provided many motorcycles to their employees. Detail is as under:

Financial Year	POL Charges	Repair / Maint.	Expenditure.
2020-21	9,150,000	2,895,000	12,045,000

Audit observed that authorization by the Cabinet Division to maintain such a huge fleet of Staff Cars was not available.

Audit further observed that 30 vehicles were under the use of unauthorized officers/officials i.e. BPS-19 and below.

Audit is of the view that incurring expenditure amounting to Rs.12.045 million and retention of thirty-nine (39) vehicles without authorization of the Cabinet Division is irregular. Moreover, use of vehicles by authorized officers/officials is also irregular.

Management didn't reply till the finalization of report.

Audit recommends that the irregularity as well as expenditure thereof may be regularized by the Cabinet Division.

32.5.10 Expenditure on 38thKhartoum Int'l Fair in Sudan – Participation Report thereof not produced - Rs. 7.992 million

As per Rule-6.3 (a) & (b) of TDAP's Guidelines for participation in Int'l Trade Fairs / Exhibitions, within 15 days of the closing of the fair, the Team Leader shall provide to TDAP a Participation Report. The report will include an invoice of space rent and other expenses supported by vouchers. Trade Officer / Pakistan Mission shall also send a report to TDAP within 15 days of the closing of the fair, covering the effectiveness of participation, presentation and conduct of participants, and Embassy's recommendations regarding future participation.

According to para 213 (5) of GFR Vol-1, "Advances made for public expenditure will be held under objection until a detailed account duly supported by vouchers is furnished in adjustment of them".

The management of Trade Development Authority of Pakistan made a remittance of Rs.7.992 million to the Pakistani Mission in Khartoum, Sudan for 38th Int'l Khartoum Fair, 19-29 Jan, 2021.

Audit observed that management of Trade Development Authority of Pakistan had not obtained Audited Statements / Adjustment Accounts / Unspent balances Reports from the Team Leader and Trade Officer of Pakistan Mission abroad and utilization reports of the remitted amount of Rs.7,992,900 even after the close of the fiscal year 2020-21.

Audit is of the view that the non-obtaining of audited statements and participation report of the released funds is irregular.

Neither the management replied nor convened DAC meeting till finalization of the report.

Audit recommends that responsibility may be fixed for the negligence besides, audited statement and report thereof may be obtained at the earliest.

CHAPTER 33

WAFAQI MOHTASIB

33.1 Introduction

The Wafaqi Mohtasib (Ombudsman) is an independent institution, established on 24th January 1983 vide President's Order No.1 of 1983 with the explicit objective to diagnose investigate, rectify and redress public grievances against maladministration by government agencies. It mandate flows from Article 37 (d) of the Principles of Policy enshrined in chapter 2 of the Constitution of Islamic Republic of Pakistan, which entrusts the State with the responsibility to ensure inexpensive and expenditious justice to the public.

ATTACHED DEPARTMENTS / AUTONOMOUS BODIES

i. Wafaqi Mohtasib's Regional Office, Karachi
ii. Wafaqi Mohtasib's Regional Office, Sukkur
iii. Wafaqi Mohtasib's Regional Office, Dera Ismail Khan
iv. Wafaqi Mohtasib's Regional Office, Peshawar
v. Wafaqi Mohtasib's Regional Office, Quetta
vi. Wafaqi Mohtasib's Regional Office, Lahore
vii. Wafaqi Mohtasib's Regional Office, Faisalabad
viii. Wafaqi Mohtasib's Regional Office, Multan

Sr. No.	Description	Total No.	Audited	Expenditure Audited (FY-2020-21) Rs. in million	Revenue / Receipt Audited (FY-2020-21) Rs. in million
1	Formations	1	1	2,724.579	-
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. 2.27million, were raised in this report during the current audit of **Wafaqi Mohtasib**. 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*	2.27
C	*Management of account with commercial banks*	
D	*Recovery*	
E	*Internal Control*	
4	Value for money and service delivery	
5	Others	

33.4 Status of compliance with PAC Directives

Audit Year	Total No. of Audit Paras	No. of Actionable Points Issued	Compliance	Non/Partial Compliance	% of Compliance
2012-13	3	0	0	3	-
Total	**3**	**0**	**0**	**3**	-

33.5AUDIT PARAS

Wafaqi Mohtasib (Ombudsment)'s Secretariat, Islamabad

33.5.1 Irregular expenditure on repair of office building without calling open tender-Rs. 2.273 million

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.

According to Rule-191of GFR Vol-I "Save where any particular departments (e.g Salt, Forest, Archaeology, Broadcasting, Lighthouse, etc), has been authorized by Government to execute all or specified classes of departmental works without reference to the Public Works Department or the Military Engineer Services, and subject to any special rule or order issued by Government to apply to special classes of Works, all original works and special repairs, more than Rs 2500 relating to buildings and other works, the administrative control of which vests in other civil departments, should be executed through the agency of the Public Works Department, Central or Provincial, as the case may be or through the Militarily Engineer Services where it is not convenient for the Public Works Department to undertake the Work.

Rule-146 of GFR Vol-I which states that "Purchase Orders should not be split up to avoid the necessity for obtaining the sanction of higher authority required with reference to the total amount of the orders".

The management of Wafaqi Mohtasib Secretariat, Islamabad incurred an expenditure of Rs. 2,273,270 under the head A13301-Repair of Office Building during financial year 2018-20 as under:

Financial year	Expenditure incurred
2018-19	1,779,899
2019-20	493,371
Total	**2,273,270**

Out of total expenditure of Rs. 2.273 million, an expenditure of Rs. 1.626 million was incurred with the approval of Additional Secretary as detailed in the enclosed statement.

Audit observed that:

i. The entire expenditure was incurred on purchase of paints, floor tiles, wooden sheets, water tanks sheds and flash tanks, seats etc without calling open tender.

ii. Instead of executing the repair work of building i.e civil works through Pak.PWD or CDA, the management executed the Civil Works departmentally without obtaining NOC from Pak. PWD and having technical expertise in this regard.

iii. An expenditure of Rs. 1.626 million was incurred by splitting up of sanction to expenditure by keeping the amount of sanctions below Rs. 100,000to avoid sanction of higher authority.

iv. Five (05) quotations, 06 delivery challans and 03 bills/GST invoices are without dates. Actual receipt of items and completion of repair works is unverifiable.

Audit is of the view that the entire expenditure of Rs. 2.273 million incurred in violation of rules is irregular.

The maangment replied that in pursuance of President's Order No.1 of 1983 read with Section 17(1), of Act, 2013 the Ombudsman shall be the Chief Executive and PAO of the Office and shall enjoy complete administrative and financial autonomy. Moreover, during the visit of high-dignitaries all boundary walls, conference rooms, corridors and entrances etc were also white-washed on immediate requirements. The building completion form (PC-IV) was not submitted and the repair and maintenance has not been taken up by the CDA or Pak PWD for yearly maintenance. The repairs were carried out by obtaining quotations and with the support of staff deputed by Pak PWD.

The DAC decieded that the para may be placed before PAC.

Audit recommends implementation of DAC's recommendations.

CHAPTER 34

THEMATIC AUDITS

Implementation of Public Financial Management Act, 2019

1. Introduction

Public Financial Management Act, 2019 (PFM Act, 2019) is a landmark in the history of Pakistan as it was enacted to give elaborate mechanism of public finance management as envisaged in Articles 78 to 88 and 160 to 171 of the Constitution and to guide budgetary management processes, financial and fiscal controls, cash and banking arrangements, and financial oversight of public entities. Major steps were required to be taken under this act by the different Ministrines/Divisions under the guidance and implementation framework of the Finance Division. These steps were pivotal for reducing public debt and management of public finances. In this regard, a monitoring unit overseeing the implementation of the PFM Act, 2019 was also required to be established to ensure that the objectives as envisioned under PFM Act, 2019 are achieved. Further, rules and regulations, namely Financial Management and Powers of Principal Accounting Officers Regulations, 2021 and Cash Management and Treasury Single Account Rules, 2020 were formulated to ensure the effective and smooth implementation of the PFM Act, 2019.

