FORENSIC AUDIT REPORT
ON
PESHAWAR ELECTRIC SUPPLY COMPANY (PESCO)
(FYs 2010-11 TO 2019-20)

AUDIT YEAR 2020-21

AUDITOR GENERAL OF PAKISTAN

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ABBREVIATIONS

ADB	Asian Development Bank
AEL	Annual Energy Losses
AGP	Auditor-General of Pakistan
AJ&K	Azad Jammu and Kashmir
ALM	Assistant Line Man
AT&C	Aggregate Technical and Commercial
BOD	Board of Directors
BOQ	Bill of Quantity
BPCs	Bulk Power Consumers
BPS	Basic Pay Scale
BTA	Business Transfer Agreement
CBA	Central Bargaining Agent
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CP	Commercial Procedure
CPI	Consumer Price Index
CPP	Capacity Purchase Price
CPPA(G)	Central Power Purchasing Agency (Guarantee)
DAC	Departmental Accounts Committee
DAGP	Department of Auditor General of Pakistan
DCS	Distribution Control System
DDO	Drawing & Disbursing Officer
DISCOs	Distribution Companies
DOP	Development of Power
ECC	Economic Coordination Committee
ECNEC	Executive Committee of the National Economic Council
EHV	Extra High Voltage
ELR	Energy Loss Reduction
EMB	Electrical Measurement Book
EOT	Extension of Time
EPA	Energy Power Agreement
EPP	Energy Purchase Price
ERO	Equipment Removal Order
ERP	Enterprise Resource Planning
FBR	Federal Board of Revenue
FCC	Foreign Currency Component
FCC	Fuel Cost Component
FCC	Fixed Cost Component
FD	Finance Director
FIA	Federal Investigation Agency
FPA	Fuel Price Adjustment

GCC	General Condition of Contract
GENCOs	Generation Companies
GEPCO	Gujranwala Electric Power Company
GFR	General Financial Rules
GHCL	GENCO Holding Company Limited
GOP	Government of Pakistan
GPMR	Gross Profit Margin Ratio
GSC	Grid System Construction
GSO	Grid System Operation
GST	General Sales Tax
GWh	Gegawatt Hours
HESCO	Hyderabad Electric Supply Company
HFO	High Speed Furnace Oil
HP	Horse Power
HSD	High Speed Diesel
HT	High Tension
IAD	Internal Audit Department
IAS	International Accounting Standards
IBRD	International Bank for Reconstruction and Development
ICB	International Competitive Bidding
IESCO	Islamabad Electric Supply Company
IPPs	Independent Power Producers
JV	Journal Voucher
KE	Karachi Electric
KIBOR	Karachi Inter Bank Offer Rates
KPK	Khyber Pukhtunkhwa
KV	Kilo Volt
KVA	Kilo Volt Amps
KW	Kilo Watt
KWh	Kilo Watt Hours
LAC	Land Acquisition Collector
LC	Letter of Credit
LCC	Local Currency Component
LD	Liquidated Damages
LESCO	Lahore Electric Supply Company
LOI	Letter of Intent
LT	Low Tension
MD	Managing Director
MDI	Maximum Demand Indicator
MIS	Management Information System
MKWh	Million Kilo Watt Hour
MOU	Memorandum of Understanding
MRN	Material Return Note
M&S	Monitoring and Surveillance
M&T	Metering and Testing
MSR	Material at Site Register

MT	Metric Ton
MVA	Mega Volt Ampere
MW	Mega Watt
MWh	Mega Watt hour
NCPP	New Captive Power Plants
NEC	National Economic Council
NEPRA	National Electric Power Regulatory Authority
NIT	Notice Inviting Tender
NPCC	National Power Control Centre
NPM	Net Profit Margin
NTDC	National Transmission and Despatch Company
O&M	Operation and Maintenance
PAC	Public Accounts Committee
PAEB	Peshawar Area Electricity Board
PC Poles	Prestressed Concrete Poles
PCC	Particular Condition of Contract
PC-I	Planning Commission Proforma-I
PD	Project Director
PDP	Proposed Draft Para
PEC	Pakistan Engineering Council
PEDO	Pakhtunkhwa Energy Development Organization
PEPCO	Pakistan Electric Power Company
PESCO	Peshawar Electric Supply Company
PHPL	Power Holding Private Limited
P&D	Planning and Development
P&I	Planning & Investigation
PITC	Power Information Technology Company
PMU	Project Management Unit
PO	Purchase Order
POL	Petrol, Oil and Lubricants
PPA	Power Purchase Agreement
PPIB	Pakistan Power Infrastructure Board
PPRA	Public Procurement Regulatory Authority
PSCs	Public Sector Companies
PSDP	Public Sector Development Programme
PWP	Peoples Works Programme
PTESU	Power Transformer Engineering Services Unit
QESCO	Quetta Electric Supply Company
RCO	Reconnection Order
REP	Rural Electrification Project
RFO	Residual Furnace Oil
RO	Revenue Officer
ROCE	Return on Capital Employed
ROE	Return on Equity
SAP	System Augmentation Program
SCADA	Supervisory Control and Data Acquisition

SCC	Special Condition of Contract
SEPCO	Sukkur Electric Power Company
S&I	Surveillance & Intelligence
SHYDO	Sarhad Hydro Development Organization
SMS	Smart Metering System
SNGPL	Sui Northern Gas Pipelines
SOEs	State Owned Enterprises
SOP	Standard Operating Procedure
SR	Store Requisition
SPP	Small Power Producer
SRO	Statutory Regulatory Order
STG	Secondary Transmission and Grids
T&D	Transmission & Distribution
T&T	Transmission and Transformation
TDS	Tariff Differential Subsidy
TESCO	Tribal Areas Electric Supply Company
TLC	Transmission Line Construction
TNO	Transmission Network Operator
TOC	Taking Over Certificate
TOR	Term of Reference
TOU Meter	Time of Use Meter
TPS	Thermal Power Station
UOSC	Use of System Charges
VD	Voltage Drop
VDC	Volts Direct Current
VO	Variation Order
WAPDA	Water and Power Development Authority
WCC	WAPDA Computer Centre

PREFACE

Auditor-General of Pakistan conducts audit under Article 169 and 170 of the Constitution of the Islamic Republic of Pakistan 1973, read with Sections 8, 10 and 15 of the Auditor-General's (Functions, Powers and Terms & Conditions of Service) Ordinance 2001.

The Forensic Audit of Peshawar Electric Supply Company (PESCO) covering the period from 2010-11 to 2019-20 was carried out by the Directorate General of Audit, Power, Lahore. The audit office undertook and completed the audit cycle during March - May, 2021. International Standards of Supreme Audit Institutions guided the planning, performance and reporting of the forensic audit assignment.

The Forensic Audit Report is of significant value to all the stake-holders as it attempts to provide an overall assessment of the losses incurred by the PESCO for the period from 2010-11 to 2019-20. It also endeavors to trace out possible causes that continue to hamper its functioning as a financially viable entity. The Report makes recommendations for tangible improvement in the governance and operations of the Company.

The Forensic 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 both Houses of Parliament (Majilis-e-Shoora).

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Muhammad Ajmal Gondal
Auditor-General of Pakistan

Islamabad

Dated: 14 March 2023

EXECUTIVE SUMMARY

The Federal Government assigned forensic audit of four (04) major loss-making state-owned enterprises, including Peshawar Electric Supply Company (PESCO) to the Auditor General of Pakistan in February, 2021. The Directorate General of Audit, Power Lahore conducted the Forensic Audit of PESCO for the financial years 2010-11 to 2019-20. The field audit was carried out during March - May, 2021 in accordance with International Standards of Supreme Audit Institutions and as per the TORs communicated by Finance Division, Government of Pakistan. The primary objective was to identify the factors leading to the recurring losses incurred by the PESCO during financial years 2010-11 to 2019-20, identify underlying factors and to suggest recommendations for improvement in PESCO. Audit also focused on analysis of the potential red flags, identification of deliberate misrepresentation, misstatement or omissions in financial statement's data and a review of its internal control structure.

The network facilities of Peshawar Area Electricity Board (PAEB) of WAPDA were transferred to PESCO after its incorporation. PESCO is a State-Owned Enterprise (SOE) which operates from its headquarter at Peshawar under administrative control of Ministry of Energy (Power Division). The major objectives of the company include ensuring uninterrupted and stable power supply to all its customers, along with state of the art customer care, as well as establishing and operating reliable electricity distribution networks.

KEY FINDINGS

TOR-1: Segregation of Losses and Contributing Factors

1.1 Inefficient Management

1.1.1 Theft of Electricity and T&D Losses beyond NEPRA Target – Rs.120.27 billion[1]

PESCO sustained a loss of Rs.120.27 billion due to theft of electricity and T& D losses beyond NEPRA target. The theft of electricity was not controlled due to ineffective administrative measures on the part of PESCO and lack of

[1] Para No. 1.1.1, Page-33

policy intervention of other power players including Power Division and NEPRA. The year 2019-20 recorded highest line losses (38.9%) during the decade while line losses were near to its threshold in 2016-17 and then significantly increased during 2017-18 due to reducing load shedding hours especially in high-loss-making areas which resulted into increased theft of energy.

The contributing factors of the T&D losses/theft of electricity include both internal and external factors as outlined below:

(a) Internal Factors of Theft of Electricity and T&D Losses beyond NEPRA Target

- Theft of electricity, high T&D losses and receivables from hard areas, some instances of theft of electricity and T&D losses in hard areas are highlighted below:

  a. Warsak Dam area for 10 years—***Rs.7.43 billion***[2]
  b. Shabqadar area for period of 2014-15 [3]to 2019-20—***Rs.7.43 billion***
  c. Other hard area for period of 2014-15 to 2019-20— ***Rs.98.37 billion***

  - 11 KV HT feeder lines are abnormally lengthy; PESCO is facing huge recurring annual loss of ***Rs.3.64 billion***[4] owing to this factor.
  - Non-regularization[5] of industrial and bulk supply consumers' extended load and non-allocation of required dedicated feeder/grid station.

(b) External Factors of Theft of Electricity and T&D Losses beyond NEPRA Target

  - Due to revised load shedding program on the direction of Power Division, PESCO suffered loss of ***Rs.39 billion***[6] (December, 2017 to June, 2018).
  - PESCO also incurred an expenditure of ***Rs.2.31 billion***[7] on repair of the damaged transformers in high loss making areas on the direction of the Power Division.

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[2] Para-iv (a, b & c), Page-40
[3] Data for the period of FY 2010-11 to 2013-14 was not provided to audit.
[4] Para-(ii), Page-41
[5] Para-(iii), Page-42
[6] Para-(i), Page-49
[7] Para-(ii), Page-49

1.1.2 Piling up of Total Receivables is increasing financial constraints of PESCO as well as contributing to Circular Debts – Rs.306.64 billion

Pilling up of receivables from consumers, associated undertakings and Government of Pakistan (Ministry of Finance) contributing financial constraints of PESCO as well as enhancing Circular Debts due to mis-management and lack of viable policy intervention. Following are the internal and external factors causing piling up of receivables.

(a) Internal Factors of Piling up of Receivables (from consumers) – Rs.156.28 billion[8]

PESCO's receivables have piled up to Rs.156.28 billion as on June 30, 2020. At the close of Financial Year 2010-11, the same was Rs.37.76 billion, which massively increased at the rate of 313.88% and piled up to ***Rs.156.28 billion.***

Following internal factors contributed to pilling up of recievables:

- Shortfall of recovery against billing accumulated to ***Rs.123.56 billion***[9] which contributing the following grounds.
- Non-Implementation of Equipment Removal Orders (EROs) amounting to ***Rs.86.65 billion***[10] against 531,210 consumers since March, 1991.
- Detection charges ***Rs.32.91 billion***[11] against theft of consumers are unrecovered.
- Deferred payments pertaining to pending cases in courts and PESCO increased from Rs.303.98 million to ***Rs.5,669.95 million***[12] (1765.33% increase) by June 2020.

(b) External Factors Causing Piling up of Receivables—Rs.150.36 billion

- *Tariff Differential Subsidies (TDS) and other subsidies* of PESCO amounting to ***Rs.62.99 billion***[13] stands as receivables from the GoP.

[8] Para-(i), Page-54
[9] Para-(a), Page-56
[10] Para-(c), Page-59
[11] Para-(b), Page-58
[12] Para-(d), Page-61
[13] Para-(a), Page-64

- Outstanding receivables on account of wheeling charges from Tribal Electric Supply Company (TESCO) —***Rs.39.98 billion***.[14]
- Outstanding receivables from FBR, WAPDA and Associated undertakings - ***Rs.47.39 billion***[15].

1.1.3 Overall liability of post-retirement benefits accumulated to ***Rs.92.17 billion***[16] as on June, 2020. NEPRA allowed only Rs.21.43 billion (Actual payment) and disallowed Rs.18.50 billion due to non-creation of separate Post-retirement fund.

1.2 Policy Induced

1.2.1 PESCO created "Provision for Bad Debts" amounting to Rs.75.55 billion upto June, 2020 in the books of accounts. Out of the total amount of the Bad Debts, ***Rs.63.94 billion***[17] pertains to the Financial Year 2010-11 to 2019-20 as no actual write-off was done due to non-fulfillment of the criteria devised by NEPRA.

1.2.2 Recovery of distribution margin embedded in tariff i.e ***Rs.40 billion***[18] is still pending from consumers due to late determination of tariff by NEPRA.

1.2.3 Late Payment Surcharges (LPS) amounting to ***Rs.1.12 billion***[19] against arrears from the consumers of Federal and Provincial Governments were waived off during the period 2012-13 to 2017-18.

1.2.4 An amount of ***Rs.5.94 billion***[20] was deducted as input tax (Non-creditable Inputs) against supplies made to Provisionally Administrated Tribal Areas (PATA) during the period July, 2018 to June, 2020 by FBR.

1.2.4 Payment of GST on accrual basis has also affected PESCO's cash flows to the tune of ***Rs.16.21 billion***[21].

1.2.5 Payment made against capacity charges[22] have increased from ***21% to 52%*** whereas, energy charges have declined from 79% to 48% of the total cost of energy during the decade.

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[14] Para-(b), Page-66
[15] Para-(c), Page-66
[16] Para-1.1.3, Page-68
[17] Para-1.2.1, Page-80
[18] Para-1.2.2, Page-82
[19] Para-1.2.3, Page-85
[20] Para-1.2.4, Page-86
[21] Para-1.2.7, Page-90
[22] Para-1.2.8, Page-91

1.2.7 PESCO's claim of Rs***.18.6 billion***[23] on account of tariff differential amount has not been provided by GoP to PESCO as per agreement between Government of Pakistan and Provincial Government of KPK.

1.2.8 Shortage of staff[24] also contributed to non-achievement of recovery and line losses target.

TOR-2: Analysis of Potential Red Flags, Misappropriation / Miuse of Assets

2.1 Potential Red Flags

2.1.1 Fake billing of ***Rs.595.45 million***[25] was made against 121,093 disconnected consumers which inflated receivables.

2.1.2 Reconciliation statement between PESCO and WAPDA reflects a difference of Rs.***1.88 billion***[26] on account of pension issues.

2.1.3 Unknown Whereabouts of Deposit Funds - ***Rs.6,306 million***[27]

2.1.4 Debt Servicing Surcharges **(**DSS) of ***Rs.2.32 billion***[28] during the year 2015-16 to 2019-20 were less remitted to CPPA-G showing financial indiscipline/irregular use/diversion of funds by PESCO towards other activities.

2.1.5 Less cash was remitted by bank to PESCO to the tune of ***Rs.213.84 million***[29] in June, 2020.

2.1.6 Collection and remittance process caused non-reconciliation of ***Rs.23.21 million***[30].

2.2 Misappropriation / Miuse of Assets

2.2.1 An amount of ***Rs.159.90 million***[31] exists in wrong cash posting / suspicious / double payments during the period of 2012-13 to 2019-20 as pointed out by Internal Audit Department of PESCO.

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[23] Para-1.2.9, Page-98
[24] Para-1.2.10, Page-100
[25] Para-2.1.1, Page-103
[26] Para-2.1.2, Page-105
[27] Para-2.1.3, Page-107
[28] Para-2.1.4, Page-109
[29] Para-2.1.5, Page-110
[30] Para-2.1.6, Page-111
[31] Para-2.2.1, Page-116

2.2.2 Some discrepancies regarding misappropriation of cash and assets amounting to ***Rs.279.49 million***[32] were also reported by the Department of Auditor General of Pakistan (DAGP).

TOR-3: Misrepresentation, Errors / Omissions

3.1 CPPA-G has raised supplemental charges ***Rs.59.36 billion***[33] to PESCO. But, PESCO has neither paid this amount to CPPA-G nor reflected it in its financial statements.

3.2 PESCO has a liability of ***Rs.3.46 billion***[34] towards NTDCL. However, PESCO's financial statement (FY 2019-20) reflected receivable to the tune of ***Rs.600.63 million*** which is an act of mis-reporting the liability.

3.3 Credit Advice of ***Rs.3.07 billion***[35] issued by CPPA-G for non-cash settlement of Industrial Support Package (ISP) was not accounted for in financial statement of PESCO.

3.4 Disputed amounts of Small Power Producers ***Rs.2.60 billion***[36] for the period 2008-09 to 2017-18 have not been disclosed in the financial statements of PESCO.

3.5 Debit advices amounting to ***Rs.2.54 billion***[37] from the period 2017-18 to 2019-20 were raised by CPPA-G against markup of Syndicated Term Finance Facility (STFF) of Rs.41 billion has not been booked as liability in the financial statement of PESCO.

3.6 Consumer security has been overstated to the tune of ***Rs.1.95 billion***.[38]

TOR-4: Comments on Fairness of the Financial Statements

4.1. An amount of Rs.32.85 million[39] was understated in asset register against three pieces of lands which were not transferred in favour of PESCO yet.

4.2 Inadequate disclosure was given in the PESCO's financial statement by the charted accountant and liability of PESCO is parked in the books of PHL[40].

[32] Para-2.2.2, Page-117
[33] Para-3.1, Page-122
[34] Para-3.2, Page-123
[35] Para-3.3, Page-124
[36] Para-3.4, Page-124
[37] Para-3.5, Page-125
[38] Para-3.6, Page-126
[39] Para-4.1, Page-129
[40] Para-4.2, Page-129

TOR-5: Fraud Due to Negligence and Fixing Responsibility

5.1 Embezzlement of ***Rs.216.92***[41] ***million*** has occurred in pension funds during 2014-19.

5.2 ***Fake/excess payment of Rs.25.79 million***[42] has also been made to Private Reclamation Workshops during 2014-15 to 2017-18.

TOR-6: Internal Control Inefficiencies

6.1 An amount of ***Rs.1.81 billion***[43] was refunded to various consumers on account of wrong reading and thereby subsequent detection was revised through adjustment notes.

6.2 CNIC numbers of 1.73 million out of 3.80 million consumers[44] and addresses of 1,562 running consumers were missing in the consumers' profile.

6.3 EROs were executed against 395 consumers but their meters are running at site. An arrear of ***Rs.207.207 million***[45] is also outstanding against these consumers.

6.4 An amount of ***Rs.775.951 million***[46] recoverable from the 560,106 consumers on account of security charges.

6.5 The un-identified cash increased from Rs.102.142 million to ***Rs.556.25 million***[47] (444.58%).

Recommendations

- BoD is required to take necessary policy decisions in order to control theft of electricity, T&D losses and short fall of recovery as per NEPRA target and should avoid the external influence.
- Automation of Business Process through Enterprise Resource Planning (ERP) and Aerial Bundled Cables (ABC) and Advance metering Infrastructure (AMI).

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[41] Para-5.1, Page-132
[42] Para-5.2, Page-134
[43] Para-6.1, Page-137
[44] Para-6.2, Page-138
[45] Para-6.3, Page-139
[46] Para-6.4, Page-141
[47] Para-6.5, Page-142

- Since PESCO is bearing high capacity payments like other DISCOs, there is a need to review Power Purchase Agreements, so that interest of all the stakeholders could be taken care of.
- Timely recovery of receivables from consumers so that the same may not transcend into dead defaulters and then actual write off.
- There is a need of policy formulation inclusive of all stakeholders to address the long standing issues like Warsak Dam, Shabqadar and other hard areas.
- The Govt. of Pakistan and the Govt. of AJ&K may develop a mechanism to resolve the long outstanding issue of receivables. Ministry of Finance and CPPA-G should develop a mechanism for recovery of wheeling charges from TESCO.
- The regulator may devise a mechanism to determine tariff timely so that unnecessary financial burden in terms of receivables could be managed right from its origin.
- The management needs to create and maintain separate pension fund in order to keep its financial discipline and accrue potential investment benefits thereof. Side by side data base of active pensioners needs to be reconciled to arrive at bogus pensioners.
- The requisite reconciliation of revenue collection and remittances is required to be made among Revenue Offices, Banks, MIS & Banking Section of PESCO and remittance of collected amount may be ensured without delay.
- Accounts reconciliation with CPPA-G and other entities.
- The management may develop a vibrant system of Internal Control and implement the existing controls.

SECTION-1

A. Background

B. Terms of Reference (ToRs)

C. Audit Scope

D. Audit Methodology

E. Sectoral Analysis

F. Introduction of PESCO

G. Summary Statistics and Financial Performance of PESCO

H. Accumulated Losses

SECTION-I INTRODUCTION

A. Background:

The Federal Government assigned forensic audit of four (04) major loss-making state-owned enterprises, including Peshawar Electric Supply Company (PESCO) to the Auditor General of Pakistan in February, 2021. The forensic audit activity was coordinated and supported by the Special Sectors Audit wing of the DAGP. The audit was carried out by Directorate General of Audit, Power, for the period from FY 2010-11 to 2019-20. The field audit was carried out during March-May, 2021 in accordance with International Standards of Supreme Audit Institutions and as per the TORs communicated by Finance Division, Government of Pakistan. The primary objective of audit was to identify the factors leading to the losses incurred by the PESCO during financial years (FYs) 2010-11 to 2019-20 and to suggest recommendations for improvement. Audit also focused on identification of significant causes of PESCO losses, the segregation of its losses, analysis of the potential red flags, identification of deliberate misrepresentation, misstatement or omission of financial statement data, and a review of its internal control structure.

B. Terms of References (TORs):

The forensic audit of the PESCO was undertaken with the objective to identify the factors / reasons of the losses incurred by the Company during financial year (FYs) 2010-11 to 2019-20 and to suggest recommendations for improvement. The TORs of the forensic audit as communicated by Finance Division are as follows[48]:

ToR No.	Elements
I.	Undertake segregation of losses due to various factors like policy induced losses, owing to market dynamics, inefficient management, over-staffing/inefficient HR, misappropriation, and inefficiency.
II.	Review and analyze the potential red flags that may indicate misappropriation of assets, inappropriate use of assets, misappropriation of cash, fake invoices, and payments made to non-existing suppliers or

[48] TORs received from SS&A Wing, Office of the AGP vide letter dated 17.11.2020

	employees and misuse of assets.
III.	Identify deliberate misrepresentation, misstatement, or omission of financial statement data for the purpose of misleading the reader and creating a false impression of an organization's financial strength.
IV.	Evaluate whether financial statements prepared and published by the entities give a true and fair view of the affairs of the company and are following relevant accounting and reporting standard.
V.	In case frauds are detected or negligence identified, fixing responsibility on the perpetrators will be recommended.
VI.	Conduct an internal control review and evaluate the systems and controls in place at the SOEs and recommend ways that these can be strengthened to improve the operations of the SOEs and to prevent leakage and fraud.
VII.	Undertake the subject audit in accordance with the above TORs for a period of last ten year 2010-11 to 2019-20 but if required, auditors may go beyond this period.

C. Audit Scope & Limitations:

Adhering to the objectives of the ToRs, the scope of the audit assignment comprises examination of the auditable record of ten years (2010-11 to 2019-20) of PESCO at its Headquarter, Peshawar. The audit was carried out under following limitations:

i) Issues in production of record by the audited entity have limited the ability of audit for a thorough audit. Only 70-80% of record required by audit was produced to it. The record of the Development Expenditure pertaining to the office of the Project Management Unit (PMU) was not provided except for sharing of some limited information;

ii) Field visits to various sites of PESCO could not be made due to time constraints and Covid-19 related issues;

iii) Shortage of staff of PESCO due to Covid-19 situation also affected timely access of auditor to record;

iv) Other stakeholders including NEPRA as regulator, CPPA-G as market operator and NTDC as transmission service provider of PESCO and other power distribution companies could not be examined due to scope, time and access limitations.

D. Audit Methodology:

International Standards on Auditing-240[49] have been used as conceptual framework for conducting this audit exercise. Moreover, Cressey's model of fraud triangle[50] has been adopted to identify and investigate fraudulent practices. The "opportunity" component of the fraud triangle has been made use of during identification and analysis of red flags and internal control weaknesses. Besides, COSO frame-work[51] has been used for examining internal controls. Furthermore, purposive / judgmental sampling[52] has been used for selection of materially significant and recurring issues over a period of ten years in line with the ToRs.

The audit methodology included recourse to both primary and secondary sources including:

a. Interviews
b. Examination of available auditable record of PESCO
c. Analysis of computerized record of the entity by application of various audit techniques including Audit Command Language (ACL)
d. Review of Annual Performance Reports of PESCO
e. Review of State of Industry Reports of NEPRA
f. Review of Private Audit Firms Reports
g. Review of other sources including previous External Audit Reports and online sources as quoted in the report.

E. Sectoral Analysis

The power sector represents a broad canvas of entities ranging from government ministries to public sector entities and private power producing firms all having linkages with one another and having stakes in the power sector domain of the country. Some of the major players include, DISCOs: (10) Companies supplying, distributing and selling power (electricity) in their designated areas, CPPA-G: the power sector market operator, NEPRA: the authority determining power tariffs, IPPs: firms providing energy based on contracts with GoP and fuel supply agents such as PSO, SNGPL etc.

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49 International Standard on Auditing 240, The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

50 Donald Cressey's Fraud Triangle Theory consists of three elements: Pressure, Opportunity and Rationalization

51 Committee of Sponsoring Organizations on the Treadway Commission (COSO) (https://www.coso.org/Pages/ic.aspx) accessed on 31.05.2021

52 Robinson R.S. (2014) Purposive Sampling. In: Michalos A.C. (eds) Encyclopedia of Quality of Life and Well-Being Research. Springer, Dordrecht. https://doi.org/10.1007/978-94-007-0753-5_2337

The Power Division under the Ministry of Energy as prescribed in Para 31B Schedule-II in the Rules of Business-1973 is exclusively assigned the responsibility to deal with matters pertaining to the power sector including aspects such as development of energy, engaging power sector contracts & managing electric utilities etc.

i) Goal of the Power Division

The Goal of the Power Division is *"to develop the most efficient and consumer centric power generation system that meets the needs of its population and boosts its economy in a sustainable and affordable manner"*. In order to achieve its Goal, the following three medium term outcomes were assigned to the Division:

- Improving fuel mix for power generation with an aim to reduce reliance on expensive imported fuel.
- Improvement in efficiency, conservation and cost effectiveness of power generation.
- Reduction in circular debt.

ii) Revenue Shortfall at the end of DISCOs

In the FY 2019-20, units worth Rs.1,575,187 million were billed to consumers against which recovery of Rs.1,164,187 million was made indicating a recovery shortfall of Rs.410,228 million (73.96% of billing). The shortfall resulted in less receipt of revenue by the DISCOs. Revenue shortfall in DISCOs showed managerial inefficiencies and policy bottlenecks constraining CPPA-G to pay-off its energy procurement liabilities.

Compared with last financial year, there was a decrease of 5.1% (79.06% - 73.96%) in the revenue recovery. Recovery shortfall posed significant operational challenge for DISCOs. Shortfall of recovery in PESCO, HESCO, TESCO, QESCO & SEPCO was 70.07%, 56.04%, 19.14%, 19.39% & 43.17% respectively (in the financial year 2019-20) was witnessed effecting the ability of these companies to operate as a going concern. Major policy interventions are needed to save the subject DISCOs from practical insolvency.

REVENUE SHORTFALL IN DISCOS

(Figures in million)

DISCOs	2019-20				2018-19				Inc./Dec. (%age)
	Computed Billing	Current Collection	Short Fall	%age Recovery	Computed Billing	Current Collection	Short Fall	%age Recovery	
LESCO	382,306	310,907	71,399	**81.32**	319,553	278,049	41,504	87.01	-5.69
GEPCO	166,948	135,855	31,093	**81.38**	142,058	125,038	17,020	88.02	-6.64
FESCO	208,795	180,710	28,085	**86.55**	183,468	168,597	14,871	91.89	-5.34
IESCO	201,710	151,292	50,418	**75**	175,070	139,410	35,660	79.63	-4.63
MEPCO	239,410	196,682	42,728	**82.15**	209,568	182,484	27,084	87.08	-4.93
PESCO	160,485	112,453	48,032	**70.07**	134,894	101,703	33,191	75.39	-5.32
HESCO	65,357	36,629	28,728	**56.04**	59,072	31,997	27,075	54.17	1.87
SEPCO	47,867	20,664	27,203	**43.17**	42,110	16,229	25,881	38.54	4.63
QESCO	74,521	14,449	60,072	**19.39**	52,452	12,742	39,710	24.29	-4.9
TESCO	27,788	5,318	22,470	**19.14**	23,414	4,431	18,983	18.92	0.22
ALL DISCOs	**1,575,187**	**1,164,959**	**410,228**	**73.96**	**1,341,658**	**1,060,680**	**280,978**	**79.06**	-5.1

Table No. 1 Revenue Shortfall in DISCOs (Source: PEPCO Data up to June 30, 2020)

iii) