AUDIT REPORT
ON
THE ACCOUNTS OF
POSTAL SECTOR
MINISTRY OF COMMUNICATIONS
AUDIT YEAR 2022-23

AUDITOR-GENERAL OF PAKISTAN

PREFACE

Articles 169 and 170 of the Constitution of Islamic Republic of Pakistan, 1973, read with Sections 8 and 12 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, require the Auditor-General of Pakistan to conduct audit of accounts of receipts and expenditure from the Consolidated Fund and Public Accounts of the Federation and of each Province; and the accounts of any authority or body established by the Federation or a Province.

The report is based on audit of the accounts of Pakistan Post Office Department (PPOD) and Postal Life Insurance Company Limited (PLICL) for the Financial Year 2021-22. The Director General of Audit, Postal and Telecommunication Services (P&TS) conducted audit during 2022-23 on a test check basis with a view to report significant findings to the relevant stakeholders. The main body of the Audit Report includes only the systemic issues and significant audit findings. Relatively less significant issues are listed in the Annex-I & II of the Audit Report. The audit observations listed in the Annex-I & II shall be pursued with the Principal Accounting Officer at the DAC level and in all cases, where the Principal Accounting Officer does not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee (PAC) through the next year's Audit Report.

Thematic Audit - a new concept, has been introduced and made part of this report at Chapter - 3. It is an attempt to improve organization's performance through critically reviewing its business processes to identify those risks which are hindering it from achieving its intended objectives.

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.

The Audit Report has been finalized in the light of discussions in the DAC meetings and written responses of the department/organization.

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

Islamabad **(Muhammad Ajmal Gondal)**
Dated: **Auditor-General of Pakistan**

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ABBREVIATIONS AND ACRONYMS

AD	:	Assistant Director
AGPR	:	Accountant General of Pakistan Revenues
APPM	:	Accounting Policies and Procedure Manual
ASPOs	:	Assistant Superintendent Post Offices
AML/CFT	:	Anti-Money Laundering / Counter Financing of Terrorism
BISP	:	Benazir Income Support Programme
BoD	:	Board of Directors
CCS	:	Chief Controller of Stamps
CDNS	:	Central Directorate of National Savings
CEO	:	Chief Executive Officer
CPM	:	Chief Postmaster
DA PPO	:	Director of Accounts, Pakistan Post Office
DAC	:	Departmental Accounts Committee
DSC	:	Defence Savings Certificate
DSPS	:	Divisional Superintendent Postal Services
ECC	:	Economic Coordination Committee
FAM	:	Financial Audit Manual
FATF	:	Financial Action Task Force
FCF	:	Federal Consolidated Fund
FIA	:	Federal Investigation Agency
FPO	:	Franchised Post Office
GFR	:	General Financial Rules
GPO	:	General Post Office
GST	:	General Sales Tax
HO	:	Head Office
IAC	:	Initial Account Code
IFPM	:	Institutional Franchised Postmaster
IFPO	:	Institutional Franchised Post Office
IMO	:	International Mail Office
IPS	:	International Postal Service
LPI	:	Logistic Performance Index

MOs	:	Money Orders
NAB	:	National Accountability Bureau
NADRA	:	National Database and Registration Authority
PCP	:	Printing Corporation of Pakistan
PLICL	:	Postal Life Insurance Company Limited
PMG	:	Postmaster General
PMP	:	Pakistan Military Pension
PPO	:	Pension Payment Order
PPOD	:	Pakistan Post Office Department
PPF	:	Pakistan Post Foundation
PPP	:	Public-Private Partnership
PPRA	:	Public Procurement Regulatory Authority
PPSMB	:	Pakistan Postal Services Management Board
PR	:	Pakistan Railways
PRA	:	Punjab Revenue Authority
PSB	:	Post Saving Bank
PTCL	:	Pakistan Telecommunication Company Limited
PT&T	:	Post, Telephone & Telegraph
RD	:	Regional Director
SAI	:	Supreme Audit Institution
SAP	:	Systems Applications and Products
SB	:	Saving Bank
SECP	:	Securities & Exchange Commission of Pakistan
SSA	:	Special Savings Account
SVC	:	Surrender Value Claim
UPU	:	Universal Postal Union

EXECUTIVE SUMMARY

The Audit Report presents results, based on audit of the accounts for financial year 2021-22 of the Pakistan Post Office Department (PPOD) and Postal Life Insurance Company Limited (PLICL).

The PPOD performs its functions under the provisions of Post Office Act, 1898. It is under the administrative control of Ministry of Communications. The primary functions of PPOD are delivery of mail and transfer of money through money orders. In addition to this, the PPOD is performing thirty-five (35) agency functions on behalf of various departments and organizations of the government. Postal Life Insurance business was being performed by PPOD as agency function till financial year 2020-21. However, the business was entrusted to a newly incorporated company by the name of Postal Life Insurance Company Limited. PLICL was incorporated with Securities and Exchange Commission of Pakistan (SECP) under the Companies Act 2017 on 10th March, 2020. The company was registered as a life insurer under the Insurance Ordinance 2000 on 26th August, 2020. SECP issued commencement of business certificate to PLICL on 20th January, 2021.

The Report has been finalized in the light of discussions held during the DAC meetings on 18th and 19th January, 2023.

The Director General Audit, Postal & Telecommunication Services (P&TS) is responsible to conduct the audit of PPOD & PLICL and their allied formations. This Directorate General had a budget allocation of Rs 165.150 million for the audit year 2022-23, and a human resource of 74 officials. Total man-days available to this office were 18,500 out of which 4,244 man-days were utilized for the audit of entities related to PPOD and PLICL.

a. Scope of Audit

This office has mandate to conduct audit of 179 formations of postal sector belonging to PPOD and PLICL under the Ministry of Communications. Total expenditure and receipt of these formations were Rs 24.419 billion and Rs 15.776 billion respectively for the financial year 2021-22.

Audit coverage relating to expenditure for the current audit year comprised 55 formations of Ministry of Communications having a total expenditure of Rs 17.074 billion. Out of this an amount of Rs 9.406 billion was audited. In terms of percentage, the audit coverage for expenditure remained 55.09 % of auditable expenditure.

Audit coverage relating to receipts for the current audit year comprised 55 formations of one PAO / Ministry having total receipts of Rs 13.656 billion out of which Rs 2.730 billion was audited for the financial year 2021-22. In terms of percentage, the audit coverage for receipts remained 20 % of auditable receipts.

DG Audit P&TS also conducted audit of non-budgeted payments amounting to Rs 211.650 billion on account of agency functions performed by the PPOD on behalf of various government departments.

b. Recoveries at the Instance of Audit

As a result of audit, recovery of Rs 2,700.328 million was pointed out in this report. Recovery effected and verified by Audit from January to December, 2022 was to the tune of Rs 226.097 million.

c. Audit Methodology

The Permanent file was updated in Audit Headquarters after obtaining relevant information from the entity, which helped in planning and managing the manpower before the execution of audit. Field audit was conducted based on the data and vouchers available at the Directorate of Accounts Pakistan Post Office (DA PPO), Lahore as well as at all GPOs and postal units. The field audit activity included but was not limited to the review of record, field visits, physical inspections and discussion with the management. The DAGP has implemented the Audit Management Information System (AMIS). Detailed risk assessment is carried out and all the significant, inherent and control risks are incorporated in AMIS. On the basis of risk assessment, audit programs containing the specific audit procedure are devised and incorporated in AIMS and further assigned to audit teams for implementation during field audit activity.

d. Audit Impact

On the recommendations of audit, PPOD has taken following measures:

i) After discontinuation of system of withdrawal of cash through Letter of Credit (LOC), no accounting procedure for payment of money orders and utility bills collection was devised by PPOD. On pointation of Audit, accounting procedures of both the functions have been prepared and forwarded to DA PPO Lahore for approval from the competent forum.

ii) Consolidated Treasury Receipts (CTRs) and Consolidated Postal Receipts (CPRs) are being verified from respective treasury offices. Figures of CTRs and CPRs verified by the treasury officers are also being reconciled with AGPR on due dates.

iii) On the pointation of Audit, the department had got approved lease and tenancy policy from Cabinet for leasing out its properties.

iv) Prior to 01.07.2022 funds for postal operations and agency functions were drawn through LOC. Now the practice of withdrawal of cash through LOC has been stopped by the Finance Division.

e. Comments on Internal Controls

i) The pace of compliance of PAC directives is very slow. This has resulted in backlog in terms of non-compliance of PAC directives from 1987-88 to 2019-20.

ii) Although an Internal Audit Wing exists in PPOD but Internal Audit Manual and procedures have not been prepared to streamline the internal audit function. Moreover, the postal authorities do not prepare any internal audit report.

iii) A proper mechanism for timely reconciliation of the amounts received and recovered does not exist for various agency functions. Timely reconciliation will help in identifying and realizing receivables at a faster pace.

iv) Manual processing, manual entries in ledgers of PPOD is still a weakness that may lead to fraud and embezzlement.

v) The receivable management of the department is very weak which needs to be improved.

f. The Key Audit Findings of the Report:

The Audit Report comprises thirty-nine (39) Audit Paras pointing out serious irregularities as follows:

i) One hundred twenty seven (127) cases of fraud, misappropriation, embezzlement, theft and dacoity of public money amounting to Rs 2,435.221 million were observed.[1]

ii) One (01) case of HR related irregularity amounting to Rs 35.526 million was observed.[2]

iii) Two (02) cases of procurement related irregularities amounting to Rs 284.735 million were observed.[3]

iv) One (01) case of value for money amounting to Rs 22.919 million was noticed.[4]

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[1] Paras 1.4.1, 1.4.2, 1.4.3, 1.4.4, 1.4.5, 2.4.1
[2] Para 1.5.1
[3] Paras 1.5.2, 15.3
[4] Paras 1.6.1

v) Ten (10) cases of non-recovery of dues amounting to Rs 2,715.273 million were noticed.[5]

vi) Nineteen (19) cases of other irregularities amounting to Rs 41,074.732 million were noticed.[6]

g. Recommendations

i. PPOD should update and strengthen the internal controls to prevent fraud and embezzlement. Disciplinary cases regarding fraud and misappropriation need to be finalized.

ii. Compliance with Government rules and regulations on account of HR / Employees and procurement related matters must be ensured.

iii. Compliance of PPRA Rules, 2004 for procurement of goods and service be ensured.

iv. Decisions taken in PPSMB meetings be implemented in letter & spirit besides ensuring compliance of instructions issued by the higher authorities.

v. Revenue recovery mechanism needs to be made effective and postal dues be recovered timely from various Government Departments.

vi. Mechanism needs to be devised to safeguard the departmental assets.

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[5] Paras 1.7.1, 1.7.2, 1.7.3, 1.7.4, 1.7.5, 1.7.6, 1.7.7, 1.7.8, 2.5.1, 2.5.2

[6] Paras 1.8.1, 1.8.2, 1.8.3, 1.8.4, 1.8.5, 1.8.6, 1.8.7,1.8.8, 1.8.9, 1.8.10, 1.8.11, 1.8.12, 1.8.13, 1.8.14, 1.8.15, 1.8.16, 2.6.1, 2.6.2, 2.6.3

Sectoral Analysis

Global Scenario

In most countries, postal services are run by state-owned entities, while courier services, usually parcel delivery or expedited mail services, are often supplied by private courier companies. In the last decade, the postal services had undergone a dramatic transformation due to rapid technological advancements. Recent emergence of e-commerce has compelled countries to embark on market-oriented postal reforms. Postal Services in many countries, while continuing to provide mail/delivery services, have entered into competition with private companies in various postal activities. On the other hand, Public-Private Partnership (PPP) model is successfully working in many countries by fusing public sector infrastructure with private sector efficiencies. Liberalization of postal markets has also provided opportunities for private companies to expand their business.

Postal Sector in Pakistan

In Pakistan, the Postal Sector for most part of its early years, remained in the hands of Public Sector Enterprise namely Pakistan Post Office Department (PPOD). PPOD, an attached department of Ministry of Communications, has a major footprint throughout the country with 9,644 post offices including 86 GPOs managed by 46,927 employees (including extra departmental employees) serving millions of people[7]. PPOD operates under an autonomous "Pakistan Postal Services Management Board (PPSMB)" to deliver a full range of mail delivery, logistics and multiple agency services to customers. The Department has been suffering from huge losses over past many years.

PPOD established Pakistan Post Foundation (PPF) in 1990 under

[7]PPOD Annual Report 2020-21

Charitable Endowment Act, 1890. PPF has been catering for most of the printing needs of PPOD in light of decision of Economic Co-ordination Committee (ECC), which recommends both PCP & PPF for printing of stationery & forms for healthy competitive bidding. However, PPOD has been engaging PPF for printing without obtaining rates from PCP. This casts serious doubts on the reasonability of the rates offered by PPF for these jobs.

PPOD is also performing thirty-five (35) agency functions that include receiving international remittances, collecting utility bills and taxes on behalf of the Ministry of Finance, the federal and provincial governments.

Issues and Opportunities

The following table shows a comparison of expenditure and revenue collection for the last five years:

(Rs in millions)

Year	Budget	Expenditure	Revenue	Deficit	Percentage of Deficit
2017-18	17,267	22,241	11,741	10,500	47.21%
2018-19	18,140	23,902	14,767	9,135	38.22%
2019-20	19,587	26,350	15,976	10,373	39.37%
2020-21	21,414	27,741	15,518	12,223	44.06%
2021-22	15,000	17,098	14,433	2,665	15.59%

Source: Annual Appropriation Accounts

The comparison depicts the financial difficulties with which the PPOD is passing through. Although as per table above the losses of PPOD reduced by 78.20% from Rs 12,223 million (2020-21) to Rs 2,665 million (2021-22). However, this was caused by a decision to shift the burden of pension (Rs 9,596.831 million in 2020-21) from PPOD to Government. Revenue for the year 2021-22 shrank by 7% as compared to the revenue of year 2020-21, which showed that PPOD management did not make concrete efforts in attracting new business to earn more revenue to reduce its operational loss. In next year the revenue would further reduce as two major agency functions viz saving bank and pension payment have been transferred to CDNS and commercial banks respectively.

Change in Rules of Business, 1973 relating to PPOD operations in 2021 provided opportunity to department for transformation of PLI into PLICL and agency alliance on Public Private Partnership basis with Habib Bank Limited which is under process.

The sector in which PPOD is operating is developing at a fast pace. As per data published by the Ministry of Communications[8], the courier and logistics sector is valued at $34.2 billion in Pakistan registering a healthy annual growth rate of 18% between 2017 and 2018. As per last published World Bank's Logistic Performance Index (LPI) 2018-19, Pakistan ranks 122 out of 160 countries in terms of its overall performance in logistics. As per UPU report 2021 Pakistan Post improved five places in the world ranking moving up from 67 to 62. In Pakistan, mail courier and logistics market is dominated by the private sector (mainly TCS, DHL & Leopards). This poses real challenge to PPOD as much as it provides opportunity for growth and brings the organization out of financial difficulties. Pakistan Post ranked at 5th place among top 10 best courier companies in Pakistan during 2023[9].

The Department is suffering from loss of business owing to multiple factors. To comply with the FATF requirements, PPOD would lose its major revenue in the shape of commission on pension payments and saving bank functions, both of which have been shifted to Commercial Banks and to CDNS. Moreover, employees posted for performing these functions have become idle. The management should chalk out a renewed working plan to utilize the services of these employees.

The operations of the Department are increasingly becoming less

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[8] www.globalvillagespace.com/pakistans-logistics-industry-hampering-industrialisation-and-growth

[9] www.phoneworld.com.pk

efficient especially when compared with private courier companies. PPOD loses out to TCS, DHL, OCS, and Leopards in its core function of parcel and mail delivery service. However, PPOD can win back its customer confidence by improving its mailing mechanism to provide quality courier, mailing and logistic services to the masses at relatively cheap rates.

Pakistan Post Office Department faces severe issues in its financial reporting which is based on manual processes and a legacy accounting system. PPOD is managing billions of rupees in cash-based transactions on annual basis. In the absence of accurate real time reporting of its transaction, an obstacle is created in introducing new business models and revenue streams. PPOD needs to move fast on digitization and fully map and trace its customer records & financial transaction.

PPOD has a broad and varied role to play beyond provision of communication links for individuals and businesses. However, the existing manual record keeping and antiquated systems are unable to meet the rising demands. PPOD made an effort by investing millions of rupees in last many years for digitization of financial services but all such efforts have remained largely unsuccessful due to mismanagement, inefficiency & loose controls. Due to non-availability of digitization and non-compliance to Anti Money Laundering/Combating Financing of Terrorism (AML/CFT) requirements, PPOD had lost two major source of revenue in shape of saving bank and pension payments.

PPOD is a public sector enterprise but it is operating without commercial orientation. It is working as a department of the Government of Pakistan. The revenue is credited to the Federal Consolidated Fund while its expenditure is borne by the Federal Government. PPOD is fully dependent on the Ministry of Finance for its financial operations.

PPOD has taken some initiatives to expand its customer base through establishing Digital Franchised Post Offices (DFPOs) to streamline booking and real time tracking. It has also introduced new services like same day delivery of parcels and packets within the city, Electronic Money Order (EMO) and Pakistan Remittance Initiative (PRI) for delivery of international remittances etc. EMS Plus has also been initiated to promote e-commerce and online business in line with modern techniques allowing delivery of parcels weighing up to 30 kg to Australia, Japan, Saudi Arabia, Thailand, UAE & UK.

Another aspect of PPOD operations is its under-utilized resources. PPOD owns precious land at prime locations which can be utilized towards beneficial projects for revenue generation.

Finance Division (Budget Wing) vide letter No. 1(10)S O (TSA)/-350/2021 dated 25.06.2021 devised a new cash management system in pursuance of Public Financial Management Act, 2019. Finance Division had also directed the PPOD to open the separate accounts for agency function & budgetary grant besides devising new accounting procedures for implementation w.e.f 01.08.2021. PPOD management failed to implement these instructions resulting into, reconciliation issues in collection & payments of utility bills, revenue, western union and money order payments.

As per instructions of Finance Division, PPOD had to devise new policies and procedures to be implemented in field formations which was not framed timely.

Challenges & Way Forward

The courier and logistics sector is undergoing a rapid transformational change in Pakistan, as consumers are now trusting online vendors and shifting to online shopping. PPOD should tap the huge e-commerce business and compete with newly established goods delivery chains.

The entry of digital platforms offering speedy parcel delivery services has given a new dimension to parcel delivery. A huge network of post offices and operational fleet can be leveraged to gain sizeable market share in electronic commerce. PPOD may also focus on revival of its core business i.e. mail and parcel delivery which has great potential for revenue generation in the future.

Conclusion

The postal sector carries a huge potential for business growth for both public and private sectors. PPOD can substantially increase revenue by making itself a purely commercial organization. It needs to work on exploring new vistas thrown at it by the rapid growth of logistics. It can work on finding new partners by offering its huge infrastructure and by investing in technology at the same time. However, while doing so the issues of transparency should always be a priority. An all-encompassing ERP is need of the hour in bringing transparency and operational efficiency to PPOD. By improving the mechanism of post offices across Pakistan, it can restore public confidence and compete with private courier companies which do not have their offices in far flung areas.

MINISTRY OF COMMUNICATIONS

PAKISTAN POST OFFICE DEPARTMENT

1. PAKISTAN POST OFFICE DEPARTMENT (PPOD)

1.1 Introduction

A. Pakistan Post Office Department (PPOD) was established as a service department under Post Office Act, 1898. The department is headed by the Director General (DG) who is also chairperson of high powered management board, known as Pakistan Postal Services Management Board (PPSMB). The department consists of 09 Circles, each headed by a Postmaster General, based at Quetta, Karachi, Hyderabad, Multan, Lahore, Rawalpindi, Islamabad, Peshawar and Muzaffarabad. There are 86 GPOs and 61 DSPS reporting to PMGs[10]. These GPOs administer 9,644 sub and branch post offices. The Department has a human resource of 46,927 officers and staff including Extra Departmental employees.

The primary function of PPOD is the delivery of mail and payments of money orders. The PPOD also performs agency functions on behalf of various departments and organizations of Federal and Provincial Governments. The major agency functions include collection of utility bills, disbursement of pensions and international remittances payments.

In addition to the functions, Pakistan Security Printing Corporation (PSPC) Karachi prints all types of postal stamps and revenue documents and Chief Controller of Stamps (CCS) Karachi supplies these documents/stamps to all postal formations.

[10] PPOD Annual Report 2020-21

B. Comments on budget and accounts

i. An amount of Rs 7,534.448 million was lying unadjusted due to the difference between Money Orders and Postal Drafts, issued and paid, in the Balance Sheet.

ii. Negative balance appeared under different heads of accounts and non-clearance/recovery of foreign remittances / money orders Rs 5,378.381 million.

iii. Advances Recoverable and Other Advances (AROA) amounting to Rs 1,597.196 million including objection book advances comprising amounts recoverable from employees on account of losses & frauds, advance payment and overpayments were lying unadjusted as on 30th June 2022.

iv. The remittances (G07112-Transfer among Post Offices) of Rs 369.506 million were not acknowledged by the recipient GPOs as the remittance advices showed a negative balance in the Financial Statements.

v. The value of physical assets of Rs 178.432 million for the financial year 2021-22 were not capitalized in the Balance Sheet, understating the fixed assets. The worth and nature of all moveable and immovable assets were not disclosed in the Balance Sheet despite repeated pointation in the previous years.

vi. PPOD retained an amount of Rs 56,057.370 million against the collection of utility bills, BISP MOs, arms licenses and on account of taxes. The same was not transmitted to the concerned department during the year 2021-22. The receipts of PPOD were overstated. The subsidiary ledgers of these organizations were not being maintained.

vii. PPOD claimed & received interest charges of Rs 999.986 million on Ordinary Saving Bank Accounts from the Finance Division under the head A07433 Interest/Profit during 2021-22. The interest / profit was calculated on estimation basis of previous years instead of actual amount of interest of Saving Bank Accounts.

viii. There was variation of Rs 71.979 million under head of account F02151-06 Losses by Theft, Robberies and Misappropriations, between Finance & Revenue Accounts and reported figures of PPOD during 2021-22.

ix. PPOD made an excess payment of Rs 68.986 million to tax department and utility companies against the collection of income/ withholding taxes, custom duty and utility bills. The public/ departmental payments were understated by Rs 68.986 million during the financial year 2021-22 as subsidiary ledgers were not being maintained.

x. There were unverified consolidated treasury receipts (CTRs) and consolidated postal receipts (CPRs) amounting to Rs 663.115 million between PPOD and concerned District Treasuries.

Table-1 Audit Profile of Pakistan Post Office Department

(Rs in billion)

Sl. No.	Description	Total	Audited	Expenditure audited FY 2021-22	Revenue / Receipts audited FY 2021-22
1	Formations	127	51	3.350	2.730

1.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 38,230.062 million were raised in this report during the current audit of the Pakistan Post Office Department. This amount also includes recoveries of Rs 1,300.070 million as pointed out by audit. Summary of the audit observations classified by nature is as under:

Table-II Overview of Audit Observations

(Rs in million)

Sl. No.	Classification	Amount
1.	Reported cases of fraud, embezzlement and misappropriation	2,419.512
2.	Irregularities (A+B)	320.261
A	Procurement/HR related irregularities	320.261
B	Management of Account with Commercial Banks	-
3.	Value for money and service delivery issues	22.919
4.	Receivables	1,300.070
5.	Other Irregularities	34,167.300
	Total	**38,230.062**

1.3 1.3 Status of Compliance with PAC Directives

Following table shows the compliance status of PAC directives.

Sl. No.	Audit Report Year	Total Paras	Total No. of directives	Compliance			% of Compliance
				Received	Partial	Not Received	
1	1987-88	9	9	0	0	1987-88	9
2	1989-90	34	27	0	7	1989-90	34
3	1990-91	9	9	0	0	1990-91	9
4	1991-92	31	15	0	16	1991-92	31
5	1992-93	40	32	1	7	1992-93	40
6	1993-94	20	9	0	11	1993-94	20
7	1994-95	42	20	0	22	1994-95	42
8	1996-97	89	46	0	43	1996-97	89
9	1997-98	72	23	0	49	1997-98	72
10	1998-99	74	35	0	39	1998-99	74
11	1999-2000	56	4	0	52	1999-2000	56
12	2000-01	66	53	0	13	2000-01	66
13	2001-02	23	10	9	4	2001-02	23
14	2002-03	26	2	1	23	2002-03	26
15	2003-04	17	8	4	5	2003-04	17
16	2004-05	27	2	5	20	2004-05	27
17	2005-06	30	17	2	11	2005-06	30
18	2006-07	20	1	0	19	2006-07	20
19	2007-08	30	17	2	11	2007-08	30
20	2008-09	36	2	11	23	2008-09	36
21	2009-10	70	34	23	13	2009-10	70
22	2010-11	69	8	8	53	2010-11	69
23	2011-12	76	4	2	70	2011-12	76
24	2012-13	82	3	7	72	2012-13	82
25	2013-14	84	16	10	58	2013-14	84
26	2014-15	41	5	13	23	2014-15	41
27	2015-16	58	1	12	45	2015-16	58
28	2016-17	62	3	26	33	2016-17	62
29	2017-18	62	5	34	23	2017-18	62
30	2018-19	57	0	26	31	2018-19	57
31	2019-20	76	1	23	52	2019-20	76
32	1994-95 (SAR)*	13	9	4	0	1994-95 (SAR)*	13
33	1996-97 (SSR)**	13	2	11	0	1996-97 (SSR)**	13
34	1999-2000 (SAR-114)	14	3	11	0	1999-2000 (SAR-114)	14

35	1999-2000 (SAR-120)	10	0	10	0	1999-2000 (SAR-120)	10
36	1999-2000 (SAR-123)	7	3	4	0	1999-2000 (SAR-123)	7
37	2000-01 (SAR- 170)	52	37	15	0	2000-01 (SAR- 170)	52
38	2016-17 (SAR MPP)*	14	0	0	14	2016-17 (SAR MPP)*	14

* Special Audit Report
**Special Study Report

The above table shows that the Department was not forthcoming in complying the PAC directives. The PAO needs to look into the large number of pending PAC directives and take steps for their early compliance.

AUDIT PARAS

AUDIT PARAS

1.4 Cases of fraud, embezzlement and misappropriation.

1.4.1 Fraudulent transfer of ownership of postal land by PTCL - Rs 2,236.485 million.

According to Para 1.3.4.2 of APPM, the PAO shall ensure that Fixed Assets Register kept in his department is properly maintained and is up-to-date. The department/entities will regularly review their holding of fixed assets. Para 5.5.1 of FAM states that internal control structure provides reasonable assurance that assets are safe-guarded against loss due to waste, abuse, mismanagement, errors, fraud and other irregularities. Further, as per Section 7(o) of the Financial Management and Powers of Principal Accounting Officers Regulations, 2021, the principal accounting officer shall be responsible for safe custody of assets including maintenance of assets and inventory registers.

During audit of PPOD for the year 2021-22, it was observed that a piece of land measuring ten (10) acres of under the occupation of PPOD & T&T department jointly was equally distributed between both the departments in 1962. The matter regarding change of title of five (5) acres of land under the possession of PPOD was taken up with the Director Military Estate Office, Multan on 19th December, 2019. In response, Military Estate Office intimated that entire land (10 acres) had been got transferred by the PTCL in its own name on 23rd November, 2005. The land was transferred in the name of PTCL without getting the consent of the PPOD. Postal management failed to take up the case for getting the title of land in favour of PPOD despite the lapse of three years. As per FBR valuation table, the value of the land to be transferred to PPOD was Rs 2,236,484,800.

Audit was of the opinion that ownership of the land was fraudulently got transferred by PTCL in its name due to negligence and loose internal controls by the department as well as inspecting officers.

Audit pointed out this to the management in October, 2022 and PAO in November, 2022. It was replied that matter had already been referred to DG PPOD for taking up the case at higher level with Ministry of IT&T for change of title of land.

The reply was not tenable as PTCL had fraudulently transferred the title of land under utilization of PPOD and department did not take any concrete corrective action.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to pursue the matter with concerned quarters for cancellation of allotment and shifting of title in the name of PPOD. No further progress was reported till finalization of this report.

Audit recommends that strenuous efforts be made to get the title of ownership of land transferred in the name of PPOD under intimation of Audit. Besides, the department should also prepare a consolidated database of its properties in order to ensure their safeguard.

(DP No. 106)

1.4.2 Fraudulent withdrawal of profit from Special Savings Accounts (SSAs) - Rs 74.231 million

As per Rule 36 (1) & 36 (2) of Post Office Saving Bank Rules, as amended by Finance Division (Budget Wing) Notification No. S.R.O (I)/2017 dated 30.08.2017, in case, no transaction has been made by the depositor for a period of one year the account shall be marked as "Dead Account" and no subsequent transactions by the depositor in such account shall be allowed without approval of in-charge of the office. Further, in case no transaction has been made by the depositor for a continuous period of ten years, the account would be marked as "Dead Account" under sub-rule (1) and the balance shall be transferred to the Federal Government Account.

During forensic audit of PPOD for the years 2014-15 to 2019-20, it was observed that no transaction in sixty-four (64) special savings accounts belonging to two (02) formations of PPOD was made by the depositors for more than ten years (from 11 to 27 years). A profit of Rs 74,230,785 was withdrawn against these dead accounts after a gap of more than ten years. The balances of these accounts were required to be transferred to the Federal Government Account. The CNIC numbers of these account holders were also not provided. Signatures of the account holders were different on warrants of payments which were verified from the record of Director of Accounts PPOD, Lahore. Detail is as under:

(Rs in millions)

Sl. No.	Item No.	Name of formation	No. of Accounts	Principal amount	Amount of profit paid
1	06	Jhelum	05	0.952	2.036
2	03	Mirpur	59	32.333	72.194
		Total	**64**	**33.284**	**74.230**

Audit pointed out this to the management in May, 2021 and PAO in August, 2021. In case of Sl. No. 1, the PPOD management replied that Finance Division had clarified vide letter dated 6.11.2020, that the S.R.O.(1)/2017 was notified on 30-08-2017 thus its applicability cannot be made retrospectively. Rather the applicability of said SRO would commence from 30th August, 2022. It was replied against Sl. No. 2 that due to non-availability of the procedural guidelines these accounts were not declared as dead and the balances of these accounts were also not transferred to FCF and the profit was paid later on.

The reply was not tenable being irrelevant as the Finance Division letter dated 06.11.2020 related to Defense Savings Certificates (DSCs) and not Special Savings Accounts.

DAC in its meeting held on 29th March 2022 directed the management to conduct inquiry, fix responsibility besides recovery of payments within 06 days under report to Audit. No further progress was reported till finalization of this report.

Audit recommends that strict disciplinary action be taken against those held responsible, amount involved be recovered and internal controls be strengthened to avoid such incidents in future.

(Para No. 4.2 of Forensic Audit Report 2020-21)

1.4.3 Fraud, misappropriation and dacoity of public money – Rs 51.397 million

According to Para 238 of Post Office Manual Vol-VIII, the Superintendent must inspect twice every year, each head office and second-class head office within the limits of his division. The inspecting officer will not be relieved of his responsibility for contributing to the commission of any fraud or defalcation of government money, which has remained undetected during the inspection by him. Further, Rule 23 of Serial No.7, Appendix-2 of GFR Vol-I prescribes that in all such cases, departmental proceedings should be initiated at the earliest against all delinquents even against a Government servant being prosecuted in a Criminal Court.

During audit of PPOD for the year 2021-22, it was observed that in eleven (11) formations, management detected 42 cases of fraud, misappropriation, embezzlement of government money and dacoity involving Rs 51,397,383 (details in Annex-III) on account of savings bank payment, value payable articles and utility bills collection. It was observed that the department did not complete the disciplinary actions against the officers/officials involved in these cases and the amount involved was also not recovered.

Audit was of the opinion that such incidents occur due to negligence, loose internal controls by the department and lack of effective inspections by the inspecting officers.

Audit pointed out this to the management and PAO from August to December, 2022. It was replied that an amount of Rs 12,716,016 was recovered and disciplinary proceedings were underway. Further, some cases had been reported to Police / FIA. In case of GPO Abbottabad, it was replied that an inquiry committee had been constituted and outcome of the inquiry committee would be shared with Audit.

The reply was not tenable as the amount recovered had not been got verified from audit. Further, disciplinary proceedings were also not finalized despite lapse of considerable period.

DAC in its meeting held on 18th & 19th January, 2023 directed the management to finalize the inquiry at the earliest, take disciplinary action, pursue the cases with Police/ FIA, fix responsibility, effect recovery and particulars of the recovered amount be provided for verification. No further progress was reported till finalization of this report.

Audit recommends that persons/officials/officers responsible may be identified and proceeded under E&D Rules and the embezzled amount may be recovered. Internal controls relating to inspection, supervision and recording of transactions in ledgers, as specified in the departmental codes and manuals, must be followed in letter and spirit to avoid such incidents in future.

(DPs No. 137,177,178, 179, 180 & 272)

1.4.4 Fraudulent payment of SSAs and DSCs to attorneys – Rs 33.919 million

According to Para 23 of GFR Vol.-I, every government officer should realize fully and clearly that he is personally responsible for any loss sustained by government through fraud and 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 forensic audit of PPOD for the years 2014-15 to 2019-20, it was observed that an amount of Rs 33,919,378 was fraudulently paid to attorneys of SSA and DSC holders. In some cases, payment was made to the persons different than those to whom power of attorney was issued, while in some cases purpose of power of attorney was different than that of the payment against SSA / DSC accounts. In some other cases, original powers of attorney were missing (details in Annex-IV).

Audit pointed out this to the management in May, 2021 and PAO in August, 2021. The PPOD management replied that concerned officers had been directed to investigate the matter.

DAC in its meeting held on 29th March 2022 directed the management to conduct inquiry, fix responsibility against those held responsible besides recovery of fraudulent payments within 06 days under report to Audit and DG PPOD. No further progress was reported till finalization of this report.

Audit recommends that responsibility be fixed against those held responsible, amount involved be recovered besides internal controls be strengthened to avoid such incidents in future.

(Para No. 4.6 of Forensic Audit Report 2020-21)

1.4.5 Fraudulent withdrawal of military pension – Rs 23.480 million

Para 23 of GFR Vol-I requires that every Government officer should realize, fully and clearly, that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

During audit of PPOD for the year 2021-22, it was observed that an amount of Rs 23,480,000 was fraudulently withdrawn against 602 pensioners' accounts in GPO Chakwal. The pension was withdrawn twice during the month against the same account. Further, the pension was also withdrawn having two different names against the same account as per soft data sent to circle office Rawalpindi.

Audit was of the view that fraud occurred due to negligence and loose supervisory controls by the unit officers as well as inspecting officers.

Audit pointed out this to the management in September, 2022 and PAO in November, 2022. It was replied that double payment had been proved in some cases, therefore, inquiry was being conducted.

DAC in its meeting held on 18^{th} & 19^{th} January, 2023 directed the management to complete the inquiry within 30 days and outcome of inquiry be shared with Audit. No further progress was reported till finalization of this report.

Audit recommends that persons involved in the fraud may be identified, disciplinary action may be taken besides recovery of the amount involved under intimation to Audit.

(DP No. 32)

1.5 Irregularities

A. HR / Employees related irregularities

1.5.1 Irregular regularization of services of employees - Rs 35.526 million

According to clarification issued by the Establishment and Finance Divisions and circulated by DG PPOD vide letter dated 20.06.2022, the regularization of daily wages cannot be made retrospectively and would be effective immediately. Further, DG PPOD vide its letter dated 25.04.2019 directed that services of contract employees be regularized after conducting departmental examination.

During audit of PPOD for the year 2021-22, it was observed that in four (4) formations, the services of daily wages staff were regularized from the date of their joining in the department in contravention of clarification issued by Finance & Establishment Divisions. Further, the services of contract employees were regularized without conducting examination/tests. The expenditure of Rs 35,526,108 incurred on pay and allowances of these employees for the year 2021-22 was held irregular (details in Annex-V).

Audit was of the view that irregularity occurred due to non-adherence of the instructions of Finance / Establishment Divisions.

Audit pointed out this to the management and PAO from August to December, 2022. It was replied that payments were made in accordance with the High Court/FST Lahore Judgments wherein it was directed the department to arrange the payment of arrears of pay and allowances to the appellants from the date of their regularization.

The reply was not tenable as the department had not obtained clarification from the Finance Division before making payment of arrears.

DAC in its meeting held on 18th & 19th January, 2023 directed the management to conduct inquiry for making arrear payment and non filing of appeal at higher forum under intimation to Audit. No further progress was reported till finalization of this report.

Audit recommends that matter be investigated to fix responsibility for regularization of services of officials in violation of the instructions of Establishment and Finance Divisions and for payment of arrears under intimation to Audit.

(DP Nos.91,110, 133 & 279)

B. Procurement related irregularities

1.5.2 Irregular expenditure on printing from Pakistan Post Foundation - Rs 147.915 million

According to ECC's decision conveyed by Ministry of Communications vide its letter No. 1(8)/98-P. O, dated 02-07-1998, the rates of Printing Corporation of Pakistan (PCP) should be obtained along with rates of Pakistan Post Foundation (PPF) for healthy competition. Further, DAC in its meeting held on 26th January, 2022 directed the PPOD management to refer the case to ECC for re-consideration in the light of PPRs 2004.

During audit of PPOD for the year 2021-22, it was observed that seven (07) formations of PPOD incurred an expenditure of Rs 147,915,242 on account of printing of stationery and forms from M/s Pakistan Post Foundation (PPF). The expenditure was held irregular as it was incurred without obtaining the rates from M/s Printing Corporation of Pakistan (PCP) in violation of ECC's instructions and DAC directives. Detail is as under:

Sl.No.	DP No.	Formations	Amount (Rs)
01	114-23	PMG Rawalpindi	36,064,012
02	144-23	DG PPO Islamabad	31,782,973
03	172-23	CCS Karachi	8,569,042
04	242-23	PMGs Lahore, Karachi, Quetta & Peshawar	71,499,215
		Total:	**147,915,242**

Audit was of the view that non-observance of ECC's decision and PPRA rules resulted in irregular expenditure amounting to Rs 147,915,242.

Audit pointed out this to the management and PAO during August to November, 2021. It was replied that PPOD called rates from M/s PPF and PCP but M/s PCP did not provide the rates within stipulated time. The irregularity of the same nature was also reported in the audit reports for the year 2021-22, with financial impact of Rs 141.459 million but the PAO did not take remedial measures to avoid recurrence.

The reply was not tenable as in the discussion on a same nature para the DAC meeting directed the department on 26.01.22 to refer the case to ECC for re-consideration in the light of PPRs 2004 however, no action had been taken by the department as yet.

DAC in its meeting held on 18th and 19th January, 2023 took serious notice that as to why previous directives were not implemented and directed the management to identify the persons responsible for negligence. It further directed to refer the case to ECC for re-consideration in the light of PPRs 2004. No further progress was reported till finalization of this report.

Audit recommends that after promulgation of PPRs 2004, the decision for award of work to PPF without getting competitive rates may be reviewed and therefore referred to ECC for re-consideration.

(DP Nos. 114,144,172 & 242)

1.5.3 Irregular award of mail contracts and non-forfeiture of security money - Rs 144.079 million

According to Rule 18 of Public Procurement Rules 2004, the procuring agency shall disqualify a supplier or contractor if it finds, at any time, that the information submitted by him concerning his qualification as supplier or contractor was false and materially inaccurate or incomplete.

During audit of PMG Lahore for the year 2021-22, it was observed that M/s Samina Said, Mail Contractor was awarded seven (07) mail contracts on different routes worth Rs 136,819,656 for three years w.e.f. 11^{th} November, 2021 to 10^{th} November, 2024. The award of contract was held irregular due to following reasons:

i. The contractor had attached list of 22 vehicles with the technical bids. Out of these, 10 vehicles had complete registration number while the remaining 12 vehicles had incomplete registration numbers. The online verification of 10 vehicles revealed that 5 vehicles were not registered in the name of the contractor.
ii. The contractor had attached four delivery notes of Rajpoot Motors Lahore (2 Suzuki Ravi and 2 JACX). M/s Rajpoot Motors confirmed delivery challan of only two vehicles. Thus, delivery challan of two Suzuki Ravi vehicles were not found genuine.
iii. The contractor had also attached copies of 2 provisional invoices issued by ISUZU Gujranwala Motors showing booking of 7 ISUZU vehicles to obtain maximum marks. Later on only two vehicles were purchased.

iv. In the tender notice issued on 26th May, 2021, good condition vehicles were demanded. However, the evaluation criteria attached with the tender documents was changed to favour one bidder.

Audit was of the view that irregularity occurred due to lack of exercising due diligence in assessment of bids and improper scrutiny of vehicles registration documents by the technical evaluation committee and non-confirmation of status from Excise & Taxation Department of the Government of the Punjab. It may be pointed out that the matter was also inquired and inquiry committee had recommended to take action against the contractor according to Rules 18 & 19 of PPRA 2004 besides cancellation of the tender and initiating re-tendering.

Audit pointed out this to the management and PAO from August to December, 2022. It was replied that matter was sub-judice in the court of law.

The reply was not tenable as the inquiry report was submitted to PMG Lahore on 24th January, 2022 for necessary action, but no action was taken for nine months. This granted an opportunity to the contractor to seek stay order from the court.

DAC in its meeting held on 18th & 19th January, 2023 directed the management to identify the persons responsible for improper scrutiny of vehicles' documents and non implementation of recommendations of inquiry committee timely. It further, directed to pursue the case in court of law and outcome thereof be shared with Audit. No further progress was reported till finalization of this report.

Audit recommends that responsibility may be fixed on those found responsible for improper scrutiny of vehicles documents and non implementation of recommendations of the inquiry committee timely under intimation to Audit.

(DP No. 198)

1.6 Value for Money and Service Delivery Issues

1.6.1 Non-utilization of funds for promotional activities - Rs 22.919 million.

According to Attachment-C of the agreement executed between PPOD and Western Union, Pakistan Post shall spend a minimum of 10% of gross revenue for the promotional activities of Western Union. This 10% was further segregated in two parts i.e. 75% for staff incentive and remaining 25% for PPOD & Western Union promotional activities like advertising campaigns and major sports sponsorships.

During audit of PPOD for the year 2021-22, it was observed that an amount of Rs 22,918,831 on account of promotional activities had accumulated by 30th June, 2022. The Department failed to utilize this amount on promotional activities.

Audit was of the view that funds were not utilized by the PPOD due to absence of any viable plan to utilize the amount for promotional activities of Western Union.

Audit pointed out this to the management in October, 2022 and PAO in November, 2022. It was replied that due to shortage of funds with PPOD, Western Union was requested for financial support but Western Union advised to utilize the funds already lying with the department for promotional activities of the business. The department did not have any fund for this purpose after the discontinuation of LOC. Therefore, case was taken up with the Finance Division to release / allocate the required funds against the amount deposited into Account-1 (Non-food).

The reply was not tenable as amount was not utilized for the purpose it was given.

DAC in its meeting held on 18th & 19th January, 2023 directed the management to chalk out the plan for utilization of funds within six months under intimation to Audit. No further progress was reported till finalization of this report.

Audit recommends that matter may be taken up with the Finance Division for provision of funds and its utilization under intimation to Audit.

(DP No. 90)

1.7 Receivables

1.7.1 Non-recovery of printing, establishment and service charges – Rs 499.364 million

According to Serial No. 23 (vii & ix) of Appendix-5 of PT&T IAC Vol-I, Chief Controller of Stamps, Karachi is required to raise the debit bills of the total manufacturing cost of all non-postal stamps on monthly basis to indenting officer who will see that the amount of these bills is adjusted before the close of the financial year.

During audit of PPOD for the year 2021-22, it was observed that two (02) formations did not recover printing, establishment and service charges of Rs 499,364,246 from various departments of Federal and Provincial Governments during financial year 2021-22 as detailed below:

Sl. No.	DP No.	Formations	Description	Amount (Rs)
1	88,217 & 218-2023	CCS Karachi & DG PPO	Non-recovery of printing & establishment charges	481,198,164
2	93-2023	DG PPO Islamabad	Non-recovery of commission/services charges	18,166,082
			Total:	**499,364,246**

Audit was of the view that printing and service charges remained outstanding due to weak financial management.

Audit pointed out this to the management and PAO during August to November, 2022. It was replied that an amount of Rs 174.551 million was recovered and efforts were underway to recover the remaining amount.

The reply was not tenable as particulars of recovered amount were not provided to Audit.

DAC in its meeting held on 18th & 19th January, 2023 directed the management to recover the remaining amount and particulars of recovered amount be got verified from Audit. No further progress was reported till finalization of this report.

Audit recommends that outstanding amount be got recovered immediately from the concerned departments and got verified from Audit. The department should also devise a system for early recovery of its dues.

(DP Nos.88,93, 217 & 218)

1.7.2 Non-recovery of postal dues – Rs 329.239 million

According to Article 5 of IAC Vol-I and Rule 8 of GFR Vol-I, it is the duty of the Administrative Department concerned to see that the dues of Government are correctly and promptly assessed, collected and paid into the treasury.

During audit of PPOD for the year 2021-22, it was observed that forty-two (42) formations executed different kinds of agreements for provision of services with various departments, agencies, authorities and autonomous bodies. As per terms and conditions of the agreements, PPOD would provide the services to clients and receive service charges on monthly basis according to agreed rates, but service charges worth Rs 329,239,831 from different departments/agencies were not recovered (details in Annex-VI).

Audit was of the view that postal dues remained outstanding due to weak financial management.

Audit pointed out this to the management and PAO during August to December, 2022. It was replied that an amount of Rs 26.733 million had been recovered and efforts were underway to recover the remaining amount.

The reply was not tenable as particulars of recovered amount were not provided to Audit for verification.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to recover the remaining amount and particulars of recovered amount be provided to Audit for verification. No further progress was reported till finalization of this report.

Audit recommends that outstanding amount be got recovered immediately from the concerned and got verified from Audit.

(DP Nos. 126, 147, 208,209,210,211,222,259 & 276)

1.7.3 Non-recovery from M/s Postal Life Insurance Company Limited - Rs 176.808 million

According Rule 8 of GFR Vol-I, it is the duty of the Department to see that the dues of Government are correctly, promptly assessed, collected and paid into treasury.

During audit of PPOD for the year 2021-22, it was observed that an amount of Rs 156,168,235 was not recovered from PLICL on account of payment of pay & allowances, pension and rent of PPOD buildings used by PLICL. Further, consultancy fee of Rs 20,640,000 incurred by the department on behalf of PLICL was also not recovered. Thus, total amount of Rs 176,808,235 was recoverable as on 30th June, 2022.

Audit was of the view that amount remained outstanding due to weak financial management.

Audit pointed out this to the management and PAO during August to November, 2022. It was replied that an amount of Rs 26,232,666 was recovered from PLICL and efforts were underway to recover the remaining amount.

The reply was not tenable as only a part of the outstanding dues could recovered from PLICL leaving a huge balance. The recovered amount of Rs 26,232,666 was reduced from the para after verification.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to recover the amount from PLICL within one month and get it verified from Audit. No further progress was reported till finalization of this report.

Audit recommends that outstanding amount be recovered from M/s PLICL and got verified from Audit.

(DP Nos. 21,80,85, 89, 237 & 250)

1.7.4 Less deduction and non-transfer of Income / Sales Tax - Rs 152.761 million

According to section 151 of Income Tax Ordinance 2001, a person paying profit / yields has to deduct tax from the gross amount of yields / profit. Further, under Section 153(1) (a) and 233 ibid, Income Tax on supply of goods, services was required to be deducted at prescribed rates. Moreover, sub rule 5 of Rule 2 of Sales Tax Special Procedure (Withholding) Rules, 2007, provides that the sales tax deducted at source shall be deposited by the withholding agent in the designated branch of National Bank of Pakistan.

During audit of PPOD for the year 2021-22, it was observed that thirty (30) formations did not deduct Income Tax, Withholding Tax and Provincial Sales Tax on services from payments made to suppliers, contractors, salaried persons, profit on saving schemes and other payments amounting to Rs 50,641,861. Further, an amount of Rs 102,119,527 collected on account of taxes was also not transferred to the concerned authorities (details in Annex-VII).

Audit was of the view that amount of tax was not deducted or transferred due to negligence on the part of management.

Audit pointed out this to the management and PAO from August to December, 2022. The management replied that an amount of Rs 13,866,108 had been recovered and efforts were underway to recover the remaining amount. Further, an amount of Rs 19,750,810 on account of Withholding /Sales Tax had been transferred to concerned departments.

The reply was not tenable as amount collected on account of GST/WHT during the year was not transferred to tax authorities in violation of rules. Further, documentary evidence of amount recovered / transferred was not provided to Audit for verification.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to recover the amount of taxes, transfer the collected amount of tax to the concerned authorities within one month and get the record verified from Audit. No further progress was reported till finalization of this report.

Audit recommends that amount be got recovered and transferred to tax authorities under intimation to Audit.

(DP Nos. 72,120,148,173,174,214,224 & 245)

1.7.5 Non-recovery of standard rent from un-authorized occupants – Rs 57.778 million

According to Rule 25 (4) (a) & (b) of Accommodation Allocation Rules, 2002, a retired person may retain Government accommodation up to six months after the date of retirement. In case of unauthorized retention beyond legally allotted period, rent equivalent to one rental ceiling of the category of his entitlement or the category of the house under occupation whichever is more, shall be charged for each month for the entire period of unauthorized occupation. In case of trespassing or unauthorized occupation, rent equivalent to two rental ceilings of the category of his entitlement or the category of the house occupied, whichever is more, shall be charged for each month for the entire period of unauthorized occupation.

During audit of PPOD for the year 2021-22, it was observed that nine (09) formations did not recover standard rent amounting to Rs 57,778,124 from the illegal/unauthorized occupants of Government accommodations. Further, these accommodations were also not got vacated from the un-authorized occupants.

Audit was of the view that amount remained outstanding due to weak financial management and lack of effective internal controls.

Audit pointed out this to the management and PAO during September to December, 2022. It was replied that an amount of Rs 20,783,557 had been recovered and efforts were underway to recover the remaining amount.

The reply was not tenable as no recovery particulars were provided to Audit for verification.

DAC in its meeting held on 18th & 19th January, 2023 directed the management to recover the amount of standard rent from unauthorized occupants and amount already recovered be got verified from Audit. It further directed to get the residences vacated from unauthorized occupants. No further progress was reported till finalization of this report.

Audit recommends that government residences be got vacated from un-authorized occupants besides recovery of the standard rent under intimation to Audit.

(DP No. 274)

1.7.6 Non-recovery of overpaid amount from military/postal pensioners – Rs 49.724 million

According to Article 5 of PT&T IAC Vol-I and Rule 8 of GFR Vol-I, it is the duty of the Department to see that the dues of Government are correctly and promptly assessed, collected and paid into treasury.

During audit of PPOD for the year 2021-22, it was observed that thirty-two (32) formations made overpayment on account of inadmissible increases in pension, wrong calculation of arrears of pension and payment of pension at more than the admissible rates to various postal/military pensioners. An amount of Rs 49,724,000 was paid in excess of the authorization. However, the recovery of the overpayment could not be made (details in Annex-VIII).

Audit was of the view that amount remained outstanding due to weak financial management.

Audit pointed out this to the management and PAO during August to December, 2022. It was replied that an amount of Rs 10.150 million was recovered and efforts were underway to recover the remaining the amount.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to recover the remaining amount and particulars of recovered amount be provided to Audit for verification. No further progress was reported till finalization of this report.

Audit recommends that outstanding amount be got recovered immediately from pensioners deposited into treasury and got verified from Audit. Moreover, internal controls be strengthed in order to avoid any overpayment in future

(DP No. 229)

1.7.7 Non-recovery of rent and utility charges – Rs 19.451 million

According to Article 5 of PT&T, IAC Vol-I and Rule 8 of GFR Vol-I, it is the duty of the concerned administrative department to see that the dues of Government are correctly and promptly assessed, collected and paid into the treasury. Moreover, as per Para 535A(I) of Post Office Manual Vol-II, when non-residential accommodation belonging to the PPO Department is let out to other Government Departments or local bodies, the rental rates prescribed by the Ministry of Housing and Works for hiring accommodation will be charged.

During audit of PPOD for the year 2021-22, it was observed that five (05) formations did not recover the rent and utility charges amounting to Rs 19,451,248 from Pakistan Post Foundation (PPF), PTCL, tenants of shops of post plazas (details in Annex-IX).

Audit was of the view that amount remained outstanding due to weak financial management.

Audit pointed out this to the management and PAO during August to December, 2022. CPM GPO Abbottabad replied that the case had been taken up with PTCL for fixation of rent/lease agreement. CCS replied that the matter for execution of fresh agreement and recovery of rent had been taken up with the Directorate General, Pakistan Post, Islamabad. CPM GPO Faisalabad replied that all the amount was recovered. PMG Rawalpindi replied that the department published tender for postal plaza but the tenants of the shops got stay order from the court. The rent of the shops was being deposited in the court.

The reply was not tenable as the revised agreements were not made with M/s PPF and PTCL. Further, due amount was also not recovered as yet.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to cancel the agreement with PTCL and to get the space vacated within 15 days besides recovery of due rent. In case of CSS Karachi, DAC upheld its previous decision dated 5th and 6th January, 2021 in a similar para and directed the management to execute new agreement and rent be recovered within four weeks at rates prescribed by Ministry of Housing & Works for hiring of buildings. It further directed to provide the relevant record to Audit for verification and pursue the case in court of law. It also directed to pursue the court cases. No further progress was reported till finalization of this report.

Audit recommends that agreement with PTCL be cancelled and revised agreement be made with M/s PPF besides recovery of rent & utility charges under intimation to Audit. It is also recommended that mechanism be developed by PPOD to regularly assess the market rent of its buildings and update tenancy agreements accordingly.

(DP Nos.138,171,199 & 219)

1.7.8 Non-recovery of payments to PTCL pensioners - Rs 14.945 million

According to Para 2 of accounting procedure for payment/ disbursement of pension to the retired employees of PTCL, PTCL will open Saving Bank Account with GPO Lahore titled "PTCL Pension Payment Account" with a deposit of Rs 50 million. The PTCL "Pension Account" will be reimbursed/ recouped on weekly basis after receipt of Debit Advices along with paid pension vouchers from the authorized official of PPO. After establishment of PTET, the reimbursement of amount started to come from PTET.

During Audit of PPOD for the year 2021-22, it was observed that a saving bank ordinary Account No. 829620 (PTCL Pension Fund Account) was maintained for disbursement of pension to PTCL pensioners. An amount of Rs 14,945,116 was paid to the PTCL pensioners but the same was not recovered.

Audit was of the view that non-recovery of pension payments made to PTCL pensioners occurred due to violation of procedure.

Audit pointed out this to the management in August, 2022 and PAO in November, 2022. It was replied that most of the excess payment was made by GPOs in spite of issuance of several letters for the stoppage of PTCL pension payment.

The reply was not tenable as it was the responsibility of the department to ensure compliance of internal controls.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to identify the persons who made such payments, take action and amount be recovered from PTCL and relevant quarters under intimation to Audit. No further progress was reported till finalization of this report.

Audit recommends that matter may be investigated to fix responsibility against those held responsible for making payment. Further, amount be recovered and got verified from Audit.

(DP No. 136)

1.8 Others

1.8.1 Non-clearance of outstanding liabilities of utility companies – Rs 25,839.500 million

According to Finance Division (Budget Wing) letter dated 15th April, 2022, PPOD will reconcile outstanding liabilities payable to utility companies with AGPR & State Bank and PAO will get approval from ECC/Cabinet for provision of funds. Further, PPOD will open an independent private bank account with NBP for receipts & payments relating to all agency functions being carried out by PPOD. No contingent liability and financial claims would be created for Government of Pakistan.

During audit of PPOD for the year 2021-22, it was observed that as per reconciliation between utility service provider companies and PPOD the department had to pay an amount of Rs 37,330.619 million which it collected on behalf of WAPDA, Sui Gas, WASA & PTCL upto 31st March, 2022. Out of this an amount of Rs 20,000 million was paid to utility companies leaving the payable balance of Rs 17,330.619 million. Further, an amount of Rs 8,508.881 million was collected by twenty-nine (29) GPOs for the period from April to June, 2022 which was not deposited into the National Bank of Pakistan. The said amounts were utilized for other agency function payments instead of making payment to the utility companies.

Audit was of the view that the liability was created due to non-compliance of Finance Division instructions issued on 25th June, 2021. The said instructions prescribed new procedure for performing agency functions related to bill collection. However, the departmental authorities kept on depositing money in Account-I. Since department did not have access to Account-I, therefore payment to utility companies could not be made.

Audit pointed out this to the management and PAO from August to December, 2022. It was replied that matter had been taken up with Finance Division for special LOC to clear the pending liabilities. Further, an amount of Rs 2,121.154 million had been transferred to utility companies.

The reply was not tenable as Finance Division vide its letter dated 15th April 2022 had directed to reconcile the outstanding liabilities with AGPR and SBP. It was directed that PAO will get approval from the ECC/Cabinet for provision of funds through supplementary grants with reasons and justifications. Further, no record of transferred amount to utility companies was provided to Audit.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to reconcile the figures of collection of utility bills with Director Postal Accounts Lahore pertaining to all GPOs and transferred to utility companies within one month. It further directed to pursue the case with Finance Division for early allocation of funds to clear the pending liabilities and produce relevant record for verification to Audit. No further progress was reported till finalization of this report.

Audit recommends that reconciliation with DA PPO be made at the earliest and pending liabilities be cleared immediately under report to Audit. Further, case be pursued with Finance Division for allocation of funds under intimation to Audit. It is also suggested that the mechanism for communication of important policy decisions and instructions to operational level should be improved for timely compliance.

(DPs No. 12, 78,82 & 290)

1.8.2 Un-authorized payments of Western Union from LOC – Rs 4,601.447 million

Finance Division (Budget Wing) vide letter dated 14.12.2021 granted special permission to PPOD to draw funds from Central Account No. 1 (Non-Food) for the month of December, 2021 in respect of 78 GPOs for Payment of Military Pension, Saving Bank Payment at CDNS

Counters, Salary & Postal Pension and Operational Expenses. This special dispensation continued till June, 2022. There was no provision to make payment of Western Union money transfer from this special LoC.

During audit of PPOD for the year 2021-22, it was observed that an amount of Rs 4,601,446,503 was paid on account of Western Union Payments from December, 2021 to June, 2022. The payment was held unauthorized as it was made for the purpose which was not allowed by the Finance Division.

Audit was of the view that unauthorized payment was made due to non-observance of the instructions of Finance Division.

Audit pointed out this to the management and PAO during August to November, 2022. It was replied that the payment of Western Union was made from LOC till June, 2022 and the entire amount had been transferred to Account No.1, leaving no liability on the part of PPOD.

The reply was not tenable as Finance Division issued special LOC for payment of saving bank, military pension and pay & pension only. Moreover, neither any procedure was devised nor funds for payment of Western Union were demanded through LOC.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to reconcile the figures of Western Union payments with Director Postal Accounts Lahore pertaining to all GPOs and get the same regularized from Finance Division. No further progress was reported till finalization of this report.

Audit recommends that matter needs to be investigated to fix responsibility for making payment of Western Union money transfer without the approval of Finance Division besides getting the same regularized from Finance Division.

(DPs Nos. 06,13 & 79)

1.8.3 Non-deposit of revenue into the Federal Consolidated Fund – Rs 1,704.920 million

Article 40C(1&2) of Public Finance Management Act, 2019 requires that the revenue collection offices shall deposit the collections in Federal Consolidated Fund promptly without delay in prescribed manner under the head of account specified by the Finance Division. Revenue collection offices shall not retain or appropriate the collected amounts to meet departmental expenditures.

Finance Division (Budget Wing) vide letter dated 25th June, 2021 devised a new cash management system in pursuance of Public Financial Management Act, 2019 and directed the PPOD to implement the system w.e.f 1st August, 2021. In order to comply with the instructions of Finance Division, PPOD had to devise new guidelines and accounting procedures for implementation in field formations.

During audit of PPOD for the year 2021-22, it was observed that in thirty-seven (37) formations, postal revenue of Rs 1,704,919,798 million collected w.e.f. 1st April, 2022 to 30th June, 2022 was not deposited in the FCF. Rather it was utilized un-authorizedly towards making other departmental payments. (details in Annex-X).

Audit was of the view that PPOD had neither framed guidelines nor devised any accounting procedure, as directed by the Finance Division, due to which field offices utilized the revenue towards departmental payments, instead of depositing the same in FCF.

Audit pointed out this to the management and PAO during August to November, 2022. It was replied that PPOD utilized its receipts in accordance with the old departmental regulation. This practice continued during transition period i.e. shifting from LOC to SAP system, where no new arrangement / operational procedure was introduced.

The reply was not tenable as the management failed to devise the new procedures as per instructions issued by the Finance Division, which resulted into non-deposit of revenue into FCF.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to fix responsibility for non adhering to the instructions of Finance Division. It further directed to reconcile the figures of revenue with DA PPO Lahore pertaining to all the GPOs and reconciled amount be transferred to FCF within one month besides ensuring finalization of accounting procedure for collection and deposit of revenue into the FCF. No further progress was reported till finalization of this report.

Audit recommends that matter may be investigated to fix responsibility for non-depositing the revenue into FCF and utilization of postal receipts towards meeting departmental expenses. The department should make necessary arrangements to deposit the revenue into FCF immediately besides ensuring such recurrence in future.

(DPs No.03,26,29, 102, 169,202,206 & 253)

1.8.4 Irregular cash payments instead of cheques -Rs 659.076 million

According to Article 93 of PT&T IAC Vol-1, cash payments to the contractors / suppliers are prohibited. Further, para 4.3.1.1 of APPM stipulates that payment to contractors should be made through crossed cheques. Para 4.6.3.1 ibid stipulates that 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.

During audit of PPOD for the year 2021-22, it was observed that twenty-six (26) formations paid an amount of Rs 659,076,231 on account of pay & allowances to employees and contractors in cash. The payment was held irregular as the same was made in cash instead of through cheques. Detail is as under:

Sl. No.	DP No.	Formations	Amount Rs
01	05-23	GPO Lahore Cantt.	12,147,747

02	18-23	GPO Faisalabad	35,246,023
03	121-23	GPO Khanewal	4,729,775
04	146-23	GPO Lahore	6,673,686
05	239-23	PMGs Rawalpindi, Multan, Peshawar, Karachi, GPO's Chakwal, Kasur, Rawalpindi, Jhelum, Bhimber, R.Y.Khan, Bahawalpur, Al-Hydri Karachi, Saddar Karachi, Karachi, Haripur, New Town Karachi, Korangi Karachi, Sheikhupura & CCS Karachi	600,279,000
		Total:	**659,076,231**

Audit was of the view that irregularity occurred due to non-observance of rules.

Audit pointed out this to the management and PAO during August to December, 2022. It was replied that payment of House Building Advance, GPF Advance and salaries were made in cash to the employees and payment to contractor due to non-availability of LOC. Besides, a detailed procedure was devised for transition from LOC mode of cash management. But the department could not manage the financial system transition in a smooth and seamless manner leading to irregularities. The irregularity of the same nature was also reported in the audit reports for the year 2021-22, with financial impact of Rs 114.399 million but the PAO did not take remedial measures to avoid recurrence.

The reply was not tenable as the separate budget was allocated for payment of salaries and payments to vendors which had no linkage with LOC.

DAC in its meeting held on 18th & 19th January, 2023 directed the management to get the expenditure regularized on account of pay & allowances. It further directed to conduct fact-finding inquiry on the issue of cash payments made to vendors. No further progress was reported till finalization of this report.

Audit recommends that matter may be investigated to fix responsibility for violation of rules besides getting the expenditure regularized from competent forum.

(DPs No 05,18,121, 146 & 239)

1.8.5 Irregular payment to military pensioners– Rs 614.923 million

According to Para 5(i) of Hand Book of Instructions regarding Payment to Military Pension through Post Offices (PPO Department), all pensions sanctioned by Government of Pakistan are notified in the Pension Payment Order (PPO) by the FPO (Pension Cell). The documents i.e. PAFA-22 (Notification Sheet), PAFA-376 (Disburser's Half), attested passport size photograph of the pensioner, thumb impression, fingers impression(s) 13 specimen signature sheet, identification mark sheet are forwarded to the pension paying postmaster. Further, according to Para 14 of PMP (Pakistan Military Pension) Rules, the payment to pensioners above the age of 70 years should not be made without periodically verifying their existence by special inquiries.

During audit of PPOD for the year 2021-22, it was observed that an amount of Rs 614,922,962 was disbursed to military pensioners. The payment was held irregular as it was made without completion of legal requirements. It was further observed that the PPOs of some pensioners were not available on record, whereas in other cases life & non-marriage certificates were not obtained. Further, PSB-7/8 (deposit and form) was not found signed by the pensioners. Payment of pension made to persons who affixed thumb impression on warrant of payments was without signatures of any witness. Moreover, documents were not obtained from the pensioners in case of payment of time barred cases (details in Annex-XI).

Audit was of the view that irregularity occurred due to non-observance of rules & procedures.

Audit pointed out this to the management and PAO from August to December, 2022. It was replied that in some cases missing PPOs, life certificates, non-marriage certificates had been obtained. Further, signatures of the pensioners had been obtained on PSB-7/8. Moreover, efforts were underway to complete the date noting work. The irregularity of the same nature was also reported in the audit reports for the years 2021-22, 2020-21 and 2019-20 with financial impact of Rs 225.184

million, Rs 454.012 million and Rs 134.122 million respectively but the PAO did not take remedial measures to avoid recurrence.

The reply was not tenable as payments were made without proper documentation. This practice may lead to the risk of undue payments.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to conduct inquiry, fix responsibility and take action against those found responsible for making payment without signatures, share inquiry report with Audit. It was further, directed to obtain remaining certificates / PPOs & get it verified from audit. No further progress was reported till finalization of this report.

Audit recommends that responsibility may be fixed for making payments without observing codal requirements under intimation to Audit.

(DPs Nos.20,134,231,238,254 & 256)

1.8.6 Absence of policy for un-remunerative post offices – Rs 434.615 million

According to Para 891(1) of Post Office Manual Vol-IV, no experimental Post Office may be sanctioned for a period longer than six months at a time and no extension of experimental periods may be sanctioned unless there is a reasonable hope that the office will prove self-supporting at the end of two years. Further, according to Article 30 of PT&T, IAC Vol-I, PPO Department is recognized as a commercial department which has to regulate the charges for the services rendered by them in such a manner as to pay their own way.

During audit of PPOD for the year 2021-22, it was observed that eighteen (18) formations sustained a loss of Rs 434,614,606 due to retention of un-remunerative post offices. Some post offices were opened on guarantees of the district government but the amount of loss was not recovered from the guarantors. In other cases, post offices were running in loss but management of PPOD did not take effective measures to minimize the amount of loss. Detail is as under:

DP No.	Name of formation	Amount (Rs)
200-23	PMG Quetta	16,556,251

270-23	PMGs Muzaffarabad, Quetta, Peshawar, Multan, Lahore, Islamabad, GPOs Sargodha, Kohat, Mardan, Nowshera, Mansehra, Peshawar, R.Y.Khan, Bahawalpur, Hyderabad, Sheikhupura, Sukkur & Gujrat	418,058,355
	Total:	**434,614,606**

Audit was of the view that operations of the PPOD may be run on commercial basis as much as possible to see if these were run efficiently. If public services is meant to be delivered through post offices then it should be known how much cost is being borne and the decision to retain post offices which were running in losses must be taken in consultation with the relevant authority who should be made responsible for bearing the loss of such post offices. This would be possible through devising a comprehensive workable policy on the issue. No effort was found on record in this regard.

Audit pointed out this to the management and PAO during August to December, 2022. It was replied that these post offices were opened to facilitate the general public. However, most of the post offices running in loss had been closed.

The reply was not tenable as these offices were running in loss but no effective steps were taken to reduce the loss.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to conduct a study to find out the reasons of loss and also suggest way forward for making them profitable. No further progress was reported till finalization of this report.

Audit recommends that effective steps be taken to reduce the amount of loss and also conduct a study to identify the reasons of loss and suggestions for making these post offices profitable under intimation to Audit.

(DPs Nos. 200 & 270)

1.8.7 Illegal occupation of PPOD land - Rs 78.575 million

According to Section 5(1) and (2) of the Federal Government Lands & Buildings Ordinance 1965, if Federal Government thinks fit that a person is an unauthorized occupant of any land, he may be directed in writing to vacate the land or building and in case of refusal any officer should recover possession by evicting such person and may also demolish and remove the structure, if any, erected or built by that person. Section 6 and 7 further stipulate that the competent authority may use force and recover demolishing charges from unauthorized occupants. Furthermore, para 5.5.1 of FAM states that internal control structure provides reasonable assurance that assets are safeguarded against loss due to waste, abuse, mismanagement, errors, fraud and other irregularities.

During audit of PPOD for the year 2021-22, it was observed that in four (04) formations, lands and buildings of Pakistan Post at different places having estimated value of Rs 78,575,140 were occupied/encroached by the outsiders/postal employees. The department failed to safeguard its assets leading to their encroachment/illegal occupancy. Detail is as under:

Sl. No.	DP No.	Formations	Description	Amount (Rs)
1.	105-23	PMG Multan	Illegal occupation of land by unauthorized construction and addition in structure by 22 allottees of postal colonies	21,247848
2.	204-23	GPO Haripur	Illegal occupation of 8 marlas of GPO land by constructing shops on it by outsiders	48,000,000
3.	294-23	PMG Peshawar & Quetta	Two buildings were encroached by outsiders	9,327,292
			Total:	**78,575,140**

Audit was of the view that illegal occupation and encroachment of PPOD land was made due to lack of supervisory controls by the department for safeguarding the assets.

Audit pointed out this to the management and PAO during August to December, 2022. PMG Multan replied that notices had been issued to all allottees to remove the encroachments. PMG Peshawar replied that the matter was taken up with Assistant Commissioner Haripur for removal of encroachment. PMG Quetta replied that the matter had been taken up with Commissioner for removal of encroachment.

The reply was not tenable as department did not take due care to safeguard its assets.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to remove the encroachment within one month and take action against those found responsible. No further progress was reported till finalization of this report.

Audit recommends that efforts be made to get the land vacated from the unauthorized occupants and take action against those found responsible under intimation to Audit.

(DPs No. 105,204 & 294)

1.8.8 Irregular payment to mail contractors and non-recovery of penalty – Rs 63.797 million

According to Clause(iv) of common instructions of the agreements, the contractual vehicle should be owned by the bidder himself and 10% penalty will be imposed due to non-provision of approved vehicles. Further, as per clause 9 of the instruction for bidders of the bidding documents, the mail shall be exchanged by the employee/servant of the mail contractor. As per clause 10 of the agreement, in case of increase or decrease in number of trips thereby resulting in increase or decrease of distance covered, the contracting parties here to shall respectively entitled to claim proportionate increase, decrease or fix rate under any other criteria as agreed upon both the parties.

During audit of PMG Lahore for the year 2021-22, it was observed that the management failed to ensure proper compliance of contract clauses by mail line contractors. The mail contractors deployed unregistered and unapproved vehicles having low capacity. Lahore-Wahga mail route was curtailed but proportionate subsidy was not recovered from contractor as per terms of contract. It was the responsibility of the contractor to provide staff with vehicles. In case, PPOD staff was deployed, the contractor to be charged accordingly. Further, 10% penalty was not recovered due to non-provision of approved vehicle as per terms & conditions of the contracts. The overpayment made to M/s PPF was also not recovered.

Audit was of the view that irregularity occurred due to non-observance of contract clauses resulted in irregular payment of Rs 38,214,146 and non-recovery of penalty and overpayment amounting Rs 25,583,198 (details in Annex –XII).

Audit pointed out this to the management in October, 2022 and PAO in November, 2022. It was replied that mail contractors had deployed specified vehicles on the mail routes approved by the tender evaluation committee and registered in the name of mail contractors. In case of Lahore-Wahga mail line, it was replied that contract was awarded on lump sum basis, therefore, amount was not deducted from the monthly subsidy. Further, the postal officials were deployed with the vehicles of mail contractors for safe transmission of mail as it could not be transmitted under supervision of the private contractors. However, due recovery/penalty would be imposed.

The reply was not tenable as the mail contractors had deployed unapproved vehicles on the mail routes and these vehicles were not registered in the record of Excise & Taxation department. The documents provided were not got verified by the department at the time of award of contracts. As regard Lahore-Wahga mail route, the contractor did not execute complete trips provided in the agreement and department did not deduct the amount as required under clause 10 of the agreement. As regards deployment of postal employees with the vehicle, it was the liability of the mail contractors to deploy its staff for exchange of mail under clause 9 of the bidding documents.

DAC in its meeting held on 18th & 19th January, 2023 directed the management to inquire the matter at Directorate level as to why the due recovery was not made from the mail contractor. It further directed to regularize the expenditure from competent forum under report to Audit. No further progress was reported till finalization of this report.

Audit recommends that matter needs to be investigated to fix responsibility for non-enforcing of relevant clause of the agreement causing overpayment to contractor besides, effecting recovery of the amount involved and getting it verified from Audit.

(DP Nos. 183,185,186,187,188,190,191,193&195)

1.8.9 Irregular withdrawal from special saving accounts – Rs 39.950 million

According to Para 2(09) of Finance Division letter No. 17(1)GS-I/2012-Vol-II dated 13-01-2020, fresh deposits in the existing accounts will be stopped except salary and pension.

During audit of GPO Attock for the year 2021-22, it was observed SSAs of 29 PPOD employees utilized for deposit of extra ordinary heavy amounts to the tune of Rs 39,949,698. These accounts were meant for deposit of salary only. Deposit of such heavy amounts was unauthorized. Moreover, another risk area that was noticed during audit was that the similar amounts were withdrawn from some SSAs on the same date these deposits were made.

Audit was of the view that irregularity occurred due to violation of instructions of Finance Division.

Audit pointed out this to the management in August and PAO in November, 2022. It was replied that the Finance Division letter dated 13-01-2020 was not applicable on ordinary saving accounts opened for salary and pension

The reply was not tenable as fresh deposits in the existing accounts was not allowed by the Finance Division.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to conduct fact finding inquiry and outcome of the inquiry be shared with Audit. No further progress was reported till finalization of this report.

Audit recommends that a fact-finding inquiry may be conducted and responsibility be fixed on those held responsible for making deposits in salary accounts of postal employees under report to Audit. The inquiry should also look at the aspect of withdrawal of similar amounts from other SSAs on the same dates.

(DP No. 30)

1.8.10 Un-authorized payment of SSAs to nominees ignoring requests of legal heirs – Rs 35.749 million

According to decision of Lahore High Court in Civil Revision 113 of 2005, dated on 22.03.2011, in PLD 2011 Lahore 355 "it is now an established principle of law that a nominee, if appointed, does not become the sole owner of the assets left by the deceased but he is only authorized to collect the amount from the National Saving Centre or to hold the property of the deceased as an Administrator and then to distribute the same among all the legal heirs. Moreover, succession certificate issued by the Additional District Judge Dadyal against case No. 63/2018 dated 18.04.2018 regarding payment of all legal heirs instead of nominees is also referred.

During forensic audit of PPOD for the years 2014-15 to 2019-20, it was observed that an amount of Rs 35,748,626 was paid to the nominees of the deceased account / DSC holders by DSPS/CPM GPO Mirpur without succession certificates. In some cases, the requests of legal heirs for making payments on succession certificates basis were ignored. In other case, the names of nominees were different from the payees. Detail is as under:

(Rs in millions)

Sl. No.	Item No.	Name of formation	Description	Amount
1	19	GPO Mirpur	Payment was made to nominee without Succession Certificate by ignoring the	14.854

			request of second wife of deceased.	
2	21	-do-	Payment was made to nominee without Succession Certificate by ignoring the request of daughter of deceased.	6.783
3	12 (SAR)	-do-	Payment was made to nominees without Succession Certificates. Names of nominees were different from claimant.	14.112
			Total	**35.749**

Audit pointed out this to the management and PAO during May and August, 2021. The management of PPOD replied that the payment of deceased cases had been made to nominees under Saving Bank Act, 1873 as contained in chapter 3 of PO Vol-I and Sub Section (1) & (2) of Section 4.

The reply was not tenable as payments were made without succession certificates ignoring some of the written requests of legal heirs in some cases

DAC in its meeting held on 29th March 2022 directed the management to take up the matter with CDNS and Finance Division for clarification under intimation to Audit. No further progress was reported till finalization of this report.

Audit recommends that responsibility be fixed against those held responsible for making payment on nomination basis by ignoring the written applications of legal heirs.

(Para 4.5 of Forensic Audit Report 2020-21)

1.8.11 Non-imposition of penalty on contractors – Rs 32.310 million

Clause 5 of the contracts made between mail contractors & PPOD requires imposition of penalty not exceeding double the subsidy fixed for each trip for non-completion of any journey or of delay in completion thereof in accordance with prescribed schedules. Similarly, clause 25 of contract agreement between PMG Islamabad & M/s Ghazi Security Company requires that penalty equal to 25% of service charges be imposed for breach of clause of contract agreement. Moreover, clause 8 of agreement between PPOD and M/s PPF requires imposition of penalty in case of failure/delay to deposit on the next day all moneys and cash received on account of booking of articles, a penalty equal to the amount due shall be levied per day of default and recovered from the Institutional Franchise Postmaster.

During audit of PPOD for the year 2021-22, it was observed that in three (03) formations, contracts for building works, security services, opening of institutional franchised post offices and transportation of mail were awarded to different contractors. The contractors failed to comply with the terms and conditions of the contracts but penalty amounting to Rs 32,309,499 as per contract clauses was not imposed (details in Annex-XIII).

Audit pointed out this to the management and PAO during August to November, 2022. The management replied that mail vehicles were late due to road conditions therefore, penalty was not imposed. Further, works were completed by the contractors within given timeframe therefore, no penalty was due.

Audit was of the view that irregularity occurred due to non-observance of contract clauses.

The reply was not tenable as agreement clauses were violated by the contractors but penalty was not imposed by the department.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to recover the amount of penalty and got verified from Audit. No further progress was reported till finalization of this report.

Audit recommends that amount of penalty may be recovered from contractors and recovery particulars be got verified from Audit.

(DP No. 269)

1.8.12 Irregular payment to mail contractors without tenders - Rs 19.213 million

According to Rule 12(1) of Public Procurement Rules, 2004, 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.

During audit of PPOD for the year 2021-22, it was observed that four (04) formations incurred an expenditure of Rs 19,213,305 on account of payment to mail contractors. The expenditure was held irregular as the same was incurred without competitive bidding. Detail is as under:

Sl. No.	Name of Formation	Item No	No of mail lines	Amount Rs
1	PMG Multan	15	03	3,447,025
2	PMG Peshawar	05	01	2,065,000
3	PMG Muzaffarabad	06	06	12,931,280
4	DSPS Muzaffarabad	10	02	770,000
		Total:	**12**	**19,213,305**

Audit was of the view that irregularity occurred due to non-observance of PPRs.

Audit pointed out this to the management and PAO during August to November, 2022. It was replied that head of the circle was competent to make temporary arrangement for conveyance of mail without tender for three months.

The reply was not tenable as the rules permit only three months extension for hiring of services for next period but temporary arrangement for conveyance of mail was made beyond permissible three months' period.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to conduct fact finding inquiry and fix responsibility on those found responsible under report to Audit. No further progress was reported till finalization of this report.

Audit recommends that responsibility be fixed for incurring expenditure without competitive bidding and the same be got regularized from competent forum under report to Audit.

(DP No. 226)

1.8.13 Irregular agreement with M/s PPF - Rs 17.701 million

According to Rule 7 of Treasury Rules, 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 which shall be included in Federal Consolidated Fund of the Federal Government. Monies received as aforesaid shall not be appropriated to meet departmental expenditure. Further, as per clause 8 of agreement executed between PPOD and M/s PPF, in case of failure/delay to deposit on the next day all moneys and cash received on account of booking of articles, a penalty equal to the amount due shall be levied per day of default and recovered from the Institutional Franchise Postmaster.

During audit of PPOD for the year 2021-22, it was observed that an agreement between PPOD and Pakistan Post Foundation (PPF) was executed for establishment of 1,000 Institutional Franchised Post Offices (IFPO) throughout the country on 7th February 2020. A clause was inserted in the agreement according to which PPF was allowed to deduct its commission @ 25% at source on the business transacted. The said clause of the agreement was in violation of the rules as revenue cannot be utilized towards making any expenditure. Thus, withholding of commission amounting to Rs 7,471,656 by PPF was considered irregular. Moreover, PPF deposited the collected amount on weekly basis instead of depositing it on the following day of collection in violation of the contract clause but penalty amounting to Rs 10,229,335 was not imposed on PPF.

Audit was of the view that non-observance of rules resulted into an irregular payment of Rs 17,700,991 to PPF.

Audit pointed out this to the management and PAO during August to November, 2022. It was replied that revised agreement had been submitted to Law & Justice Division for vetting. As per revised agreement the commission will not be deducted at source.

The reply was not tenable as the commission was deducted from the revenue of the department. Further, penalty was also not imposed due to late transmission of cash as per agreed terms of contract.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to recover the amount of penalty from PPF as well as get the service charges regularized from Finance Division. It further directed to finalize the revised agreement within three months. No further progress was reported till finalization of this report.

Audit recommends that matter may be investigated to fix responsibility for making payment of commission from revenue besides recovery of penalty from M/s PPF under intimation to Audit.

(DPs No. 139,158,189 & 287)

1.8.14 Irregular payment of incentives from revenue – Rs 15.184 million

According to Rule-12 of the Rules of Business, 1973, approval of Finance Division is required before issuing any orders that may affect the finances of the Federation. According to para 2.1.3.1 and 2.1.3.2 of MAP, all moneys received, all loans raised and all moneys received in repayment of any loan by the Government, will form the Consolidated Fund of the Government and no expenditures will be met from the Consolidated Fund unless specified in a duly approved "Schedule of Authorized Expenditure".

During audit of PPOD for the year 2021-22, it was observed that an amount of Rs 15.184 million was paid to the staff on account of different incentives from receipt of PPOD instead of from budget head during the financial year 2021-22. The payment was made without the approval of Finance Division, therefore held irregular. Detail is as under:

(Rs in millions)

Sl. No.	Description	Amount
1	Incentive paid to staff on the delivery of MCB Statements	0.595
2	Incentive on Pick-up Service of Express Articles	1.119

3	Incentive paid to staff on KPK stipend money orders	6.406
4	Incentive on Western Union	7.064
	Total Rs	**15.184**

Audit was of the view that irregularity occurred due to violation of rules.

Audit pointed out this to the management and PAO during September to November, 2022. DA PPO replied that these incentives were paid to the employees who were performing different agency functions. The irregularity of the same nature was also reported in the audit reports for the year 2021-22, 2020-21 and 2019-20 with financial impact of Rs 36.543 million, Rs 11.059 million and Rs 15.402 million respectively but the PAO did not take remedial measures to avoid recurrence.

The reply was not tenable as the payment of incentives was made without the approval of Finance Division.

DAC in its meeting dated 13.10.2022 directed the management to refer the case to Finance Division for regularization of incentives. No further progress was reported till finalization of this report.

Audit recommends that responsibility may be fixed on those found responsible for making payment of incentive from revenue without the approval of the Finance Division besides getting the same regularized from Finance Division.

(Para No. 4.1.3 Certification Audit Report & DP Nos 94 & 265)

1.8.15 Unlawful drawl of cash on paper chits – Rs 10.340 million

The Finance Division vide its U.O dated 24.05.2010 allowed imprest money for each office of DSPS. Accordingly, DG PPOD issued instructions / procedure vide letter dated 13.07.2010 for implementation of the system of imprest with the direction that the amount drawn on paper chits in all post offices should be made zero. The Public Accounts Committee, in its meeting held on 5th and 7th November, 2001 directed the Principal Accounting Officer to evolve some institutional arrangement to stop this practice on permanent footing.

During audit of PPOD for the year 2021-22, it was observed that twenty (20) formations drew an amount of Rs 10,339,989 on paper chits in violations of the instructions of PAC.

Audit was of the view that these violation of rules had been reported separately in previous reports but the practice had not been stopped by the department.

Audit pointed out this to the management and PAO during August to December, 2022. It was replied that paper chits worth Rs 330,879 were cleared and remaining paper chits would be cleared soon. The irregularity of the same nature was also reported in the audit reports for the years 2021-22, 2020-21 and 2019-20 with financial impact of Rs 36.543 million, Rs 11.059 million and Rs 15.402 million respectively but the PAO did not take remedial measures to avoid recurrence.

The reply was not tenable as rules did not allow to draw cash on paper chits.

DAC in its meeting held on 18th & 19th January, 2023 directed the management to conduct fact fining inquiry and fix responsibility on those found responsible under report to Audit. No further progress was reported till finalization of this report.

Audit recommends that the practice of drawal of cash on paper chits be stopped forthwith besides fixing responsibility on those at fault under report to Audit.

(DP No. 255)

1.8.16 Irregular utilization of PPOD's vehicles by the PLICL

According to Clause 6.1 (b) of Strategic Agreement between PLICL and PPOD, the PLICL shall reimburse to Pakistan Post all the expenditure incurred as "Management Cost" through a mutually agreed mechanism.

During audit of PPOD for the year 2021-22, it was observed that

57 vehicles of PPOD were under utilization of PLICL in its different offices. PPOD did not recover any rent as per terms and conditions of the agreement.

Audit was of the view that weak asset management resulted in non-recovery of cost of utilization of vehicles.

Audit pointed out this to the management and PAO during October and November, 2022. It was replied that clause 2.3 of the strategic agreement covered the use of PPOD's premises/assets/ goodwill/brand name by PLICL which was being utilized by erstwhile PLI.

The reply was not tenable as the PPOD failed to recover the rent of vehicles as per clause 6.1 (b) of the agreement from PLICL. After incorporation of PLICL, there are two separate legal entities, PPOD, PLICL. Any used of resources one entity by the other should be through proper documentation.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to devise a mechanism for recovery for use of assets and vehicles used by PLICL. No further progress was reported till finalization of this report.

Audit recommends that matter may be taken up with PLICL for recovery of rent of vehicles under intimation to Audit besides devising a mechanism for optimum utilization of department's assets.

(DP No. 97)

MINISTRY OF COMMUNICATIONS

POSTAL LIFE INSURANCE COMPANY LIMITED

Chapter -2

Postal Life Insurance Company Limited (PLICL)

2.1 Introduction

A. PPOD was operating Postal Life Insurance (PLI) on behalf of Ministry of Finance in the past on no-profit no-loss basis. The Government of Pakistan converted PLI into a company by the name of Postal Life Insurance Company Limited (PLICL) and incorporated it under the Companies Act, 2017. The company was registered in Securities and Exchange Commission of Pakistan (SECP) as a life insurer under the Insurance Ordinance 2000 on 26th August, 2020. The company started its business on 2nd April, 2021 with limited scope of life insurance coverage only.

The PLICL is managed by the Board of Directors (BoD) under administrative control of Ministry of Communications and headed by a Chief Executive Officer (CEO) assisted by two General Managers based at Lahore & Karachi. It has three Regional Directors located at Multan, Peshawar & Quetta. The main objectives of the company are as under:

i. To carry out all kinds of insurance business relating to life insurance.
ii. To take over assets, liabilities including policy holders liabilities determined as on the transfer date in accordance with the insurance regulatory framework prescribed under the Insurance Ordinance, 2000 and relevant rules/regulations/directives/ circulars/ guidelines etc., contracts, and undertakings of Postal Life Insurance under the vesting orders passed by the Federal Government.
iii. To carry on, in Pakistan and elsewhere all kinds of family takaful business and generally every kind of family takaful and family re-takaful business whether now known or hereafter to be devised subject to such restrictions as imposed by the Insurance Ordinance, 2000.

iv. To transact the business of life insurance company including sale and purchase or re-purchase of annuities a reversionary interest, and life or other interests of uncertain duration or commencement, and endowments for children, and sickness insurance, and all other business pertaining to or commonly transacted by life insurance companies.

B. Comments on Budget and Accounts

Annual accounts of PLICL for the year ending 31st December 2021 have yet not been finalized by the management and got audited from the external auditor in contravention to Rule 23(1) of the Public Sector Organization Corporate Governance Rule 2013 amended up to 2019. Due to non-finalization of accounts, PLICL management has also not prepared and published its certified annual report as well as statement of compliance. Due to non- finalization of accounts, audit was unable to offer comments on these accounts.

Table-1 Audit Profile of Postal Life Insurance Company Limited

(Rs in billions)

Sl. No.	Description	Total Nos.	Audited	Expenditure audited FY 2021-22	Revenue / Receipts audited FY 2021-22
01	Formations	52	04	6.056	-

2.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 8,338.344 million (including non-budgeted payments) were raised in this report during the current audit of the Postal Life Insurance Company Limited. This amount also includes recoveries of Rs 1,415.203 million as pointed out by audit. Summary of the audit observations classified by nature is as under:

Table-II Overview of Audit Observations

(Rs in millions)

Sl. No.	Classification	Amount
1.	Reported cases of fraud, embezzlement and misappropriation	15.709
2.	Irregularities	-
A	HR related irregularities	-
B	Management of Account with Commercial Banks	-
3.	Value for money and service delivery issues	-
4.	Receivables	1,415.203
5.	Other Irregularities	6,907.432
	Total:	**8,338.344**

2.3 Status of Compliance with PAC Directives

Audit of the entity was started in 2021, however, compliance of the paras relating to PLI (now PLICL) has been reflected in "Status of Compliance with PAC Directives" of Pakistan Post Office Department provided at page 15.

AUDIT PARAS

2.4 Cases of fraud, embezzlement and misappropriation

2.4.1 Fraudulent posting of premium in Ledgers and payment of death value claims – Rs 15.709 million

According to Rule 5(5) (b) (vi) of the Corporate Governance Rules 2013, the Board shall also develop and implement a policy on “anticorruption” to minimize actual or perceived corruption in the company.

During audit of PLICL for the year 2021-22, it was observed that in six cases where policies were surrendered, fraudulent entries of premium were found posted in ledgers and subsequently payments were withdrawn. These entries were made by writing the amount of instalments in excess than those deposited by the insurants. Further in nine cases of death value claims, names of the payees as well as CNIC numbers were found different than mentioned in the claim forms. Thus, total amount of Rs 15,709,434 was fraudulently paid/withdrawn. The detail is as under:

Sl. No	DP No	Description	Amount Rs
01	201-23	Fraudulent posting of premium in ledgers	8,342,960
02	46-23	Fraudulent payment of death value claims	4,500,000
03	57-23	-do-	2,866,474
		Total:	**15,709,434**

Audit was of the opinion that such incidents occur due to negligence, loose internal controls by the company.

Audit pointed out this to the management and PAO during September and November, 2022. In case of Sl. No. 1, it was replied that committee has been constituted to verify the past work and further progress will be communicated to Audit on receipt of report from committee. In case of Sl. No. 2, it was replied that the matter regarding correction of CNICs numbers had been taken up with Railway authorities. In case of Sl. No. 3, it was replied that payment was made to actual beneficiaries/under the orders of Civil Judge.

The reply was not tenable as bogus posting of premium was made in ledgers and the amount was misappropriated. Further, payment was made against CNIC numbers which did not match with the NADRA record.

DAC in its meeting held on 18th and 19th January, 2023, took serious notice and directed the management to take action against the persons involved in misappropriation within one month. It further directed to conduct a fact finding inquiry, take action against the persons involved in misappropriation within one month under intimation to Audit. No further progress was reported till finalization of this report.

Audit recommends that persons involved in the misappropriation may be removed from their present posting and appropriate action be taken against them. Further, past work verification may also be completed as early as possible under intimation to Audit.

(DP No. 46,57,201)

2.5 Receivables

2.5.1 Non-recovery of premium collected by PPOD – Rs 969.342 million

Para 2 of Annexure – II of Service Agreement executed between PLICL and PPO Department requires that all collection received in preceding week excluding per transaction fee will be credited to PLICL's Bank Account on next Monday or first working day in case of Monday is Bank Holiday.

During audit of GM PLICL, Lahore for the year 2021-22 it was observed that PPOD collected PLICL Premium worth Rs 1,074,633,344 out of which an amount of Rs 105,291,469 was transferred to PLICL leaving the recoverable amount of Rs 969,341,875.

Audit was of the opinion that amount could not be recovered due to weak receivable management by the company.

Audit pointed out this to the management in September, 2022 and PAO in November, 2022. It was replied that the matter had been taken up with PPOD for recovery of amount.

The reply was not tenable as the amount was not transferred in the PLICL account and still lying with PPOD.

DAC in its meeting held on 18th & 19th January, 2023 directed the management to recover the amount and got verified from Audit. No further progress was reported till finalization of this report.

Audit recommends that efforts be made to recover the premium collections from PPOD and recovery particulars be produced to Audit for verification.

(DP No. 40)

2.5.2 Non-realization of group insurance premium - Rs 445.861 million

According to Rule 4 (3) of Corporate Governance Rules 2013, the chief executive is responsible for implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During audit of PLICL for the year 2021-22, it was observed that an amount of Rs 445,860,287 was due against different group insurance policies but the same had not yet been realized as per clauses of the insurance agreements. Detail is as under:

DP No.	Formation	Description	Amount (Rs)
48-23	GM PLI Lahore	Non-realization of premium from Punjab Government	437,403,553
50-23	-do-	Short-realization of premium from Pakistan Railways Passengers agreement	8,456,734
		Total:	**445,860,287**

Audit was of the opinion that amount was not recovered due to loose internal controls and weak receivable management by the company.

Audit pointed out this to the management in September, 2022 and PAO in November, 2022. It was replied that an amount of Rs 20.000 million was recovered and remaining amount would be recovered after the settlement of pending death claims of different departments.

The reply was not tenable as particulars of recovered amount were not got verified from Audit.

DAC in its meeting held on 18th & 19th January, 2023 directed the management to recover the remaining amount and got verified from Audit. It further directed to settle the outstanding claims within six months under intimation to Audit. No further progress was reported till finalization of this report.

Audit recommends that amount of premium be recovered and got verified from Audit.

(DP No. 48 & 50)

2.6 Others

2.6.1 Non-payment of group insurance claims – Rs 3,551.832 million

Section 118(1)(2) of Insurance Ordinance, 2000 requires that it shall be an implied term of every contract of insurance that where payment on a policy issued by an insurer becomes due and the person entitled there to has complied with all the requirements, including the filing of complete papers, for claiming the payment, the insurer shall, if he fails to make the payment within a period of ninety days from the date on which the payment becomes due or the date on which the claimant complies with the requirements, whichever is later, payas liquidated damages a sum shall be calculated at monthly rests at the rate five percent higher than the prevailing base rate.

During audit of PLICL for the year 2021-22, it was observed that 11,626 group insurance cases involving Rs 3,551.832 million relating to different organizations / departments of provincial & Federal governments were shown as payable. Finance Division had released an amount of Rs eight (8) billion for settlement of claims during 2021-22, but the management failed to settle the outstanding claims in time and the amount released in assignment account lapsed as unspent.

Audit was of the opinion that the claims were not settled due to weak financial management.

Audit pointed out this to the management in September, 2022 and PAO in November, 2022. It was replied that about 4000 claims of Government of Punjab were ready for issuance of cheques. However, the cheques could not be prepared owing to implementation of revised procedure under SECP & FATF regulations. This resulted in not only financial irregularity but also hardships to the recipient of claims.

The reply was not tenable as huge amount was allocated by the Finance Division to clear the pending liability but PLICL management failed to settle these claims.

DAC in its meeting held on 18^{th} & 19^{th} January, 2023 directed the management to settle the outstanding claims within seven days after the release of funds. No further progress was reported till finalization of this report.

Audit recommends that outstanding claims may be settled after release of funds immediately under report to Audit.

(DP No. 37 & 38)

2.6.2 Non-issuance of shares from the paid up capital - Rs 3,300 million

According to Rule 4(3) of Corporate Governance Rules 2013, 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 Act and these rules. His responsibilities include implementation of strategies and policies approved by the Board, making appropriate arrangements to ensure that funds and resources are properly safeguarded and are used economically, efficiently and effectively and in accordance with all statutory obligations.

During audit of PLICL for the year 2021-22, it was observed that the Economic Coordination Committee (ECC) approved the summary of Ministry of Communications, with approved paid-up capital of Rs 4.000 billion indicating an amount of Rs 700 million as initial paid-up capital to register Postal Life Insurance as public limited company. PLICL had issued shares for Rs 700 million only uptill now and shares of the remaining amount of Rs 3.3 billion had not been issued by the company as yet.

Audit pointed out this to the management in September, 2022 and PAO in November, 2022. It was replied that matter was taken up with Finance Division for necessary guidance.

The reply was not tenable as the management of PLICL was required to issue shares against the amount received as paid up capital.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to pursue the case with Finance Division and outcome be shared with the Audit. No further progress was reported till finalization of this report.

Audit recommends that matter may be pursued on top priority basis and outcome be shared with Audit.

(DP No. 63)

2.6.3 Irregular payment to Pakistan Railways passengers - Rs 55.600 million

According to Clause 9.2 (a) of the agreement the following documents i.e attested copy of death certificate issued by the Union Council (NADRA), copy of FIR and attested copy of the passenger valid ticket were mandatory for acceptance of death claim

During audit of PLICL for the year 2021-22, it was observed that an agreement between PLICL and Pakistan Railways was signed for life coverage of passengers from 07.02.18 to 06.02.23. Audit observed that Company sanctioned Group Insurance claims to Railway passengers worth Rs 55,600,000 during 2021-22. These claims were paid without obtaining copy of FIR, original ticket and report of authorized medical board.

Audit was of the opinion that irregularity occurred due to violation of contract clause. The completion of documents was necessary to ensure that the amount of insurance is disbursed only to the rightful recipient.

Audit pointed out this to the management and in September and November, 2022. It was replied that death certificates of all passengers were not found attached with death claims.

The reply was not tenable as attested copies of death certificates, FIRs and original tickets of the passengers were not attached with the claims.

DAC in its meeting held on 18th and 19th January, 2023 directed the management to conduct fact finding inquiry on the issue and share with Audit. No further progress was reported till finalization of this report.

Audit recommends that the matter be investigated to fix responsibility for making payment in violation of contract clauses besides taking up the case with Pakistan Railways authorities for provision of all the relevant documents and ensuring prompt compliance with agreed terms & conditions in future, under report to Audit. This would ensure payment of insurance amount to the genuine claimants.

(DP No. 44)

THEMATIC AUDIT REPORT

ON

FINANCIAL SUSTAINABILITY OF PAKISTAN POST OFFICE DEPARTMENT

1. Financial Sustainability of Pakistan Post Office Department (PPOD)

1.1 Introduction

Pakistan Post Office is one of the oldest government departments in the Sub-Continent. The key activities undertaken by the Pakistan Post comprise domestic and international postal services and money orders. Operations also include agency functions on behalf of Federal & Provincial Governments such as collection of utility bills, payment of military pension, collection of provincial taxes, Western Union payments, NADRA ID Card & Passport delivery etc. PPOD has a major footprint throughout the country with 9,644 post offices including 86 GPOs managed by 46,927 employees (including extra departmental employees) serving millions of people[11].

1.2 Background

Pakistan Post Office Department was a profitable department till 2008. However, from 2009-2010 onwards it has been suffering loss mostly due to increase in operational expenses without corresponding increase in revenue. The annual deficit kept on increasing so much so it raised to Rs 12,223 million in 2020-21.The department, on one hand was facing operational losses while on the other two major agency functions i.e. pension disbursement and saving bank were transferred from PPOD due to FATF requirements. Increase in operational losses coupled with transfer of major revenue source made the department susceptible to severe financial sustainability crisis.

[11]PPOD Annual Report 2020-21

1.3 Establishing the Audit Theme

1.3.1 Reasons of Selection

A number of Public Sector Entities in Pakistan are running into losses causing undue burden on previous public resources. Pakistan Post Office Department is one of such entities. This is despite the fact that it has huge potential to remain above break even point owing to its large spread and huge asset base. It is important to took at why the potential has not been converted to practical use over past many years.

1.3.2 Purpose / Objectives

The main purpose of thematic audit is to assess whether PPOD has explored alternate avenues of revenue generation after transfer of major agency functions. Further, whether effective measures were taken by the department to improve the service delivery for the satisfaction of its customers / general public and for market competitiveness. The major objectives and terms of reference of thematic audit were to evaluate whether

i. PPOD will remain financially stable after transfer of major agency functions i.e. Saving Bank, Military Pension and Postal Life Insurance;
ii. Any plan was devised to counter competitor courier and cargo companies;
iii. Modern marketing and advertisement strategies were adopted;
iv. Modern ICT services were utilized to enhance customer's satisfaction;
v. Utilization of staff was rationalized after transfer of major agency functions;
vi. Appropriate steps were taken for capacity building of existing staff;
vii. Any steps were taken for rehabilitation of depleted infrastructure and improvement of work environment;
viii. Any effective system for proper redressal of complaints regarding service delivery existed;

ix. The general public was satisfied with service delivery of the department.

1.3.3 Scope

Directorate General of Audit P&TS, Lahore conducted thematic audit "Financial Sustainability of PPOD" during August to November 2022. Audit teams visited the PPOD headquarters, Circle offices and selected GPOs in order to collect information related to the selected theme. Audit encountered a general lack of awareness among the staff regarding the issue of financial sustainability making it difficult to seek response of operational level staff.

2. Legal framework governing the Theme

The PPOD performs its functions under the provisions of Post Office Act, 1898 and is under administrative control of Ministry of Communications. PPOD operates under Pakistan Postal Services Management Board (PPSMB) and headed by the Director General (DG) who is also the Chairman of PPSMB. Following is the list of documents that provides legal framework:

- Post Office Act, 1898
- Pakistan Postal Services Management Board Ordinance 2002
- Initial Account Code (Volume I & II)
- Post office Manual (Volumes I-VIII)
- Federal Treasury Rules
- Revised System of Financial Control and Budgeting
- Agreements with different departments of Federal and Provincial governments

3. Stakeholders and governmental organizations identified as directly / indirectly involved

Following stakeholders are directly / indirectly involved in relation to the subject thematic audit.

- Ministry of Communications
- Public Accounts Committee
- Auditor General of Pakistan
- Pakistan Post Office Department
- General public especially those in far office places

4. Role of important organization

Ministry of Communications (MoC)

Ministry of Communications being administrative ministry monitors the overall working of Pakistan Post Office Department (PPOD) and reviews the postal policies from time to time. It is also responsible for implementation of the directives of the Federal Government. An increase in loss may lead to undue burden on federal government as well.

Public Accounts Committee (PAC)

The Parliament through Public Accounts Committee (PAC) plays a pivotal role in ensuring parliamentary oversight on public exchequer by examining Auditor General's Report. The Public Accounts Committee not only examine Auditor General's Reports but also takes notices of public petitions and suo-moto notices on various issues of public importance since 2008.

In view of the current financial position of the PPOD, PAC in its meeting held on 16th June, 2022 while discussing Audit Para No. 1.8.1 of Audit Report 2019-20 noted the losses accrued by the PPOD despite revenue generating entity and directed the PAO to give a comprehensive briefing on the overall situation of the department which shall inter alia include the re-structuring plan for up-grading and modernization.

Auditor General of Pakistan (AGP)

The Department of Auditor General is the prime institution in the country for ensuring public accountability and fiscal transparency in governmental operations. The performance monitoring and reporting is prime responsibility of the DAGP. The organization is expected to bring about improvements in the financial discipline and internal control environment in the executive departments for minimizing the possibility of waste, mismanagement and fraud.

Pakistan Post Office Department (PPOD)

PPOD being executing department is responsible to devise policies for exploring alternate / new avenues of revenue earning, digitization of its operations & services, improvement of its existing infrastructure, working environment, aggressive marketing of its products and strategies to counter its competitors. The PPOD management is also responsible for approval of its initiatives from Federal Government through PPSMB and its administrative ministry.

5. Organization's Financials

PPOD being government department is responsible to prepare its own budget every year and submit it to the Government through its administrative ministry. All receipts of PPOD form the part of Federal Consolidated Fund. PPOD used to spend its budget from the funds allocated through letter of Credit (LOC). This procedure has now been replaced for all type of expenditure through AGPR.

Revenue of PPOD from its core operations and performance of agency functions form its source of income. Postal operations include delivery of national and international mail, payment of money orders, sale of stamps/postal orders etc. Major agency functions performed by the PPOD include utility bills collection, printing of stamps on behalf of Federal and Provincial Government Departments, money remittance services through Western Union and NBP etc. Commission on these services is also part of revenue of the department.

6. Field Audit Activity

6.1 Methodology

Thematic Audit “Financial Sustainability of PPOD” was carried out by collecting data from various sources including public/customer, PPOD web site, PPOD annual reports / annual accounts and previous audit reports. Audit teams also visited the PPOD headquarters, Circles Offices and selected GPOs planned in Audit Plan 2022-23 and held meetings with PPOD management. Field work was completed in November, 2022.

The audit teams also consulted Permanent and Planning Files of PPOD with respect to audit paras. Further, surveys were also conducted to obtain the feedback of general public/customers.

6.2 Critical Analysis

6.2.1 Financial Analysis

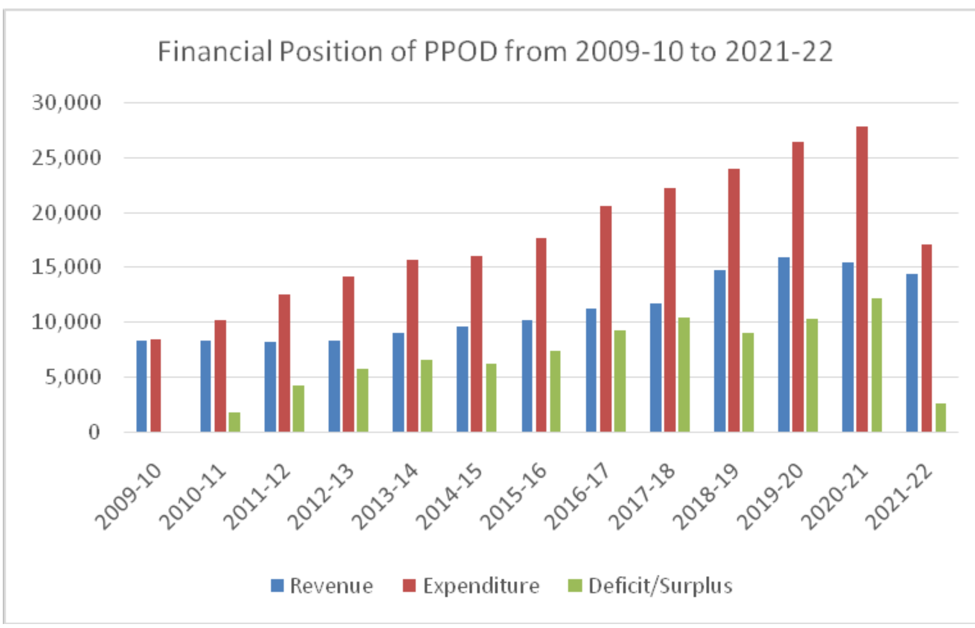
Pakistan Post Office Department was a profitable entity up to 2008-09 but from 2009-10 onwards PPOD started to sustain loss in every year and the amount of loss was also increasing. The main reason for loss was rapid increase in expenditure of PPOD mainly in employee related expenses which constituted the major portion i.e., 70% to 80% of the total expenditure of PPOD whereas share of operating expenses was 20% to 30%. Due to rapid increase in pay and pension by the governments for the year 2009-10 onwards, the total expenditure also went up at very rapid pace. On the other hand, the revenue of the department did not increase at the same pace to match the expenditure.

(Rs in million)

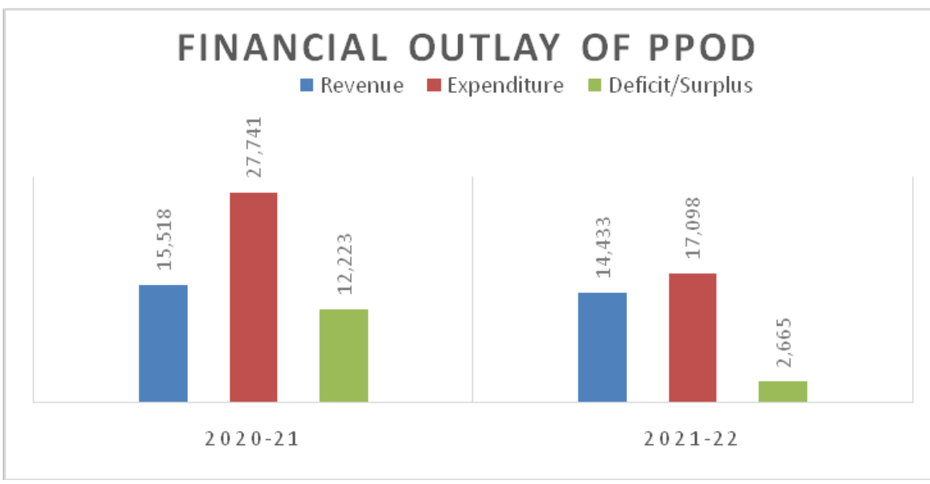
Year	Revenue	Expenditure	Deficit / Surplus
2004-05	4,445	4,333	(+) 113
2005-06	4,949	4,815	(+) 134
2006-07	5,643	5,489	(+) 154
2007-08	6,239	6,111	(+) 129
2008-09	7,725	7,321	(+) 404

2009-10	8,385	8,531	(-) 146
2010-11	8,332	10,225	(-) 1,893
2011-12	8,250	12,508	(-) 4,259
2012-13	8,337	14,181	(-) 5,843
2013-14	9,127	15,715	(-) 6,589
2014-15	9,674	16,005	(-) 6,331
2015-16	10,231	17,720	(-) 7,489
2016-17	11,226	20,533	(-) 9,307
2017-18	11,741	22,242	(-) 10,500
2018-19	14,783	23,903	(-) 9,120
2019-20	15,977	26,351	(-) 10,374
2020-21	15,518	27,741	(-) 12,223
2021-22	14,433	17,098	(-)2,665

(Source: Annual Report-PPOD)



The department is suffering from loss of business owing to multiple factors. To comply with the FATF requirements PPOD had lost its major revenue in the shape of commission on saving bank functions and military pension payments, both of which had been shifted to CDNS and commercial banks. The operations of the department are increasingly becoming less efficient especially when compared with private courier companies. PPOD loses out to TCS, DHL, OCS and Leopards in its core function of parcel and mail delivery service. However, PPOD can win back its customer confidence by improving its mailing mechanism to provide quality courier, mailing and logistic services to the masses at relatively cheap rates. The revenue of PPOD in 2020-21 was Rs 15,518 million and expenditure was Rs 27,741 million with a deficit of Rs 12,223 million. During the year 2021-22, revenue reduced to Rs 14,433 million and expenses were Rs 17,098 with a deficit of Rs 2,665 million despite the fact that postal pension liabilities amounting to Rs 9.597 billion were transferred to the Government of Pakistan.



6.2.2 Threats to Financial Stability

i) Threat from the rising competition

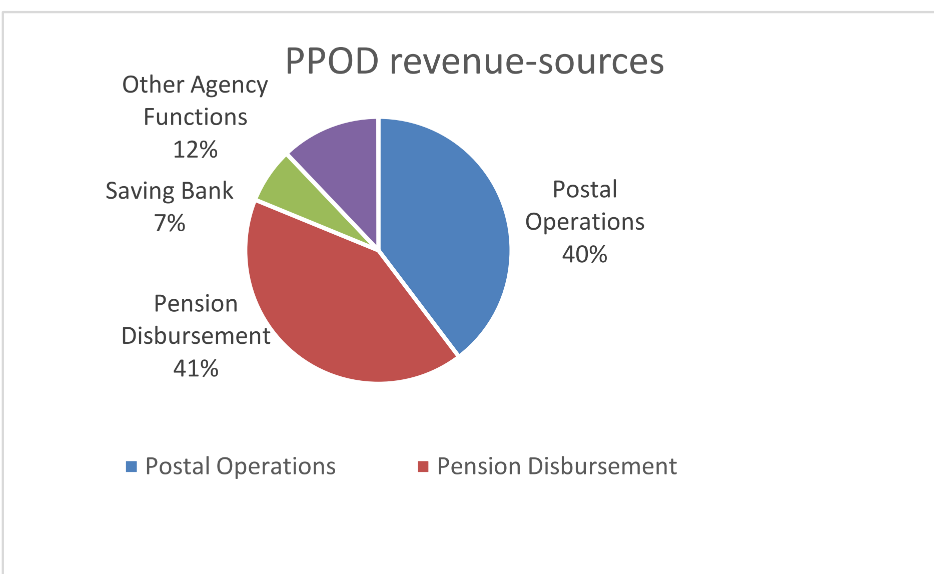
The operations of Pakistan Post business were declining mainly due to competitions with TCS, DHL, OCS and Leopards in its core function of parcel and mail delivery services. PPOD failed to digitalize its services upto the expectation of consumers and did not get consumer confidence on its core services as compared with private companies. This has result in significant decline of postal revenue with the passage of time.

ii) Need for a regulatory framework

Audit observed that there was no regularity framework in the postal sector. Such a framework would help in controlling the sector and mushroom growth of courier companies. Besides, this would also help PPOD in improving its efforts to bring efficiency in its operation leading to better client satisfaction.

iii) Transfer of Agency Functions

In the past, PPOD earned major portion of its revenue from two agency functions i.e. saving bank and pension payments. In order to comply with the requirements of FATF, saving bank business and pension payment functions were transferred to CDNS and commercial banks. Transfer of these functions had affected the revenue earning of the department which had shown decreasing trend during financial year 2021-22. This was not a healthy sign for the sustainability of the department as revenue from the said sources constituted 48% (Pension- Rs 5,991 million + SB- Rs 966 million) of total revenue (Rs 14,433 million) in the year 2021-22. The department had no immediate plans to overcome the shortage of revenue in the coming years.



6.2.3 Policy Level Issues

i) Un-remunerative Post Offices

PPOD had a vast network of post offices throughout the country. A significant number of post offices were running in loss as their expenditure was more than the revenue generated by them. The number of such post offices and the amount of loss sustained by the department was neither provided nor centrally maintained by the postal headquarters. Decision for retention of such post offices should be subject to bearing their loss directly by the Federal Government or the guarantors as these post offices are maintained for public service delivery without commercial consideration.

ii. Change in Cash Management Regime

In the past PPOD was meeting its financial requirements through issuance of Letter of Credit (LoC). However, in compliance of Public Financial Management Act 2019, Finance Division discontinued the practice of provision of funds through LoC and directed PPOD to open separate accounts for its agency functions. Due to discontinuation of provision of funds through LoCs, many agency functions like payment of Western Union, money orders etc., hit financial snags seriously affecting revenue earning capabilities and financial sustainability.

iii. Rate Fixation of its services

PPOD was performing numerous agency functions and charging commission at prescribed / mutually agreed rates from respective organizations. These rates were fixed long time ago. With the passage of time the operational cost of postal operations and the agency functions had increased many times but the case for revision of rates had not been taken up with concerned departments. As regards collection of utility bills, PPOD was charging commission @ Rs 8 per bill collected for last many years irrespective of the amount of bill.

Similar was the case with the rates of PPOD on account of postal tariff which was found low as compared to other courier and cargo companies. PPOD charged Rs 20 for an ordinary letter for which private companies charge at least Rs 160. The cost of delivery of postal articles had increased many times, but postal tariff was not revised. Non rationalization/revision of tariff and commission rates not only affected the revenue generation of PPOD but also threatened the financial sustainability.

6.2.4 Previous Efforts for Improvement

The Reform agenda of Pakistan Post was approved by the Prime Minister in a meeting held on 29th December 2015 wherein three new projects i.e., Mobile Money Order, Pakistan Post Logistic Company and Re-branding of Pakistan Post were approved. The PPO management failed to implement the Reform Agenda due to inconsistent policies and delayed management decisions. Therefore, opportunity to generate revenue through implementation of these projects could not be materialized.

PPOD made another effort by investing millions of rupees for digitization of financial services, but all such efforts remained largely unsuccessful due to mismanagement, inefficiency and loose controls. Due to non-digitization, PPOD had no arrangements to monitor the suspicious financial transactions of the saving bank and money transfer business as per Anti Money Laundering/Combating Financing of Terrorism (AML/CFT) requirements.

PPOD also tried to enter into a partnership with Habib Bank Limited (HBL) wherein HBL committed to invest around Rs 119 billion in PPOD in 10 years subject to revenue generation through co-products with its upfront investment of Rs 6.738 billion during first year. Unfortunately, this opportunity could not be materialized as yet due to half-hearted efforts by the department and transparency issues. Similarly, automation of PPOD through Korean Exim Bank loan costing Rs 2,234.600 million including FEC of Rs 2,172.060 million has also not been finalized due to lack of timely decision making by PPOD management. Resultantly, revenue projections as expected of these projects were not achieved depriving the department from alternate avenues of revenue generation.

6.2.5 Opportunities for new ventures

When there had been threats, there were opportunities as well. However most of these opportunities were not utilized. One such opportunity came with Covid-19 related lock down when e-commerce activities were thriving.

PPOD has started an e-Commerce initiative through the development of pakpostshop.gov.pk on 9th February, 2019. The aim of this initiative was to provide cost-effective end to end delivery solutions for entrepreneurs of e-commerce business segments through Pak Post which would in turn generate new revenue streams for Pak Post in the form of Cash on Delivery (COD) and commission on sales through Pak Post shops. PPOD management failed to implement this initiative and no concrete steps were taken in this regard.

6.2.6 Operational Efficiency

i. Automation issues

Pakistan Post took the initiative for digitization of its financial services in 2012. The digitization programme could not succeed despite spending Rs 441.978 million[12] upto 2019. All financial services were being undertaken manually with no monitoring and no control in all the 86 GPOs. Pakistan was put on Financial Action Task Force (FATF) grey list in June, 2018. One of the main reasons of this decision was non-implementation of AML/CFT regulations and non-digitization of financial services of PPOD. Due to non-automation and non-digitalization of financial services, the major agency functions of PPOD like saving bank

[12] Para 1.5.1 of AR 2021-21 PPOD

and Pension payments were taken away from PPOD.

Failure of the department in acquiring ERP, digitization of financial services and non-implementation of AML/CFT resulted into transfer of major agency functions and revenue causing serious threats to the financial sustainability of PPOD.

ii. Internal Control Issues

a. Frequent occurrence of loss and fraud cases

PPOD had a major footprint throughout the country with 9,644 post offices including 86 GPOs managed by 46,927 employees (including extra departmental employees). PPOD had to deliver a full range of mail delivery, logistics and multiple agency services to its customers in majority of post offices without security arrangements leading to instances of robbery, fraud and misappropriations in turn threatening the financial sustainability of the department. A synopsis of loss and fraud cases reported during last three years is detailed below:

(Rs in million)

Audit Year	Nature	No. of cases	Amount involved
2021-22	Fraud, Misappropriations, Embezzlement, theft & Dacoity	79	115.088
2020-21	Fraud, Misappropriations, Embezzlement, theft & Dacoity	86	131.883
2019-20	Fraud, Misappropriations, Embezzlement, theft & Dacoity	64	256.263

(Source: Audit Report on the accounts of Postal Sector, Audit Years 2019-20 to 2021-22)

ii) Poor utilization of assets

PPOD has a large infrastructure of buildings, rest houses and plots/open spaces etc. Most of these properties/plots, are located at prime locations in the major cities of the country, were lying vacant or un-utilized. PPOD can generate reasonable revenue in form of rent by leasing/renting out of these properties. Federal Cabinet in its meeting held on 17th August 2021 approved the lease and tenancy policy of PPOD. Initially, 29 properties (21 vacant plots and 8 Rest Houses/Inspection Quarters) were identified for leasing but it could not be implemented which deprived the department from an alternate source of revenue to improve its financial health. Other associated issues include unutilized lands, ownership of properties/land, encroachments and renting out of properties less rates as prescribed by PWD.

iii. HR management

Saving Bank and Pension Payments were two major agency functions performed by the PPOD and significant numbers of employees were engaged for these functions at post offices. The saving bank accounts and CDA & PTCL pension had been transferred to CDNS and commercial banks respectively, whereas transfer of military pension accounts to commercial banks was under process. After the transfer of these functions PPOD was required to make a realistic and comprehensive plan for utilization of services of these employees besides rationalizing the working strength keeping in view the volume of work to minimize the operational cost. Due to non-rationalization of human resources the operational cost remained at higher side challenging the financial stability of PPOD.

iv. Transparency issues

Pakistan Post Foundation (PPF) after its establishment by PPOD in 1990 had been catering for most of the printing requirements of PPOD in the light of the decision of the ECC that recommended both PCP and PPF for printing of stationery & forms on healthy competitive bidding. PPOD had been exclusively engaging PPF for printing without obtaining rates from PCP. Such favourtism with PPF by the PPOD not only created doubts about the transparency and competitive rates but also put a question mark on the financial sustainability of Pakistan Post Office department.

Following detail describe the extent and frequency of favouritism afforded to PPF by PPOD in the last three years threatening the sustainability of the department.

(Rs in million)

Audit Year	Para No.	Amount
2022-23	1.5.2	147.915
2021-22	1.5.1	141.459
2020-21	PDP No.53-21	9.774

(Source: Audit Reports on the accounts of Postal Sector, Audit Years 2020-21 to 2022-23)

6.2.7 Service Delivery Issues

i. Unsatisfactory service delivery, absence of marketing, non-existence of help desk and public trust deficit

PPOD has not established proper marketing department for promotion of its products. Thus, general public was not aware of the services recently launched by PPOD to its clients like EMS, EMS Plus, UMS Plus, Electronic / Fax money orders, remittance payment service in collaboration with National Bank of Pakistan, renewal of NADRA ID cards and other initiatives could not prove successful due to lack of aggressive marketing.

PPOD even did not establish customer care desks in GPOs, the establishment of which was essential for providing quality of services and efficient redressal of public grievances. Further, the helpline provided by the department for customer information / complaint redressal mostly remained busy.

In order to ascertain feedback from the postal clients, a customer's satisfaction survey over the postal services was conducted. The customers' feedback received in response to the survey was mostly indicative of PPOD's poor quality of service requiring improvement in performance delivery, digitization of financial services, efficient customer care, real-time tracking and proper complaint redressal system[13]. Had proper marketing department in operational offices of Pakistan Post been established, postal clients would have been properly guided of the services offered by Pakistan Post. Due to lack of customer facilitation, PPOD has been losing its market competitiveness as well as public confidence. Mostly, the public prefer private courier services over PPOD regardless of higher rates. Therefore, operations of the Department were increasingly becoming less efficient especially when compared with private courier companies.

ii. Accountability for slow service

PPOD as a service department receives number of complaints regarding service delivery such as delay in delivery/holding of postal articles by its officials but the delinquents often escape from punishment due to ineffective accountability system.

iii. Complaint redressal system

PPOD was equipped with online Complaint Management System (CMS) but supporting record for disposal of complaints showed all complaints as disposed off which was not realistic. On the contrary, in lower formations of PPOD complaints on service delivery issues was a common phenomenon.

iv. Loss of goodwill

Two major agency functions i.e., Saving Bank business and Pension Payment performed by PPOD for last many years had been transferred to CDNS and commercial banks respectively. These functions were not only the major source of revenue but also attributed towards the goodwill of the department for their country wide clientele.

[13] Customers Satisfaction Survey

The transfer of these functions together with non-automation of financial services badly affected the goodwill of PPOD.

7. Recommendations

Audit has the following recommendations:

i. PPOD should take initiative and take up the case with Federal Government through Ministry of Communications for establishment of regulatory authority to ensure level playing field for all competitors in the market.

ii. Actions against the officers responsible for failure of computerization and non-implementation of AML/CFT regulations avoiding possibilities of arising irregularities of alike nature besides ensuring quick strategic decision-making regarding automation of PPOD.

iii. Reasons for failure in of Prime Minister's Reform agenda and E-Commerce initiative be ascertained. A comprehensive plan may be chalked out to explore new avenues for revenue generation.

iv. Efforts be made to ensure implementation of lease and tenancy policy to become alternate source of revenue generation for improvement of financial health of the department.

v. PPOD management should make focused efforts on automation and uplifting of PPOD infrastructure. The agreements with Exim Bank Korea loan and HBL may be finalized at the earliest as the department is facing the issue of financial viability / sustainability due to transfer of major agency functions.

vi. PPOD should recalculate the cost being incurred on postal services and agency functions and take up the case for revision of rates of postal tariff/commission on agency functions with the departments concerned to boost up the revenue besides ensuring its service delivery according to the prevalent market standards.

vii. PPOD should establish a vibrant marketing and customer care department for publicity of its products & initiatives and facilitation of public at large. A proper and comprehensive training plan needs to be devised for capacity building of staff besides utilization of staff according to requirements be ensured.

viii. The decrease in revenue and potential future loss due to transfer of major agency functions may be viewed seriously by the management and new avenues be explored to boost up the revenue. The operational cost should be curtailed through austerity measures. The available human resources should be utilized on priority / revenue earning functions.

ix. Effective steps be taken to make profitable all loss-making post office thus alleviating burden of loss of the department.

8. Conclusion

The declining trend in revenue and persistent loss of the department is threatening the financial sustainability of PPOD in view of discontinuation of letter of credit (LoC). Further, concrete efforts on the part of management showing zeal for exploring new avenues of generating revenue were not noticed. As against flourishing private courier companies equipped with modern technology, non-existence of commercial / marketing department in PPOD, un-successful digitization programmes, non-digitization of financial services even after FATF regime, lack of capacity building and the situation of depleting infrastructure of PPOD is further aggravating the existence of the department. Due to inefficient use of resources of the department coupled with non-use of modern techniques / technology may result in further loss to the department.

9. Way Forward

The department should strive hard to run its business on commercial footing, automate its processes as early as possible, decide rightsizing of its staff and improve its service delivery to become market competitive by regaining public confidence for its sustainability.

10. Acknowledgement

Audit acknowledges the cooperation extended by the management of PPOD, which facilitated the flow of information throughout the field audit activity.

ANNEXURES

Annexure-I

Brief Description of Paras of PPOD Included in MfDAC

(Rs in millions)

Sl. No.	PDP No.	Subject	Amount
1.	01-23	Un-justified retention of CDR	-
2.	02-23	Un-authorized deposits in treasury	-
3.	04-23	Irregular transmission of utility bills collection to Lahore GPO	-
4.	07-23	Unauthorized collection and payment of money orders without accounting procedure	-
5.	08-23	Irregular drawl of funds from Treasury	12.935
6.	09-23	Non revision of cash limit and unauthorized retention of cash in GPO/Sub-offices	-
7.	10-23	Irregular payment against dead accounts without revival	2.212
8.	11-23	Illegal retention of Blank Cheques	6.177
9.	14-23	Illegal cash payments to account holders	-
10.	15-23	Irregular payment against dead accounts without revival	0.759
11.	16-23	Un-justified retention of demand drafts	-
12.	17-23	Irregular retention of electricity bills collection and creation of liability	-
13.	19-23	Blockade of public money in shape of commemorative stamps	5.407
14.	22-23	Fraudulent payment on hiring of DSPS office building	0.202
15.	23-23	Irregular expenditure on POL by DSPS Chakwal	1.970
16.	24-23	Irregular grant of EOL and Ex-Pakistan Leave	-
17.	25-23	Irregular payment in sub offices due to incomplete date noting	-

18.	27-23	Dubious operations of Special Saving Account	18.934
19.	28-23	Illegal retention of Blank Certificates	18.870
20.	31-23	Loss due to delay in deposit of utility bills collection	15.787
21.	36-23	Inconclusive Inquiry Reports of Past Work Verification on Fraud in Saving Bank	18.225
22.	51-23	Illegal cash payments to account holders	-
23.	52-23	Un-justified / irregular utilization of receipts against expenditure for business operation	-
24.	60-23	Illegal creation of liability due to non-deposit of collected amount into the bank	-
25.	73-23	Continued Payment of PTCL pension after order of stoppage	-
26.	74-23	Unjustified conversion of suspension period as duty	-
27.	81-23	Excess expenditure under Grant No. 27	2,100.097
28.	83-23	Irregular procurement of motorcycles	103.900
29.	84-23	Unjustified and non-transparent procurement of desktop computers	-
30.	86-23	Unauthorized grant of emergent advance	25.080
31.	87-23	Non-recovery of principal amount and service charges on account of FC pension due to non-acceptance of paid vouchers	-
32.	92-23	Non-deposit of Zakat into Central Zakat account	15.718
33.	95-23	Irregular expenditure on payment of remunerations from the budget of PPOD to the members of PPSMB	2.850
34.	96-23	Irregular expenditure on Security Services	1.835
35.	98-23	Unauthorized provision of computers to DA PPO Lahore	1.798,

36.	99-23	Irregular expenditure on repair & maintenance of building sanctioned in splitting manner	1.618
37.	100-23	Irregular expenditure on repair and maintenance of residential building	1.042
38.	101-23	Irregular expenditure on repair and maintenance of residential building	0.505
39.	103-23	Loss of revenue due to non opening of interest bearing accounts on account of utility bills collection	-
40.	104-23	Loss due to non allotment of vacant Flats in Postal colony	1.070
41.	107-23	Irregular payment of pay and allowances to officials appointed by transfer	17.924
42.	108-23	Unjustified expenditure incurred on alteration work of PMG office	0.670
43.	109-23	Unjustified expenditure incurred through promotion of officials	4.535
44.	111-23	Irregular conveyance of mail without deposit of security and execution of contracts	6.072
45.	112-23	Doubtful expenditure incurred on repair & maintenance works of office buildings	1.008
46.	113-23	Irregular expenditure incurred on different construction works	3.408
47.	115-23	Irregular/Extravagant expenditure on printing of stationery & forms	3.240
48.	118-23	Unauthorized expenditure incurred against extra departmental post offices	0.175
49.	119-23	Unrealistic delay against disposal of complaints by Customer Care Center	-
50.	122-23	Un-authorized sanction of current charge and irregular payment of	0.148
51.	123-23	Irregular receipt of cash via remittances by GPO Kohat	-
52.	124-23	Irregular remittance of cash to Karak GPO by Kohat GPO	-

53.	125-23	Non-payment of commutation and net pension due to non-initiation/finalization of pension case inspite of laps of nine months	1.906
54.	128-23	Unjustified receipt of Cheques from Lahore Cantt. GPO for clearance by Lahore GPO	13.219
55.	129-23	Unauthorized payment against arrears of pension	0.253
56.	130-23	Non-recovery of standard rent	1.291
57.	131-23	Unjustified cash payment of pay and allowances instead of SB accounts	1.141
58.	132-23	Unjustified transfer of WASA collected amount through SB accounts	-
59.	135-23	Loss to National Exchequer due to delay in deposit of utility bills collection	8.513
60.	140-23	Irregular expenditure on hiring of security services	7.226
61.	141-23	Irregular expenditure on delivery of mail without open tender	1.698
62.	142-23	Irregular remittance of cash to Lahore GPO	-
63.	143-23	Irregular procurement of mail bags	-
64.	145-23	Unjustified cash deposit into NBP on behalf of Lahore Cantt. GPO by the Treasury of Lahore GPO	-
65.	149-23	Non-clearance of long outstanding liability	0.7567
66.	150-23	Non-taking of possession of prime land	-
67.	151-23	Loss of revenue due to non-utilization of idle open spaces	-
68.	152-23	Unjustified grant of current/look after charge	-
69.	153-23	Decrease in financial sustainability due to re-opening of closed post offices running in loss	4.568

70.	154-23	Loss due to improper and non-black listing the mail line contractors	5.093
71.	155-23	Non-availability of detail of un-reconciled CPRs transactions	-
72.	156-23	Irregular sale and purchase transactions in Fair Price Shop	12.446
73.	157-23	Non reconciliation of receipts transactions with NBP relating to agency functions	-
74.	159-23	Irregular/unauthorized retention of withholding tax	0.510
75.	160-23	Variation in KW&SB liabilities of between reconciled amount and balance available in SSGCL. Main Civil Deposit Ledger	3.728
76.	161-23	Non-availability of Ownership Documents of Postal Property	-
77.	162-23	Un-authorized expenditure on account of reimbursement of Medical Charges	1.204
78.	163-23	Non-transparent award of works amounting	8.910
79.	164-23	Un-authorized payment to clear previous year's works liabilities amounting	1.528
80.	170-23	Unacknowledged invoices of postal and non-postal stamps	4.680
81.	175-23	Unauthorized creation of the liabilities and outstanding dues	-
82.	176-23	Recoverable amount from the clients	0.637
83.	181-23	Irregular withdrawal of funds from Treasury	-
84.	182-23	Non-transfer of un-disbursed amount of stipend money orders	1.487
85.	184-23	Undue favor to contractors by changing clauses of work order in agreements	-
86.	192-23	Illegal expenditure on repair and maintenance of building due to defective	17.072

		pre-qualification process	
87.	194-23	Overpayment of commission to Franchise Postmaster	0.393
88.	196-23	Mis-procurement of medicines and non-forfeiture of earnest money	10.319
89.	197-23	Overpayment of commission to M/s PPF and illegal payment of incentive	0.184
90.	203-23	Irregular payment on account of GPF advances without obtaining approval/verification of DA PPO Lahore	2.055
91.	205-23	Unjustified / unauthorized payment of suspension grant to official under suspension lying undecided for more than eight years	3.644
92.	207-23	Unauthorized transfer of K-Electric collection amount in K-Electric Account	-
93.	212-23	Recoverable amount stamp duty from contractors	2.285
94.	213-23	Irregular execution of works without contract agreement	10.500
95.	215-23	Illegal/Unauthorized occupation of Govt. Flats (2617 Sq. Ft)	-
96.	216-23	Un-justified & Uneconomical expenditure	1.565
97.	220-23	Unjustified expenditure incurred on internet services	0.222
98.	221-23	Non-receipt of provincial sales tax from PTCL	4.070
99.	223-23	Unauthorized collection and payment of money orders without accounting procedure	-
100.	225-23	Unjustified payment of pay and allowances to officer and officials appointed by transfer	0.839
101.	227-23	Unsecured House Building Advance	18.344

102.	228-23	Unauthorized remittance of cash to & from other GPOs	-
103.	230-23	Improper transfer of withholding tax to FBR	6.572
104.	232-23	Non recovery of Emergent Advance	6.880
105.	233-23	Non approval of accounting procedure from Auditor General of Pakistan for collection of utility bills	-
106.	234-23	Non reporting of Currency Transaction Reports of Special Savings Account to Financial Monitoring Unit	-
107.	235-23	Irregular payment in sub offices due to incomplete date noting	-
108.	236-23	Unauthorized retention of cash & stamps in excess of authorized limits	-
109.	240-23	Irregular expenditure on hiring of security guards	7.824
110.	241-23	Unauthorized payments of Audit & Accounts Allowance	0.456
111.	243-23	Unjustified demand of funds for making payment to staff on regularization for their services as daily wages	-
112.	244-23	Non maintenance of fixed asset register and non-conducting of physical verification of stores/stock	-
113.	246-23	Irregular payment of deceased claims without approval of PMG	-
114.	247-23	Irregular payment on account of GPF Advance without obtaining approval of DA PPO Lahore	8.744
115.	248-23	Irregular Establishment Expenditure without fixation of pay from DA PPO Lahore	23.981
116.	249-23	Unauthorized payment of house requisition	2.352
117.	251-23	Irregular expenditure on procurements without tenders	20.446
118.	252-23	Non retention of contingent vouchers	3.232

119.	257-23	Irregular payment of house requisition	0.566
120.	258-23	Non verification of CTRs & CPRs	-
121.	260-23	Irregular expenditure on rent of office buildings without renewal of lease agreement	0.357
122.	261-23	Irregular expenditure on the appointment of staff without verification of degrees/educational documents	5.319
123.	262-23	Overpayment of medical allowance to postal pensioners	0.192
124.	263-23	Irregular cash payment in lieu of plots under revised assistance package	6.000
125.	264-23	Non revision of authorized cash limits	-
126.	266-23	Irregular payment of pension to military pensioners	-
127.	267-23	Irregular expenditure on purchase of medicines	8.300
128.	268-23	Irregular payment of claims of special saving accounts deceased cases	0.200
129.	271-23	Unauthorized issuance of fresh cheques in lieu of dishonored cheques	1.176
130.	273-23	Variation in K-Electric and SSGCL liabilities between reconciled amount and	2.356
131.	275-23	Irregular clearance of previous year liabilities	0.812
132.	277-23	Non deposit of excess cash into NBP	8.945
133.	278-23	Loss to PPOD due to payment of PTCL pension through overdraft	-
134.	280-23	Irregular expenditure incurred on annual repair work	0.787
135.	281-23	Irregular expenditure incurred on purchase of furniture & repair work	0.538
136.	282-23	Unauthorized expenditure incurred on time barred TA claims	0.211

137.	283-23	Overpayment due to un-justified inclusion of previous service	0.382
138.	286-23	Irregular expenditure on building works	5.708
139.	288-23	Non transfer of un-disbursed amount of stipend money orders	-
140.	289-23	Unjustified/irregular utilization of receipts against expenditure for business operation	-
141.	292-23	Irregular payment to Special Saving Accounts holders	4.266
142.	293-23	Non reconciliation with utilities companies	-
143.	295-23	Irregular expenditure from Post office Welfare Fund without approval from Federal Government	0.365
144.	296-23	Irregular verification of cash balance	11.028
145.	297-23	Unjustified promotions of junior officers	-
146.	299-23	Irregular expenditure on the purchase of stationery items	5.056
147.	300-23	Irregular payment to the Security Agency without observance of agreement conditions	4.355
148.	301-23	Unauthorized recording of treasury transactions in postal accounts	-
149.	302-23	Unauthorized recording of treasury transactions in postal accounts	-
150.	303-23	Irregular rental payment to tenants	5.576
151.	304-23	Non acknowledgement of Remittance Advice	10.000
152.	305-23	Unjustified / Irregular expenditure on internet services	0.823
153.	306-23	Difference of revenue amount adjusted in Postal Account	2.804
154.	307-23	Irregular expenditure on repair and maintenance of vehicles	0.763
155.	308-23	Loss due to delay in deposit of utility bills collection	0.307
156.	309-23	Excess transfer of bills collection to	2.753

		utility companies	
157.	310-23	Non deduction of Educational Cess on Income Tax	1.308
158.	311-23	Irregular expenditure on payments to road transporters	-
159.	312-23	Irregular withdrawal of profit	0.684
160.	Audit Comment No. 01 (Certification Audit)	Excess expenditure under Grant No. 27	-
161.	Audit Comment No. 14 (Certification Audit)	Payment of principal amount and profit without pre and post audit	-
162.	Audit Comment No. 28 (Certification Audit)	Deficit due to heavy expenditure	-
		Total:	**2,715.793**

Annexure - II

Brief Description of PLICL Paras Included in MfDAC

(Rs in millions)

Sl. No.	PDP No.	Subject	Amount
1.	33-23	Over payments on account of hiring of residential accommodation	0.221
2.	34-23	Non-transfer of Postal Life Insurance premium collections in to PLICL Bank Account	46.917
3.	35-23	Irregular expenditure and loss to national exchequer due to non-deduction of withholding tax	0.037
4.	39-23	Declining trend in revenue due to poor performance of field staff	462.37
5.	41-23	Non-availability of settled individual policy holders claim files	174.914
6.	42-23	Irregular issuance of cover/doubtful payment of death value claim	2.133
7.	43-23	Non-clearance of liability against dishonored cheques	63.505
8.	45-23	Non-recovery of security deposit from Punjab Government	10.000
9.	47-23	Non-encashment of security deposit issued to WASA Lahore	2.000
10.	49-23	Massive shortfall in achievement of fresh business target	211.333
11.	53-23	Loss due to non-implementation of recommendations of inquiry committee	2.618
12.	54-23	Unjustified Grant of Deputation Allowance to the Staff	1.69
13.	55-23	Continuous shortfall of revenue due to poor performance of field staff	274.894
14.	56-23	Loss sustained by PLICL due to issuance of defective policies	1.181
15.	58-23	Unjustified delay in making payments to Insurants and Beneficiaries	45.645
16.	59-23	Non-recovery of loan amount from the Insurants	19.713
17.	61-23	Irregular expenditure on appointment of General Managers	6.248
18.	62-23	Non-verification of original documents of staff appointed by PLICL headquarter, Islamabad	-
19.	64-23	Non-recovery of loan against life insurance policies	1,185.000
20.	65-23	Non-reconciliation of variation with AGPR	262.756

21.	66-23	Non-deposit of Zakat into Central Zakat Account	12.287
22.	67-23	Irregular procurement without tendering in splitting manner	2.950
23.	68-23	Irregular hiring of office accommodation without tenders	3.000
24.	69-23	Non-charging/withholding GST by the vendor/company	0.845
25.	70-23	Non-recovery from resigned officer	0.400
26.	75-23	Non-finalization of annual audited accounts and non-filing/publishing of annual report/statement of compliance	-
27.	76-23	Non-charging of markup on loans granted to PLICL policy holders	-
28.	77-23	Irregular agreements with banks for collection of premium without competition	-
29.	116-23	Non-deduction of Zakat	0.400
30.	117-23	Irregular expenditure of pay and allowances of PLI staff	25.000
31.	165-23	Irregular Rental Payments to Tenants	7.669
32.	166-23	Non-existence of monitoring system for confirmation the transfer of Postal Life Insurance premium collections in PLICL bank account	117.327
33.	167-23	Unjustified Expenditure on the hiring the Services of Part Time Doctor	0.440
34.	168-23	Unauthorized utilization of Collection of Renewal PLI Premium on PLI Policies Claims Payments	21.262
35.	284-23	Unjustified creation of liability due to non-payment of rent to PPOD	10.901
36.	285-23	Unjustified Retention of Government Vehicles	5.630
37.	291-23	Alarming financial condition of PLICL due to increasing trend of loss	19.085
38.	298-23	Unjustified payments without succession certificates	22.269
		Total:	**3,022.640**

Annexure-III
(Para 1.4.3)

Detail of theft, robbery & misappropriation cases

Sl No	PDP No	Unit	Item No.	No. of cases	Amount (Rs)
1	272-23	PMG Rawalpindi	9	7	7,136,842
2		PMG Islamabad	12	5	492,818
3		PMG Peshawar	29	1	7,500,000
4		PMG Multan	35	1	41,000
5		PMG Karachi	1	2	728,369
6		GPO Abbottabad	9	2	2,063,935
7		GPO Abbottabad	10	1	646,582
8		PMG Rawalpindi	11	9	7,705,667
9		PMG Lahore	9	4	1,045,708
10		PMG Hyderabad	16	2	419,800
11		GPO Bahawalpur	14	1	359,600
12		PMG Karachi	2	1	163,238
13		GPO Sialkot	22	1	5,327,983
14	137-23	GPO Abbottabad		1	9,321,626
15	177-23	-do-		1	6,126,238
16	178-23	-do-		1	1,749,054
17	179-23	-do-		1	395,237
18	180-23	-do-		1	173,686
			Total:	**42**	**51,397,383**

Annexure-IV

(Para 1.4.4)

Fraudulent payment of SSAs and DSCs to attorneys

(Rs in million)

Sl. No.	Item No.	AIR No. & Office	Name of Attorney/payee	Description	Amount
1	05	10-21 (GPO Mirpur)	Mr. Nigel Andrew Malik	Payment of SSA was fraudulently made to attorney as he was not authorized to make transaction in SSA according to POA.	10.020
2	06	-do-	-do-	Payment of principal amount of DSCs was fraudulently made to attorney as the attorney was not authorized for encashment of DSCs according to POA.	9.550
3	07	-do-	Mr. Muhammad Zaheer Sher	Power of attorney was granted by single legal heir for obtaining succession certificate but the entire payment was fraudulently made to attorney on encashment of DSCs.	4.994
4	08	-do-	Mr. Daswandi Khan Chaudhary	Power of Attorney was granted for sale of property but the payment of DSCs was fraudulently made to attorney for which he was not authorized.	1.769
5	09	-do-	Mr. Daswandi Khan Chaudhary	Power of Attorney was granted for sale of property but the payment of DSCs was fraudulently made to attorney for which he was not authorized.	1.365

6	10	-do-	Mr. Muhammad Sultan	Tampering in Power of Attorney was attempted by manual typing for bringing the encashment of DSCs under the ambit of Power of Attorney. The entire payment of DSCs was made fraudulently.	0.513
7	11	-do-	Mr. Muhammad Naseem	Payment of DSCs was made fraudulently to attorney of one purchaser without consent of second purchaser.	0.494
8	12	-do-	Tasleem Jan	Payment of SSA was doubtful as the name of nominee and claimant nominee as well as the husband name of nominee and claimant nominee were different. The specimen signature of account holder did not match with claimant signature on NICOP and affidavit.	0.730
9	16	-do-	Nadeem Farooq	Payment of entire amount of SSA was made to attorney whereas he was authorized to operate the account and withdrawal of profit.	4.485
				Total	**33.919**

Annexure-V

(Para 1.5.1)

Un-authorized payment of pay & allowances due to un-justified regularization

Sl. No.	DP No.	Formation	Description	No of Employees	Amount (Rs)
1	110-23	PMG Multan	Regularization of contract officials appointed against deceased quota without conducting prescribed examination / test and in violation of rules and regulations	31	17,093,978
2	133-23	GPO Multan	Regularization of contract officials appointed against deceased quota without conducting prescribed examination / test and in violation of rules and regulations	07	4,597,783
3.	91 & 279 -23	DG PPOD & GPO Lahore	Regularization of services on daily wages staff for the period from the date of their joining in the department, in contravention of clarification of the Finance and Establishment Divisions.	50 (36+14)	13,834,347
			Total:	**88**	**35,526,108**

Annexure – VI
(Para 1.7.2)

Non-recovery of postal dues

Sl. No.	PDP No	Name of formation	Description	Amount (Rs)
01	126 & 222-23	PMG & GPO Lahore	Non-recovery from Excise & Taxation Department Punjab	45,900,508
02	147-23	GPO Lahore	Non-recovery from DIG Traffic Police Punjab, Lahore	3,181,238
03	259-23	PMG's Islamabad, Rawalpindi, Multan, Peshawar, Karachi GPO's Lahore Cantt, Narowal, Faisalabad, Chakwal, Muzaffarabad, Sialkot, Kasur, Bhakkar, Sargodha Sahiwal, Al-Hyderi Karachi, Attock, Haripur, Kohat, Mardan, Rawalpindi, Gujranwala, Nowshera, Mansehra, Gujrat, Peshawar, Khanewal, R.Y.Khan, Bhawalpur, Korangi Karachi, Saddar Karachi, Karachi, Hyderabad, Sukkur, New Town Karachi & Sheikhupura	Non-recovery from bulk mail user	61,186,000
04	276-23	DG PPO Islamabad, PMG's Muzaffarabad, Peshawar, Multan, Karachi, Quetta, GPO's Sargodha, Lahore, Sahiwal, Al-Hydri Karachi & New Town Karachi	Non-recovery of service, commission charge, rent, penalty & electricity charges	10,882,410

05	208-23	IMO Karachi	Non-recovery of terminal dues	177,479,422
06	209-23	IMO Karachi	Non-recovery of EMS imbalances dues	10,082,232
07	210-23	IMO Karachi	Non-recovery of parcel dues	19,490,472
08	211-23	IMO Karachi	Non-recovery of compensation dues	1,037,549
			Total:	**329,239,831**

Annexure – VII
(Para No. 1.7.4)

Less / non-deduction of Income Tax and Provincial Sales Tax on services and non- transfer of Income/Sales Tax

Sl. No.	DP No.	Formations	Description	Amount (Rs)
01	72-23	GPO Lahore	Non-transfer of GST	358,168
02	120-23	GPO Quetta	Non-recovery of income tax from employees	494,479
03	148-23	GPO Lahore	Non-recovery GST from PSCA	13,483,855
04	173-23	GPO Islamabad	Non-deduction GST on conveyance of mail	2,726,880
05	174-23	-do-	Non-transfer of GST	6,973,473
06	214-23	PMG Karachi	Non-transfer of GST	63,594,647
07	224-23	DG PPO Islamabad, PMGs Rawalpindi, Peshawar, Hyderabad, Quetta, Multan, GPOs Khushab, Kasur, Bhakkar, Sargodha, Haripur, Abbottabad, Rawalpindi, Mansehra, Korangi Karachi, Multan, New Town Karachi, Karachi & CCS Karachi	Non/less deduction of income tax/GST	33,936,647
08	245-23	PMGs Muzaffarabad, Quetta, GPOs Gujrat, Mansehra, Khanewal, Kohat, Al Hydri Karachi, Hyderabad, Mardan, Islamabad & Peshawar	Non-transfer of income tax / GST	31,193,239
			Total:	**152,761,388**

Annexure – VIII
(Para 1.7.6)

Non-recovery of overpaid amount from military / postal pensioners

PDP No.	Formations	Amount (Rs)
229-23	GPOs Lahore Cantt, Narowal, Faisalabad, Muzaffarabad, Sialkot, Khushab, Kasur, Bhakkar, Sargodha, Multan, Sahiwal, Al-Hydri Karachi, Saddar Karachi, Attock, Haripur, Kohat, Mardan, Rawalpindi, Gujranwala, Nowshera, Mansehra, Quetta, Gujrat, Bhimber, Peshawar, Khanewal, R.Y.Khan, Bahawalpur, Korangi Karachi, Attock, Hyderabad, Sukkur & Sheikhupura	49,724,000

Annexure – IX

(Para No. 1.7.7)

Non-recovery of rent and utility charges

Sl. No.	PDP No	Name of formation	Description	Amount (Rs)
01	138-23	GPO Abbottabad	Non-recovery of rent from PTCL	2,352,724
02	171-23	CCS Karachi	Non-recovery of rent from PPF	10,182,022
03	199-23	GPO Faisalabad	Non-recovery of rent from Khushhali Mircor Finance Bank	194,347
04	219-23	GPO Rawalpindi	Non-recovery of rent of shops of postal plaza	6,722,155
			Total:	**19,451,248**

Annexure – X
(Para No. 1.8.3)

Detail of non-deposit of revenue to FCF

Sl. No.	PDP No	Name of formation	Amount (Rs)
01	03-2023	GPO Sargodha	8,724,000
02	26-2023	GPO Kasur	7,868,994
03	29-2023	GPO Bhakkar	11,747,623
04	169-2023	GPO Sukkur	1,336,203
05	202-2023	GPO Karachi	27,300,568
06	206-2023	GPO Korangi	971,410
07	253-2023	GPOs Faisalabad, Muzaffarabad, Sialkot, Khushab, Islamabad, Lahore, Multan, Sahiwal, Attock, Haripur, Kohat, Mardan, Rawalpindi, Gujranwala, Nowshera, Mansehra, Gujrat, Jhelum, Khanewal, R.Y.Khan, Bahawalpur, Islamabad, Abbottabad, Sukkur, Bimber, Peshawar, Korangi Karachi, Sheikhupura, Quetta	1,646,971,000
		Total:	**1,704,919,798**

Annexure – XI
(Para No. 1.8.5)

Irregular payment to military pensioners without observing codal requirements

Sl. No	PDP No	Formations	Description	Amount (Rs)
01	20-23	GPO Chakwal	Irregular payment of pension due to mismatching of signatures & non-availability of files	3,099,103
02	134-23	GPO Lahore	Un-authorized payment of time barred cases	7,315,000
03	231-23	GPOs Haripur, Muzaffarabad, Khanewal, Peshawar, Gujranwal, Gujrat, Jhelum, Bhimber, Narowal, Khushab, Sheikhupura, Mansehra, Nowshera, Sahiwal, Islamabad, Sargodha,Lahore, Kohat, Multan, Mardan, Korangi Karachi, Attock	Irregular payment without signature/different signatures on PSB 7/8 withdrawl form	308,853,000
04	238-23	GPOs Multan, Attock, Khanewa & Sahiwal	Irregular payment on account of time barred arrears without obtaining documents	6,910,859
05	254-23	GPO's Nowshera, Hyderabad, Sukkur, Mardan, Kohat, Bahawalpur, Khanewal, Quetta, Karachi, Saddar Karachi, Al-Hydri Karachi, Sialkot, Sahiwal, Mansehra, R.Y.Khan, Sheikhupura, New Town Karachi & Attock	Irregular payment without obtaining life/ remarriage certificates.	87,374,000

06	256-23	GPOs Lahore Cantt, Narowal, Muzaffarabad, Sialkot, Khushab, Bhakkar, Sargodha, Islamabad, Lahore, Attock, Haripur, Abbottabad, Kohat, Mardan, Rawalpindi, Gujranwala, Nowshera, Mansehra, Gujrat, Jhelum, Bhimber, Peshawar, Khanewal, R.Y.Khan, Bahawalpur, New Town Karachi & Multan	Irregular payment without availability / confirmation of PPOs	201,371,000
			Total	**614,922,962**

Annexure –XII

(Para No. 1.8.8)

Statement showing detail of expenditure incurred on mail lines

Sl No	PDP No	Name of Contractor	Mail Lines	Description	Subsidy Rs	Penalty Rs	Over-payment Rs
01	183-23	M/s Bashir Ahmad	Lahore – Wagha	Overpayment due to non-completion of complete trips by the SME	0	0	3,639,512
02	185-23	M/s Samina Said	Lahore – Faisalabad	Irregular payment due to deployment of unapproved vehicle	4,110,635	0	0
03	186-23	-do-	Lahore – Rawalpindi	Irregular payment due to deployment of low capacity vehicles on mail route and overpayment	5,979,389	0	1,753,411
04	187-23	M/s PPF	Jhang – Ahmadpur Sial	Irregular payment due to deployment of unapproved vehicle	2,236,789	0	0
05	188-23	Three contractors	Three routes	Non-imposition of penalty due to deployment of unapproved vehicle	0	1,329,405	0
06	190-23	M/s Samina Said	Three routes	Irregular payment due to deployment of unapproved vehicles and non-recovery of penalty	25,887,333	4,690,766	0
07	191-23	-do-	Various routes	Non-recovery penalty due to non-availability of vehicles documents with drivers	0	8,586,702	0
08	193-23	Various contractors	-do-	Irregular deployment of postal employees	0	0	5,460,000

				with the vehicle of mail contractor and non-recovery of pay & allowances			
09	195-23	M/s PPF	Lahore - Rawalpindi	Overpayment to mail contractor	0	0	114,402
				Total:	**38,214,146**	**14,606,873**	**10,967,325**

Annexure – XIII

(Para No. 1.8.11)

Non-imposition of penalty on contractors

Sl. No.	PDP No	Name of formation		Amount (Rs)
01	269-23	PMG Islamabad	Non-imposition of penalty on security company	2,909,420
02		PMG Peshawar	Non-Imposition/ recovery of penalty from M/s PPF	26,409,280
03		-do-	Overpayment made to security company	705,120
04		-do-	Non-deduction of penalty from mail contractors	420,972
05		-do-	Overpayment to mail contractors	773,707
06		PMG Karachi	Non-recovery of penalty building contractor	1,091,000
			Total:	**32,309,499**