It is hoped that this initiative of Supreme Audit Institution (SAI) of Pakistan i.e. Auditor General of Pakistan to conduct the theme audit on the implementation of the PFM Act, 2019 will serve a great deal towards achievement of the goals as set out by the parliament through the PFM Act, 2019. The thematic audit on the implementation of the PFM Act, 2019 was conducted by the DG Audit (Federal Government) to assess the overall quantum of implementation of the act by different Ministries/Divisions and to find out any shortcomings to be reported to the Principal Acoounting Officer and other stakeholders.

1.1 Background

Public Financial Management Act, 2019 was enacted by the parliament in 2019 under Article 79 of the Constitution of the Islamic Republic of Pakistan. It required that where it is expedient to provide for regulating the custody of the Federal Consolidated Fund, the payment of moneys into that Fund, the withdrawal of moneys there from, the custody of other moneys received by or on behalf of the

Federal Government, their payment into, and withdrawal from, the Public Account of the Federation, and all matters connected with or ancillary thereto; and for that matter PFM Act, 2019 was enacted to fulfill the requirements of the constitution of Pakistan.

Finance Division played a leading role in the formulation of the PFM Act, 2019 and then to oversee its implementation by the different Ministries/Divisions in order to see that the objectives for which it was passed by the parliament of Pakistan are aptly achieved.

1.2 Establishing the Audit Theme

1.2.1 Reasons of selection

The following criteria were employed for selecting implementation of the PFM Act as the audit theme as it being;

- Government priority on fiscal management
- Directly or indirectly related to the whole of the Federal Government
- A tool for reducing public debt
- An issue of public importance
- Empowering the Principal Accounting Officers
- Bringing more accountability and efficiency into the system
- Financial oversight of public entities

1.2.2 Purpose/ Objectives

Main objectives of this thematic audit were to examine whether or not the Act and the rules and regulations are being complied, to see if the objectives as set out in the act are being achieved. Some of the objectives that were to be achieved are as follows;

- Strengthening budget management
- Development Projects and maintenance and use of public assets
- Clarifying institutional responsibilities
- Efficient use of public resources
- Treasury and cash management

1.2.3 Scope

Scope of this audit was set in the light of audit objectives of thematic audit as mentioned above. Audit scope consisted of a comprehensive process of planning, data collection, data analysis, data organization and reporting. Record was reviewed, analyzed and discussions were held with the management.

2. Legal frame work governing the Theme

The legal framework governing the implementation of the PFM Act, 2019 are as follow;

- Public Financial Management Act, 2019
- Financial Management and Powers of Principal Accounting Officers Regulations, 2021
- Cash Management and Treasury Single Account Rules, 2020

3. Stakeholders and governmental organisations identified as directly/indirectly involved

Finance Division is directly involved in formulation and implementation of PFM Act, 2019 whereas actions under the said act are required to be taken by every Ministry/Division/Attached Departments/Subordinate office and autonomous organizations.

4. Role of important organizations

The successful implementation of the PFM Act required all the organisations of the federal government to play thier role. Planning Commission dealt with the development projects to ensure maintenance and efficient use of public assets. Finance Divison was required to clarify institutional responsilities and ensure smooth transition and implementation of the act. Auditor General of Pakistan was to issue guidelines for commitment control system. Similiarly, all the organziations were required to follow the instructions issued by the Finance Division in respect of budget management, cash and treasury management by closing all the bank accounts and linking it with the Treasury Single Account.

5. Field Audit Activity

5.1 Methodology

The Thematic Audit taken up during 2021-22 witnessed intensive application of desk audit techniques, which included examining permanent files, computer generated data and other relevant documents along with the compliance of policies and rules followed by the audit entities.

The evidence was primarily gathered by applying procedures like inquiries from the management; review of minutes of BoD meetings, monitoring reports, and collection, interpretation and analysis of primary, secondary and own sources data. Data was also collected through observation and interviews from the relevant officials. The main focus remained on the quantum and the progress towards the implementation of the rules and procedures as set out in the legal framework.

5.2 Audit Analysis

5.3 Critical Review

Chief internal auditors were to be positioned in Ministries/Divisions within a period of eighteen months from the enactment of PFM Act, 2019 but no progress has been made in this regard. Only, internal audit policy board has been notified but no progress has been made in creation of the seats of chief internal auditors and in setting their scope and limitations. On a recurrent basis, many audit observations are pointed out by the external auditors that has resulted due to weak internal controls and lack of internal audit function. Major time and human resource of the external audit is spent on highlighting these weaknesses and pushing the management to take corrective measures. In many instances, the damage is already done and the corrective action cannot be taken and only option remains is that of regularization of the amount. Therefore, function of internal audit is of immense importance that can ensure that the corrective measures are taken timely and effectively causing less damage to the system. Internal audit function of the Ministry of Defence is a perfect example in this regard. Ministry of Defence has a robust internal audit function. Due to the presence of internal audit function and the implementation of internal controls, there are less irregular and unauthorized expenditures and more financial and administrative accountability in the Ministry of Defence as compared to other Divisions and departments. Therefore, internal audit function should be immediately setup in line with the Ministry of Defence in order to achieve the purpose of this act.

The performance of public sector entities has been dismal in Pakistan. Many of the public sector entities are making losses and are therefore a huge burden on the national exchequer. A monitoring unit for the public sector entities was required to be setup at the Finance Division in order to submit reports on the matters related to the performance and governance of the state-owned entities, in order to make them more competitive and to bring them in line with the market trends and international practices. Moreover, Principal Accounting officers were required to present half yearly statements of revenue and expenditure related to the public sector entities under their administrative control to the Finance Division in order to allow Finance Division to achieve the intended goals related to these public entities. Unfortunately, no progress has been made in this. Neither the statements of revenue and expenditure are being sent to the Finance Division by the PAOs nor has the monitoring unit started any activities related to these entities.

Treasury management and effective cash management has been one of the primary goals of the Public Financial Management Act, 2019. Policies and procedures in the shape of Treasury Single Account Rules, 2021 were notified to prescribe an effective cash management system for all public entities and special purpose funds leading to treasury single account. It was envisioned that through an effective cash management and linking all bank accounts to a single treasury account, reliance on domestic loans can be reduced thereby reducing interest expenditure of the Government. There are many departments of the Government that are holding billions of rupees in their commercial bank accounts but still the Government has to resort to domestic borrowings from the same commercial banks due to poor cash management. Therefore, in order to link all the accounts and to effectively regulate the money held by different departments, an implementation framework was adopted by the Federal Government after consultation with the International Monetary Fund. The implementation has been quite weak.

Finance Division, for the purpose of closure of bank accounts, divided its implementation into two phases i.e. TSA-I and TSA-II. TSA-I dealt with the closure of bank accounts pertaining to MDAS (Ministries, Divisions, Attached Departments, Sub-ordinate offices) while TSA-II dealt with the accounts pertaining to autonomous bodies. All the bank accounts, be it TSA-I or TSA-II should have been closed as rule 4(1) of the TSA rules forbid the government offices to operate bank accounts after the implementation of PFM Act and the single treasury rules.

But the deadline for the closure of accounts of only MDAS and their transfer of balances into treasury single account was set as 31st May, 2021. This initial deadline was extended three times which allowed the entities to withdraw funds at will thereby denying the Government of the actual cash balances as the amount surrendered by the entities was found to be less than the amount pointed out initially by the SBP. The last deadline was set at 08-08-2021. Out of the 1551 bank accounts that were granted extension till the final deadline of 08-08-2021, 924 bank accounts are still found to be operational till the time of the audit.

Further, Finance Division, by exercising their powers of direct debit service, closed the bank accounts of some entities that did not close their bank accounts themselves after the initial deadline but Finance Division re-opened certain bank accounts in violation of the single treasury rules quoting the reason that the deadline for closure has been extended whereas these bank accounts are still operational even after the lapse of multiple deadlines.

Finally, an implementation committee was required to be setup under the chairmanship of the Secretary, Finance Division to oversee the implementation of the PFM Act, 2019 so that the desired objectives are achieved and Public financial management is strengthened but the committee has not been able to ensure the implementation of the PFM Act, 2019 in letter and spirit. It has been more than two years since the implementation of the act, but much is yet to be done. The rules and regulations have been notified but still much needs to be done in order to strengthen public financial and treasury management system and to provide the desired autonomy to the Principal Accounting Officers in the discharge of their financial functions to achieve enhanced public service delivery.

5.4 Significant Audit Observations

5.4.1 Non-creation of the posts and policy manuals for chief internal auditors

Section 29(1) of the Public Financial Management Act, 2019 states that within a period of not exceeding eighteen months from the date of commencement of this Act, the position of chief internal auditor shall be created who shall work under direct supervision of principal accounting officer.

Section 29(2) of the Public Financial Management Act, 2019 states that there shall be an internal audit policy board for overall policy making and setting scope and standards, approving internal audit manuals and charter of internal audit, monitoring the overall effectiveness of manual internal audit function for the Government institutions.

Public Financial Management Act, 2019 came into force on the first day of July, 2019.

Audit observed that even after a lapse of more than two years, neither the posts of chief internal auditors have been created in the ministry/divisions nor has the audit policy board set any scope and standards, audit manuals and charter for internal audit.

Audit is of the view that non-creation of the posts of chief internal auditors and non-setting of the manuals and charter for internal audit as envisaged in the Public Financial Management Act, 2019 is a serious breach on the part of the government.

The management did not reply.

Audit recommends that posts of chief internal auditors be created with immediate effect and audit policy board may set scope and standards, audit manuals and charter of internal audit.

5.4.2 Non-establishment of guidelines for commitment control system

Section 26 of the Public Financial Management Act, 2019 states that the finance Division in consultation with the Auditor General of Pakistan shall approve and issue guidelines related to annual and multi-annual commitment control systems.

Public Financial Management Act, 2019 came into force on the first day of July, 2019.

Audit observed that no guidelines have either been issued or approved related to the annual and multi-annual commitment control systems thereby denying the government a tool to monitor and control current and future commitments.

Audit is of the view that non-establishment of the commitment control systems is breach on the part of the government.

The management did not reply.

Audit recommends that committee control systems may be established as required under the PFM Act, 2019.

5.4.3 Non-establishment of monitoring unit for state-owned entities

Regulation 24(1) of the Financial Management and Powers of Principal Accounting Officers Regulations, 2021 states that the Finance Division shall have a monitoring unit to maintain an electronic database of the financial and operational performance of state-owned enterprises and to undertake analysis and generate report on the overall performance, investments and risks associated.

The monitoring unit, on the basis of such analysis, was required to submit recommendations to the Finance Division on matters related to the performance and governance of state-owned enterprises.

Audit observed that no such monitoring unit has so far been established in the Finance Division to oversee the financial, commercial and operational performance of the state-owned entities.

Audit is of the view that due to non-establishment of the monitoring unit, financial and performance oversight of the Finance Division on the state-owned entities has remained weak.

The management did not reply.

Audit recommends that monitoring unit to oversee financial, commercial and operational performance of the state-owned entities may be established as required under the PAO Regulations, 2021.

5.4.4 Unauthorized operation of bank accounts after the implementation of TSA rules, 2020

Section 30(1) of the Public Financial Management act, 2019 states that the Finance Division, with the approval of Federal Government, shall notify policies and rules under this Act to prescribe and effective cash management system for all public entities and special purpose funds leading to treasury single account. Fundamental principles and objectives of such policy and rules shall be

(a) To anticipate cash needs of Government

(b) To anticipate availability of cash when it is required

(c) To manage cash balance in the Government bank accounts effectively

(d) To neutralize impact of Government's cash flows on the domestic banking sector

Rule 4(1) of the Treasury Single Account rules, 2020 states that no Government office shall open, operate or maintain a bank account for any purpose, except in accordance with the Act and these rules.

Finance Division, for the purpose of closure of bank accounts, divided its implementation into two phases i.e. TSA-I and TSA-II.

Audit observed that the bank accounts under TSA-II are still operational despite the option of direct debit advice available with the Finance Division for the closure of bank accounts.

Audit is of the view that all the bank accounts, be it TSA-I or TSA-II should have been closed as rule 4(1) of the TSA rules forbid the government offices to operate bank accounts after the implementation of PFM Act and the single treasury rules.

The management did not reply.

Audit recommends that all bank account rather TSA-I or TSA-II be closed as required under the TSA Rules.

5.4.5 Unauthorized operation of multiple MDAS bank accounts – 924 bank accounts

Rule 4(1) of the Cash Management and Treasury Single account rules, 2020 states that no Government office shall open, operate or maintain a bank account for any purpose except in accordance with the Act and these rules.

Rule 4(3) of the Cash Management and Treasury Single account rules, 2020 states that any approval granted by Finance Division prior to the commencement of these rules, for opening of bank accounts shall stand revoked and the accounts already opened shall be closed and balance therein shall be transferred to the Federal Consolidated Fund.

Finance Division set the deadline 31st May, 2021 for the closure of all bank accounts of MDAS and their conversion into treasury single account under the TSA-I. Finance Division irregularly extended the deadline multiple times and the last deadline was set at 08-08-2021.

Audit observed that out of the 1551 bank accounts that were granted extension till the final deadline of 08-08-2021, 924 bank accounts are still found to be operational. Departments like NHMP, ANF, Frontier Constabulary, civil armed forces etc. were allowed extensions on their request however, they have remained reluctant to close their bank accounts.

Audit is of the view that the operation of the bank accounts by MDAS after the implementation of the single treasury rules is unauthorized.

The management did not reply.

Audit recommends that responsibility may be fixed for the irregularity.

5.4.6 Non-forming of the committee to oversee implementation of PFM Act

Section 44 of the Public Financial Management Act, 2019 states that the Federal Government shall constitute a committee to oversee implementation of this Act and its secondary legislation.

Public Financial Management Act came into force on 30th June, 2019.

Audit observed that even after a lapse of more than two years, no committee has been constituted to oversee the implementation of this act.

Audit is of the view that non-forming of committee is violation of Public Finance Management Act, 2019.

The management did not reply.

Audit recommends that the committee to oversee implementation of PFM Act and its secondary legislation may be constituted immediately.

6. Conclusion

It is concluded that even after a lapse of two years, the management has not been successful in implementation of the Public Financial Management Act. The internal audit function has not yet been set up, sovereign wealth fund and commitment control system are still to be established, institutional responsibilities are still to be taken over by the departments. exemptions are being granted to the organizations from the scope of the treasury single account defeating the whole purpose and monitoring cell is not established leaving way for deficiencies in the system.

Thematic Audit on National IT Policy

1. Introduction

Ministry of Information Technology and Telecommunication (MoITT) is entrusted to formulate policies aimed at improving National Information and Communications Technology's (ICT) infrastructureand services to transform Pakistan into a knowledge-based economy by ensuring the provision of reliable and affordable Information and Communication Technology enabled services. The Rules of Business 1973 (Schedule-II) have allocated the following functions to the Ministry of Information Technology and Telecommunications:

- Preparation of an overall integrated plan as well as formulation of policy for the development and improvement of Information Technology Telecommunication in Pakistan.
- Coordination with the Provincial Governments, autonomous bodies, private sector, international organizations, and foreign countries to improve information technology and telecommunications.
- Human resource development in the field of information technology and telecommunications.
- Promotion of information technology applications.
- Providing guidelines for the standardization of software for use within the Government.
- Planning, policy-making and legislation covering all aspects of telecommunication excluding radio and television, and issuance of policy directives.
- Matters relating to National Information Technology Board and Pakistan Software Export Board, National Telecommunication Corporation (NTC), Telecommunications Foundation (TF), Special Communications Organization (SCO), Virtual University (V.U) and Electronic Certification Accreditation Council (ECAC).
- The administration of the Prevention of Electronic Crimes Ordinance 2007, and the rules made there under. Safeguard the interest of Government of Pakistan in entities having public shares or government equity.

1.1 Background

Information technology has assumed a central enabling role in the emerging dynamics of a knowledge society and knowledge economy. Pakistan's Information Technology (IT) sector is carving a differentiated position as the preferred source for software development, BPO, and freelancing.

Pakistan has about 60% of its population in the 20 to 30 age group. Pakistan has more than 2000 IT companies & call centres. Pakistan has more than 300,000 English-speaking IT professionals. More than 20,000 IT graduates and engineers are being produced each year.

The Government of Pakistan (GOP) continues to facilitate the IT industry through numerous sustainable development and accelerated digitization projects, research and innovation, software technology parks, subsidized bandwidth, international marketing, certifications, and training. Incentives to bolster growth include 100% equity ownership, 100% repatriation of capital/dividends, tax exemption on IT & ITeS export revenues, tax exemptions to start-ups, and subsidized state of the art Software Technology Parks.

The GOP has a holistic strategy for positioning Pakistan on the global outsourcing map, international forums, domestic conferences, scaling software technology parks, and facilitating certification programs.

1.2 Establishment of Audit Theme

1.2.1 Reasons for Selection

The SDGs can only be realized with a strong commitment to global partnership and cooperation. The world today is more interconnected than ever before. Improving access to technology and knowledge is an important way to share ideas and foster innovation. Coordinating policies to help developing countries manage their debt, as well as promoting investment for the least developed, is vital to achieve sustainable growth and development.

Goal 17 target 17.6 narrates enhancement of North-South, South-South and triangular regional and international cooperation on and access to science, technology and innovation and enhance knowledge sharing on mutually agreed terms.

Goal 17 target 17.7 relates to the promotion of the development, transfer, dissemination and diffusion of environmentally sound technologies to developing countries on favourable terms.

Goal 17 target 17.8 also provides about operationalization of technology bank and science, technology and innovation capacity-building mechanism for least developed countries by 2017 and enhance the use of enabling technology.

1.2.2 Purpose / Objective

Audit objective includes determining and implementing of IT Policies, their reformation under the current scenario, and infrastructure development of IT in unserved and underserved areas of the country.

1.2.3 Scope

The primary criteria for thematic audit was based on the TORs approved by the Auditor General of Pakistan as under:-

- Progress in the reformation of National IT Policy 2020 by MoIT and its implementation.
- Assessment of infrastructure development of IT in serves of the country.

2. Legal framework governing the theme

Mininisty of Information Technology is governed by following legal frameworks

i. Digital Pakistan Policy, 2018
ii. Telecommunication Policy
iii. IT Policy i.e New Digital Pakistan Policy (Re-formulation is in process)
iv. Cyber Crime Bill (In process),
v. Personal Data Protection Bill (in Process) and Acts/Legislations including the Prevention of Electronic Crimes Act, 2016 (Act No.XL of 2016),
vi. Pakistan Telecommunication (Re-Organization) Act, 1996 (with 2006 amendments),
vii. Telegraph Act 1885,
viii. Wireless Act etc.

3. Stakeholders and governmental organizations identified as directly/indirectly involved

- National Information Technology Board (NITB)

- IGNITE Technology Fund Company.
- IT Universities (Virtual University)

4. Role of important organizations

4.1 National Information Technology Board (NITB)

The National Information Technology Board (NITB) commissioned by the Ministry of Information Technology and Telecommunication (MoIT), aims to address the operational challenges of all government departments and Ministries. NITB specializes in key automation, design, development, and implementation of robust IT technologies to promote the e-governance culture in all public departments and holistically develop plans, technologies, and infrastructures to boost the performance of the public sector.

4.2 Virtual University

The Virtual University, based completely on modern Information and Communication Technologies, aims to provide extremely affordable world-class education to aspiring students all over the country. Using free-to-air satellite television broadcasts and the Internet, the Virtual University allows students to follow its programs regardless of their physical locations. Furthermore, it aims at tackling the acute shortage of qualified professors in the country by identifying the top Professors of the country, regardless of their institutional affiliations, and requesting them to develop and deliver hand-crafted courses.

4.3 Universal Service Fund Company

Universal Service Fund was established by the Government of Pakistan (Ministry of Information Technology) to spread the benefits of the telecom revolution to all corners of Pakistan. Universal Service Fund promotes the development of telecommunication services in un-served and under-served areas throughout the length and breadth of the country.

The fund consists of contributions (1.5% of adjusted revenues) by the Telecom Operators with no Government funding involved.

The structure of USF Company is the first of its kind in Pakistan and a Corporate Model is being followed for achieving the targets set for the company in USF policy. USF Company has an independent and diversified Board of Directors which is equally balanced between four members from the government and four from the private sector.

4.4 Pakistan Software Export Board (PSEB)

Pakistan Software Export Board (PSEB) is an apex body of the Ministry of Information Technology& Telecommunications with the mandate to promote Pakistan's IT Industry in local and international markets. PSEB has been facilitating IT industry through a series of projects and programs in international marketing, human/intellectual capital development, infrastructure development, company capability development, as well as promotion of innovation and new technologies. PSEB's governance structure consists of a 7-member Board of Directors. PSEB organizes its activities and its internal organization around International Marketing, PSDP Project Management, Domestic Business Facilitation, Infrastructure Development, and Technical/Data Node Department.

5. Organization's Financials

Amount in million

Department	Demand	Budget 2020-21
Main Ministry	88	365.881
National Information Technology Board	89	1,385.855
Special Communication Organization Rawalpindi	89	3,225.367
Electronic Certification Accreditation Council (ECAC)	90	197.919
COMSATS(IINIT)	90	7.714
Telephone Industries Of Pakistan (TIP)	90	500.000
Pakistan Software Export Board	90	126.888
Total Recurring Budget		**5,809.624**
Development Budget(28 on-going projects 2020-21)	170	6,682.98
Grand Total		**12,492.608**

6. Field Audit Activity

6.1 Methodology

During field audit activity, quantitative as well as qualitative research methodology was used.

6.1.1. Quantitative Methodology

It included scrutiny of the budget record, recurrent & development expenditure of Main Ministry, PSDP projects being executed by the Main Ministry in accordance with relevant policies / acts / rules and instructions of Federal Government. In addition to the above, targets given in the performance agreement, previous audit reports, internal audit reports, inquiries were also consulted to support an audit opinion.

6.1.2. Qualitative Methodology

It included informal interviews with a mix of open and close-ended questions with the middle top-level management of the projects run by the entity. The informal interviews proved to be of great source of insight into systemic issues like wastage of public resources, lack of internal accountability mechanism and violation of prescribed rules.

6.1.3. Physical visit of the projects

Some of the projects under audit were physically visited by the audit team along with the relevant management. Physical visits gave insight into the practicalities of things.

6.2 Audit Analysis

Audit Analysis section comprises three components i.e., review of internal controls, critical review, and significant audit observations.

6.2.1 Review of Internal Controls

Internal controls have been reviewed in terms of their existence, implementation, effectiveness and management’s override of the controls, etc.

Audit noted that the Development Wing of the Ministry has very poor to partially functional monitoring mechanisam to check updated progress of various projects and thereby lacks timely intervention to take corrective measures. Moreover, the Chief internal Auditor was not appointed despite delay of 2 years in violation of section 29 of the PFM Act, 2019.

Therefore, due to non-appointmnet of chief internal auditor and very poor monitoring mechanism, the internal controls in Main Ministry, Attached Departments & PSDP Projects are not satisfactory.

6.2.2 Critical Review

The detailed scrutiny of quantitative data and informal interviews are the basis of the critical review of the entity. The review highlights issues in legal frameworks, role and performance of the organization, funding process and impediments affecting the performance of entity and progress in achieving targets. The review covers government's initiatives followed by some specific observations made by audit as case studies.

Ministry of IT&T and its attached organizations are executing various development projects in the field of IT and telecommunication. However, the management failed to achieve desired objectives of most of these projects due to poor planning and non-existence of monitoring mechanisms. For instance,

The objective of the project 'High Impact Skill Boot Camp' worth of Rs. 415 million was to train 200 people through international firms/trainers in emerging technology in the area of Cloud Computing, Artificial Intelligence, Machine Learning & Block Chain. Out of 200 persons, 120 teachers and 80 graduates of HEC recognized Institutes were to be trained. However, neither a single student nor a teacher has been trained so far nor has any foreign trainer been hired to date. Contrarily, the cost of the project was enhanced from Rs.338.55 million to Rs.415.075 million by including Foreign Exchange Component.

It was also noted that after passing of half of the project period, only 2% of the allocated funds were utilized without achieving any deliverable of the project.

Moreover, there're twenty-eight (28) PSDP projects are being executed by the ministry & its attached organizations under the slogan of Digital Pakistan with an allocation of Rs.6.498 billion for the financial year 2020-21.

Out of 28 PSDP Projects, twelve (12) projects with an allocation of Rs.1.852 billion have physical progress ranging from 5% to 56% after utilization of 74% to 100% allocated funds.

Besides, the management is committing time and cost overrun of the project, techonolgy park worth of US$ 88.759 million. Due to poor planning and non-conducting feasibility study before execution of an important project for the development of a technology park in Islamabad, MoIT&T failed to achieve project timelines. Furthermore, stakeholders of said project i.e IT companies, software houses, etc who would use the space of a Technology Park are not being contacted till date, which would further delay the expected revenue.

6.2.3 Significant Audit Observations

6.2.3.1 Non-achievement of desired objectives / progress of PSDP Projects against allocated funds – Rs.1.852 billion

The annual plan 2021-22 published by the Planning Commission dated 07.06.2021 revealed that under the Digital Pakistan Policy, Rs. 6.7 billion was allocated to Ministry ofInformation Technology & Telecommunication and its subsidiary organizations. In addition, about Rs. 5 billion was allocated to IT related projectsof various other ministries,organizations which include; the Higher Education Commission,Interior Division, Law & Justice Division, Finance Division, Defence Division, EstablishmentDivision and Ministry of PD&SI.Therefore,major projects executed in the ICT sector during 2020-21 relates to M/o ITT.

As per statement provided by the Development wing / section of Ministry of IT&T, there're twenty-eight (28) PSDP projects are being executed by the ministry & its attached organizations under the slogan of Digital Pakistan with an allocation of Rs.6.498 billion for the financial year 2020-21.

Audit observed that twelve (12) PSDP projects with an allocation of Rs.1.852 billion have physical progress ranging from 5% - 56% after utilization of 74% to 100% allocated funds. Detail is as under:-

Amount in million

Sr No	Name of Project	Executing agency	Estimated Cost	Completion Date	Allocation during 20201	Financial Progress %	Physical progress %
	Establishment of SCO Data Center for Providing Cloud Based Services in AJ&K and GB	SCO	770	30/06/2022	101.649	100	15

	Expansion of Broadband Services in Cities / Towns of AJ&K and GB	SCO	1,950.00	30/06/2023	300.000	100	15
	One Patient One ID Federal Govt Hospitals/ Dispensaries	NITB	95	23/08/2022	20.634	99	20
	Standardization of IT Industry	PSEB	371	08/11/2023	75.000	99	20
	Upgradation of Transmission Network and Replacement of Optical Fiber Cable (OFC) in AJ&K and GB	SCO	1,850.00	30/06/2023	385.000	100	25
	Upgradation of Existing TDM Based Backhaul microwave with IP Based Backhaul Microwave network in AJ&K and GB	SCO	884	30/06/2022	200.000	74	5
	Project Monitoring and Digital Transformation Cell	IT Wing	146.9	17/12/2024	22.481	93	25
	National Expansion Plan of NIC's All over Pakistan	PITB	751.88	28/01/2023	90.000	98	30
	Crime Analytics & Smart Policing in Pakistan	PITB	274.36	12/12/2022	90.000	100	40
0	Certification of IT Professionals	PSEB	901.25	07/12/2022	275.000	94	38
1	Smart Office All Federal Government Organizations/ Departments	NITB	572.8	15/03/2023	32.451	100	50
2	Establishment of SINO-Pak Center for Artificial Intelligence	Institute of Applied Sciences, Haripur	991.41	20/01/2023	260.000	100	56
	Total		**8,567.19**		**1,852.215**	**96 %**	**28 %**

Audit is of the view that despite expenditure of 1,852.215 million (96% of PC-I cost) only 28% physical progress was achived by the projects management.

Niether the management replied nor was DAC convened.

Audit recommends that the management may inquire the concerned departments / officers to look into the matters where the money has been spent but the intended objectives have not been achieved so far. The report may be shared with audit.

6.2.3.2 Non-achievement of objectives of the Project "Technology Park" - US$ 88.759 million

The PSDP Project titled "Technology Park Development, Islamabad" was executed by the MoIT&T w.e.f 9th January 2017 with a total cost of US$ 88,383,020 which includes a loan from Korean Exim Bank amounted to US$76,310,697 and local component under PSDP amounting to Rs.1,262.932

million (US$12,072,323). The main objectives of the project include providing a quality environment to IT Companies, promoting academia-industry collaboration to mitigate gap between academia and IT industry, boosting the IT exports and provision of cloud IT infrastructure, commercially available data centers, facilities for foreign visitors, application development laboratories, auditorium and virtual collaboration classrooms for training and brain storming on technology trends, future possibilities and networking, day care centers and medical emergency response center etc.

As per implementation schedule, completion date of the project will be December, 2022 and loan agreement was signed in March 2017 with the Export Bank of Korea for the provision of US$76,283,000 with 0.1% interest. The loan will be repaid in 60 semi-annual installments to be started after 126 months of the date of the loan agreement.

The PC-I of the project was revised on 26th Feb, 2020 by enhancing local components from Rs.1,262.932 million to Rs.1,929.435 million (US$12,476,000).

Audit observed as under:

i. Civil work of the project has not yet been executed till October 2021 which resulted in enhancement of local component project cost.
ii. Marketing & future plan to achieve the objectives of the project to approach IT Companies for the provision of space in the building was not available in feasibility study and PC-I.
iii. Half of the lean period i.e after 10 years of the lease agreement, for repayment has been exhausted due to delay in the execution of civil work.
iv. The project was also placed as one of the key initiatives under PSDP in the performance agreement 2020-21 signed between Minister for IT and Prime Minister of Pakistan and the same was not achieved with the plea that target could not be achieved due to dependency on Exim Bank Korea.

The user of the space as mentioned above have not been engaged so far, by not doing some sort of agreements with IT companies and other stakeholders who would use the space of Technology Park, would further delay the expected revenue from the Technology Park.

Niether the management replied nor was DAC convened.

Audit recommends that the said stakeholders should be engaged well in time so that the space could be rented out immediately as soon as it is developed.The marketing strategy & engagement with space users should be shared with Audit.

6.2.3.3 Non-achievement of objectives of the project named "High Impact Skill Bootcamp" – Rs 415.075 million

A PSDP project "High Impact Skill Bootcamp" was approved by the CDWP on 31.05.2019 with an estimated cost of Rs. 338.55 million. The project was revised in January 2021 with a revised Cost of Rs. 415.075 million (PKR 35.227 million & Foreign Exchange Component (FEC): PKR 379.848 million). The completion date of the project is October 2022 with the starting date of October 2019 (36 months).

The objective of the project was to train 200 people through international firms/trainers in emerging technology in the area of Cloud Computing, Artificial Intelligence, Machine Learning & Block Chain. Number of 120 teachers and 80 graduates of HEC recognized Institutes were to be included as trainees.

Audit observed without imparting any training and hiring of foreing trainer the cost of the project was increased from Rs. 338.55 million to Rs. 415.075 million by including FEC.

Audit also observed that against allocation of Rs. 200 million for 2019-21 only Rs. 4.651 million (2% of the allocated funds) were utilized without achieving a single objective of the project.

Audit is of the view that despite allocation of funds the management could not achive project objectives besides the chances of cost over run can not be overruled.

Niether the management replied nor was DAC convened.

Audit recommends to inquire the matter besides taking necessary steps to achieve the objectives of the project.

7. Conclusion

The report highlighted major issues in implementation of National IT Policy and infrastructure development. These issues include non-achievement of desired objectives of development projects due to poor planning and non-existence of monitoring mechanism, delay in execution and completion of projects and resultantly time and cost overrun.

Moreover, the report has identified areas to be focussed on in the development assistance to the Government coordinated spending plan. It also emphasized strengthening monitoring and governance systems in different public sectors for planning and development under the ministry.

The report contains practical solutions/recommendations to individual observations so that the management may make necessary corrective measures for better performance of its organization in order toachieveSDGs.

On the basis of the above, the report concludes that in order to achieve Goal 17 of SDGs as pointed out at point no. 1.3.1, the recommended corrective measures are strongly emphasized again.

8. References

1. https://moitt.gov.pk/
2. https://www.pc.gov.pk/
3. https://www.finance.gov.pk/fb_2020_21.html
4. Performance-Based Budget 2021-22 to 2023-24
5. MTPB Budget 2020-23
6. Green book, Public sector development Programme 2020-21 & 2021-22
7. Informal interviews with middle to senior management
8. Physical visit of some project sites

Thematic Audit on Technical Support Provided in Different Public Sectors for Planning and Development

1. Introduction

The Ministry of Planning, Development & Special Initiatives is designated as Secretariat of Planning Commission; to provide administrative and logistic support enabling the assignments in efficient and effective manner. The Planning Commission works as a think tank for policy formulation input in respect to the socio-economic development in the country. It formulates/carries out economic policies, evaluates economic situation, prepare National Development Plans and evaluate implementation in collaboration with the respective ministries, divisions and provincial governments.

The Prime Minister is the Chairman of the Planning Commission; assisted by the Deputy Chairman and the Minister for PD&SI. The Governing Council comprises twelve members including Secretary Planning Division who works as Member Coordination.

The Planning Commission is responsible to perform functions as indicated in the Schedule-II of the Rules of Business 1973 which inter-alia include the following:

- Preparing the National Plan and review and evaluating its implementation.
- Formulating Annual Plan and Annual Development Plan.
- Monitoring and evaluating implementation of major development projects and programmes.
- Stimulating preparation of sound projects in regions and sectors lacking adequate portfolio.
- Continuously evaluating the economic situation and coordinate economic policies.
- Organising research and analytical studies for economic decision making.

1.1 Background

The Planning Commission is a financial and public policy development institution of the Government of Pakistan. The Commission comes under Ministry of Planning, Development and Special Initiatives. The Planning Commission undertakes research studies and state policy development initiatives for the growth of national economy and the expansion of the public and state infrastructure of the country in tandem with the Ministry of Finance (MoF). Since 1952, the commission have had a major influence and role in formulating the highly centralized and planned five-year plans for the national economy, for most of the 20th century in Pakistan. Although the five-year plans were replaced by Medium Term Development Framework, the commission still played an influential and central role in the development of the programme. Furthermore, the Public Sector Development Programmes (PSDP) is also placed under the domain of the planning commission. The commission's authoritative figures include a Chairman who is the Prime Minister, assisted by the deputy chairman, and a science advisor.

1.2 Establishment of Audit Theme

1.2.1 Reasons for Selection

The SDGs can only be realized with a strong commitment to global partnership and cooperation. While official development assistance from developed countries increased by 66 percent between 2000 and 2014, humanitarian crises brought on by conflict or natural disasters continue to demand more financial resources and aid especially during Covid-19 era. Many countries also require Official Development Assistance to encourage growth and trade.

Goal 17 includes new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities. The goals are interconnected and often the key to success on one will involve tackling issues more commonly associated with another and involves better planning.

1.2.2 Purpose / Objective

Audit objective includes determining outcomes of development assistance to the Government coordinated spending plan, Intelligent Project Automation System, and technical support provided to different public sectors for planning and development.

1.2.3 Scope

The primary criteria for thematic audit was based on the TORs approved by the Auditor General of Pakistan as under:-

- Review of Medium Term Development Framework and technical support provided to different public sectors for planning and development.
- Provision of development assistance to Government – coordinated spending plan.

2. Legal Framework Governing the Theme

The legal framework governing the theme include MTDF that is currently replaced by Vision 2020-25 and some Acts including Pakistan Institute Of Development Economics Act,2010; General Statistics (Reorganization) Act,2011 and Public Private Partnership Authority Act,2017.

3. Stakeholders and governmental organizations identified as directly/indirectly involved

Following stakeholders and governmental organizations are identifies as directly/indirectly involved in relation to the theme.

- Pakistan Institute of Development Economics
- Pakistan Planning and Management Institute
- Department of the Surveyor General of Pakistan
- Public Private Partnership Authority
- China-Pakistan Economic Corridor
- Pakistan Bureau of Statistics
- Pakistan Environmental Planning and Architectural Consultants
- Jawaid Azfar Computer Centre
- All other government organizations including Ministries/ Divisions and Departments to execute PSDP projects

4. Role of important Organizations

4.1. Pakistan Institute of Development Economics (PIDE)

The Pakistan Institute of Development Economics (PIDE) was established at Karachi in 1957 and in 1964 accorded the status of an autonomous research organization by the Government of Pakistan. It is devoted to theoretical and empirical research in Development Economics in general and on Pakistan-related economic issues in particular. In addition to providing a firm academic basis to economic policy-making, its research provides a window through which the outside world can view the nature and direction of economic research in Pakistan. Other social sciences, such as demography and anthropology and interdisciplinary studies increasingly define the widening scope of research that must be undertaken for proper economic policy and development to have sound underpinnings.

4.2. Pakistan Planning and Management Institute (PPMI)

Pakistan Planning & Management Institute (PPMI) was established to increase awareness and enhance expertise on development process i.e. project identification, formulation, appraisal, implementation, monitoring and evaluation and to assess the requirement of training in management techniques and to improve the quality of project managers through courses on general management, financial management and project management. To meet the emerging needs of the public sector, PPMI is imparting newly recruited officers of Planning Commission and in-service training for planners and project managers in the area of macro-economic, social planning and development process. It undertakes training need assessment of federal agencies in project management; develop course materials, guidelines and manuals.

4.3. Pakistan Bureau of Statistics (PBS)

Pakistan Bureau of Statistics (PBS) is attached Department of the Ministry, responsible for collection, compilation and dissemination of reliable and timely statistical information to the policy makers, planners and researchers. It publishes a variety of reports, based on primary and secondary data, especially on economics and social aspects of the country.

PBS formulates principles for collection, compilation and dissemination of official statistics in Pakistan. It provides standard concepts, definitions and classifications pertaining to official statistics. It executes all national censuses and surveys and cooperates with international bodies and committees in all statistical matters.

4.4. Pakistan Environmental Planning and Architectural Consultants

Pakistan Environmental Planning and Architectural Consultant Limited (PEPAC) was established incorporated in 1974 to provide town planning and architectural consultancy services for projects initiated by the Government, Semi Government and autonomous bodies. It provides services as Consultant / Advisor in forty two fields which mainly includes; Architectural Planning, Feasibility Studies, Housing / Environmental Planning, Structural & Services Engineering, Regional/ Urban Planning, Quality / Quantity Surveying, Arch. Designing/Interior & Landscaping, Conservation of National Heritage, Construction Management & Contract Administration.

4.5. China Pakistan Economic Corridor (CPEC)

The China-Pakistan Economic Corridor (CPEC) is a long-term project of the two all-weather friendly neighbors China and Pakistan. The overall goal of CPEC is to serve as a "Gateway of Prosperity" for both the countries, and the region as a whole. The CPEC Secretariat is in the MoPD&SI in collaboration with relevant stakeholders' implement projects in the designated thematic areas as outlined in the CPEC Long Term Plan (2017-30). Furthermore, CPEC Authority Act 2021 has been promulgated. The aim of the Authority is to perform secretariat tasks and to serve as one-stop shop for all the CPEC related activities.

4.6. Public Private Partnership Authority (PPPA)

Government of Pakistan, in order to aggressively pursue its development goals, has devised an alternative financing regime for funding infrastructure projects through private sector investment with Planning Commission in-charge of driving the initiative. Under the PSDP initiative, numerous federal and provincial implementing agencies, operating in diversified socio-economic sectors, have come with the projects in which private sector can potentially participate in construction/ development and/ or operation/ management/ use of infrastructure goods and services.

4.7. Jawad Azfar Computer Centre (JACC)

Jawaid Azfar Computer Centre (JACC) caters for computing requirements of Ministry of Planning, Development & Special Initiatives. Its main function includes provision of computer hardware, internet services, maintenance support of Local Area Network, Wide Area Network, in-house troubleshooting of hardware, internet/ email issues, software development; creation and maintenance of website of M/o PD&SI; training of officers/ staff in I.T., Implementation of E-Office, I.T. support in preparation of presentations for Deputy Chairman, Secretary and Members. composing, formatting and designing of PSDP, Annual Plan, Five Year Plan, Year Book, technical inputs for procurement of IT equipment, technical support conducting video conferencing.

5. Organization's Financials

The organization is mainly funded by the government budgetary allocation. However, it involves international financing in CPEC projects and negligible self-generation of resources in terms of student tuition fee enrolled in PIDE.

Rs in million

Department	Demand	Budget 2020-21
Planning and Development Division	129	1,144.559
Imprest Fund For Experts And Consultants	129	1.870
Jawaid Azfar Computer Centre	130	23.113
Pak Planning & Management Institute	130	31.569
Pakistan Bureau of Statistics	130	2,392.976
Public Private Partnership Authority (PPPA)	131	128.375
Pakistan Institute Of Development Economics	131	149.675
PHD Programme at PIDE	131	5.000
CPEC Authority	132	284.150
Total Recurring Budget		**4,161.287**
Development Budget	170	73,545.103
Grand Total		**77,706.39**

6. Field Audit Activity

6.1 Methodology

During field audit activity, quantitative as well as qualitative research methodology was used. Moreover, physical visits to some projects sites were also made.

6.1.1. Quantitative Methodology

It included scrutiny of the budget record, recurrent & development expenditure of Main Ministry, PSDP projects being executed by the Main Ministry in accordance with relevant policies / acts / rules and instructions of Federal Government. In addition to the above, targets given in the performance agreement, previous audit reports, internal audit reports, inquiries were also consulted to support an audit opinion.

6.1.2. Qualitative Methodology

It included informal interviews with mix of open and close ended questions with the middle to top level management of the projects run by the entity. The informal interviews proved to be of great source of insight into systemic issues like wastage of public resources, lack of internal accountability mechanism and violation of prescribed rules notably procurement rules and practicing conflict of interest by the management.

6.1.3. Physical visit of the projects

Some of the projects under audit were physically visited by the audit team along with the relevant management. Physical visits gave insight into practicalities of the things.

6.2 Audit Analysis

Audit Analysis section comprises of three components i.e., review of internal controls, critical review and significant audit observations.

6.2.1 Review of Internal Controls

Internal controls have been reviewed in terms of their existence, implementation, effectiveness and management's override of the controls etc. It was noted that the Ministry of PD&SI has transgressed from its core function of working as think tank for policy formulation input in respect to the socio-economic development in the country as described at 1.1. However, it has irregularly opted for "Executor" of Projects, simultaneously. So, practically the management of the ministry prepares project itself, appraise their own proposed projects and give approval to their own prepared/appraised projects. Therefore, by this way, internal control, if any, is destined to fail. Hence, the system of internal controls in term of appraisal of projects of a subordinate office or entity do exist and to some extent functions. However, the management of the ministry overrides internal controls and practice conflict of interest for the projects initiated by it.

Moreover, Chief internal Auditor was not appointed despite delay of 2 years in violation of section 29 of PFM Act, 2019.

Therefore, due to non-appointmnet of chief internal auditor and very poor monitoring mechanism, the internal controls in Main Ministry, Attached Departments & PSDP Projects are not satisfactory.

6.2.2 Critical Review

The detailed scrutiny of quantitative data and informal interviews are the basis of the critical review of the entity. The review highlights issues in legal frameworks, role and performance of the organization, funding process and impediments effecting performance of entity and progress in achieving targets.

MoPD&SI has transgressed from its core objectives of "Planning" and irregularly opted for "Executor" of Projects, simultaneously. The PAO is committing conflict of interest by doing preparation, appraisal and approval of projects prepared and submitted by its own self. Sixteen projects worth of Rs. 13,954 million are being irregularly executed by the Ministry itself.

Moreover, the Ministry has made faulty cost-sharing agreements with UNDP worth Rs 2.166 billion. According to article I(7) of MoU between UNDP and GoP "Any interest revenue attributable to the contribution shall be credited to the IP's account and shall be utilized in accordance with the established IP procedures". But interest revenue may be shared between both parties on the basis of percentage share in the contribution.

The agreement does not authorize the Auditor General of Pakistan to audit the public money (50% share of overall cost), which is against the Constitutional Provision of Pakistan. Therefore, the utility and purpose for which amount is being shared can't be examined. By not adding the necessary clause of Government auditing and monitoring & evaluation by Planning Division, the project ongoing progress, if any, can't be gauged.

Moreover, Payment of GoP share has not been conditioned with the workplan/deliverables of the project. Besides MoU does not stipulate what penalty may be imposed if IP fails to deliver project output timely or fails altogether.

6.2.3 Significant Audit Observations

6.2.3.1 Conflict of interest committed by PAO, M/o PD&SI by simultaneously working as Planner and Executor of PSDP projects – Rs 13,954.751 million

The core objectives / functions of Ministry of Planning Development & Special Initiatives (MoPD&SI) are as under:-

- Designing and implementing methodology for leadership in planning social and economic development. Developing economic programs designed to achieve competitiveness and leadership for national economy.
- Establishing and implementing an approach to strengthen partnerships with public agencies, private sector and other stakeholders. Coordinating efforts to formulate and achieve development objectives, plans and objectives to ensure efficiency in performance.
- Developing the planning and implementation capacities of Public entities, to facilitate their roles in formulating and implementing plans and strategies.

During scrutiny of record & discussion with the management, audit has observed that MoPD&SI has transgressed from its core objectives of “Planning” and irregularly opted for “Executor” of Projects, simultaneously. The PAO is committing conflict of interest by doing preparation, appraisal and approval of projects prepared and submitted by its own self.

Audit observed that following projects are being executed by planning Division:

Amount in millions

Sr#	Project Name	Approval	Total Cost	Expenditure upto June 2021
1	Center of Excellence for China-Pakistan Economic Corridor (CoE-CPEC), PIDE	CDWP April 2016	1215.28	431.174
2	China-Pakistan Economic Corridor Support Project (3rd Revised)- TC: 732.00, FEC: 330.00, Local: 402.00)	CDWP 19.10.2017	732	90.706
3	Development Communication Project	CDWP 29.03.2018	616.401	260.195
4	Institutional Strengthening and Efficiency Enhancement of Planning Commission / Ministry of Planning, Development and Reform (Phase-III)	CDWP 24.07.2017 (RUP)	350	64.097
5	National Initiative for SDGs / Nutrition	CDWP 01.11.2015	1000	391.287

6	Reform and Innovation in Government for High Performance	CDWP 02.12.2015	1166	221
7	Updation Rural Area frame of Census/Surveys, PBS, Islamabad	DDWP 12.11.2019	478.803	287.504
8	Young Development Fellows Programme	DDWP 12.11.2019	133.56	123.79
9	Competitive Grants Program for Policy- Oriented Research	DDWP 09.04.2020	1756	44.072
10	Construction of Plan House in Administrative Sector, F-5/2, Islamabad (PC-II)	CDWP 26.10.2016	144	0
11	Establishment of Pakistan Urban Planning & Policy Centre	CDWP 06.08.2019	141.88	0
12	Feasibility & Construction of Pakistan Institute of Development Economics (PIDE) Campus at H-11/2, Islamabad	CDWP 06.06.2020	4545.488	0
13	Integrated Energy Planning	DDWP 12.11.2019	438.112	4.837
14	Strengthening of Civil Registration and Vital Statistics (CRVS) System	CDWP 19.05.2020	201.917	0
15	Strengthening of Ministry of PDR in IT	DDWP 12.11.2019	419.538	44.407
16	Strengthening of Ministry of PDR in Monitoring and Evaluation of PSDP Projects.	DDWP 12.11.2019	615.772	72.741
	Total		**13,954.751**	**2,035.810**

The management accepted the view point of audit and replied that in order to effectively carry out diverse tasks the ministry needs resources including research and manpower that are not available under the current budget. Therefore, it is unavoidable for the ministry to execute a few projects to fulfill its designated responsibilities and to carry out special initiatives allocated by the Prime Minister. However, Audit recommends that M/o PD&R may adhere to its aims and objectives and let the project execution agencies/bodies to execute the project.

6.2.3.2 Faulty Cost-sharing agreement between Ministry of Planning, Development and special Initiatives and UNDP worth Rs 1.166 billion and Rs 1.0 billion

Ministry of Planning, Development and special Initiatives is executing two PSDP projects through UNDP as detailed below:-

Amount in millions

Project	Approval	Total Project Cost			Expenditure upto June 2021	Start Date	Completion date
		GoP Share	UNDP Share	Total Cost			

					(GoP Share)		
National Initiative for SDGs / Nutrition	CDWP 01.11.2015	500	500	1000	391.287	Dec-15	Jun-22
Reform and Innovation in Government for High Performance	CDWP 02.12.2015	466	700	1166	221	Dec-15	Dec-22

Cost sharing MoUs were signed between GoP and UNDP on 27.01.2016 and 04.03.2015 on the above projects respectively. As per article III of both MoUs, "The contribution shall be administered by the Implementing Partner (IP) i.e (UNDP) in accordance with the IP regulations, rules, policies and procedures, applying its normal procedures for the execution of its projects. The project management and expenditure shall be governed by the regulations, rules, policies and procedures of the IP".

Audit observed that the MoU signed between Ministry of Planning, Development and special initiatives and UNDP is faulty.

Audit also observes and recommends following points:

S.No	Provision in Cost-sharing agreement	Recommendation by Audit
1	According to article I(7) of MoU between UNDP and GoP "Any interest revenue attributable to the contribution shall be credited to the IP's account and shall be utilized in accordance with the established IP procedures"	Audit recommends that any interest revenue may be shared between both parties on the basis of percentage share in the contribution.
2	According to Article (V) of MoU between UNDP and GoP "ownership of equipment, supplies and other property financed from the contribution shall vest in the IP"	Audit recommends that ownership of equipment, supplies and other property should be divided between both parties on the basis of percentage share in the contribution.
3	According to article VI of MoU between UNDP and GoP "internal and external auditing procedures provided for in the financial regulations, rules, policies and procedures of the IP"	The agreement does not authorize the Auditor General of Pakistan to audit the public money (50% share of overall cost), which is against the Constitutional Provision of Pakistan. Therefore, the utility and purpose for which amount is being shared can't be examined. By not adding the necessary clause of Government auditing and monitoring & evaluation by Planning Division, the project ongoing progress, if any, can't be gauged. Therefore, auditing may be done by AGP and monitoring by M/o Planning, Development and Reform.

Following shortcomings are also noticed by the audit in MoUs:-

S.No	Shortcomings	Recommendations
1	Payment of GoP share has not been conditioned with the workplan/deliverables of the project.	Audit recommends that payment of GoP share should be conditioned with the workplan/deliverables of the project.
2	MoU does not stipulate what penalty may be imposed if IP fails to deliver project outcome timely or fails altogether.	Audit recommends that the management may amend the cost share agreement and such clause may be inserted in the MoU.

The management replied that the MoU were signed between GoP and UNDP with approval of Finance Division and EAD which was vetted by the Law & Justice Division. Under the agreement, GoP share is 40% of the cost. Further, these are the standard terms which included in the MoU with the approval of competent authority.

However, the reply of the management was not acceptable as Law & Justice Division had vetted that cost sharing agreement subject to compliance with other codal formalities including audit of public money by the Auditor General of Pakistan and regular performance and evaluation of the projects, etc.

Audit recommends that the matter may be inquired besides provision of record to Audit as per Constitution of Islamic Republic of Pakistan.

6.2.3.3 Wastage of Public money due to non-achieving output of the project "Reform & Innovation in Government for High Performance"-- Rs 1.166 billion

The project titled "Reform & Innovation in Government for High Performance" was approved by CDWP on 02.12.2015 with the total cost of Rs 1166 million. The project was executed through implementation Partner UNDP (UNDP will contribute Rs 700 million while GoP contributed Rs 466 million).

As per agreement / MoU, the proposed initiatives/project will support the M/o Planning, Development and Reform to achieve the following key outputs under the project:

i. Results-based monitoring system for Pakistan vision 2025/PSDP/ADP put in place and operational;

ii. Civil service and Public Administration reforms with distinct accountability and transparency mechanism promoted and piloted;

iii. Improved decision making through better poverty measurement and effective implementation and monitoring of MDGs/post 2015 development agenda;

iv. Planning Ministry positioned and strengthened as public sector think tank and interprovincial coordinator on development issues.

Audit observed that two out of four outputs are under the preview of SDGs project while remaining two outputs No (i & ii) have not been delivered to the Ministry of Planning, Development and Reform so far.

The management did not reply.

Audit recommends that since the scope of the project has been reduced from four to two deliverables (as two deliverables are under the preview of SDGs project), therefore, the project cost may be reduced accordingly.

7 Conclusion

The Thematic Audit Report highlighted major audit observations which reflect overall trend of performance of the organization. The management of PD&IR is spending public resources by developing different un-necessary project and rolling it over and over again just to drain public money in salaries to staff and meeting other allied expenditure from the project funding as described under section of audit observation. Furthermore, the ministry has transgressed from its core objectives of “Planning” and irregularly opted for “Executor” of Projects, simultaneously and also utilizing the services of project employees of said projects for regular functions of the Ministry to increase its workforce. In other case, the management made faulty cost-sharing agreement with a development partner, UNDP, wherein the government of Pakistan has been deprived to monitor where the share of public money is being spent and what ultimate benefits the public would get.

The Thematic Audit report reflects consistent pattern of very poor to absence of internal controls and lack of senior management's oversight over the matters of policies and planning rooted into real time historical data. Moreover, the management's diversion from its Think Tank's role to simultaneously practicing as Executors of projects is not only counter-productive but also wastage of public money because the projects' management did not have anything concrete to show what they have achieved from the projects.

The report has identified areas to be focussed on in the development assistance to the Government coordinated spending plan as well as also emphasized to strengthen monitoring and governance systems in different public sectors for planning and development under the ministry.

The report contains recommendation to individual observation so that the management may make necessary corrective measures for better performance of its organization.

8. References

1. https://www.pc.gov.pk/
2. https://www.finance.gov.pk/fb_2020_21.html
3. Performance Based Budget 2021-22 to 2023-24
4. MTPB Budget 2020-23
5. Green book, Public sector development Programme 2020-21 & 2021-22
6. Informal interviews with middle to senior management
7. Physical visit of some project sites

Annexure – I Memorandum for Departmental Accounts Committee (MFDAC)

(Rupees in million)

S.No.	PAO	No. of Paras	Amount
1	Aviation Division	25	13,905.380
2	Cabinet Division	4	117.681
3	Communications Division	20	1,114.636
4	Election Commission Of Pakistan	7	372.185
5	Federal Education And Professional Training Division	74	767.311
6	Federal Insurance Ombudsman Secretariat	7	17.981
7	Federal Ombudsman Secretariat For Protection Against Harassment Of Women At The Workplace (FOSPAH)	7	38.520
8	Federal Public Service Commission	2	22.020
9	Higher Education Commission	121	4,452.649
10	Information Technology And Telecommunication Division	15	578.035
11	Information, Broadcasting & National Heritage	1	2.571
12	Inter Provincial Coordination Division	35	574.438
13	Interior Division	120	19,652.404
14	Ministry Of Commerce	17	19,647.415
15	Ministry Of Finance	8	32,851.457
16	Ministry Of Industry And Production	3	8.162
17	Ministry Of Maritime Affairs	26	30,505.571
18	Ministry Of Science And Technology	13	47.728
19	Narcotics Control Division	11	1,116.376
20	Nation Accountability Bureau (NAB)	8	684.305
21	National Assembly Secretariat	5	618.664
22	National Food Security And Research Division	13	241.885
23	National Health, Services, Regulations And Coordination	29	835.538
24	National History And Literary Heritage	3	8.778
25	NAVTTC	3	7.105
26	Pakistan Atomic Energy Commission	50	14,706.754
27	Planning, Development & Reform Division	23	764.650
28	Prime Minister's Office (Public)	3	4.562
29	Religious Affairs And Interfaith Harmony Division	12	90.169
30	Trade Development Authority Of Pakistan (Tdap), Karachi	8	1,776.974
31	Wafaqi Mohtasib	9	25.292
	Grand Total	**682**	**145,557.196**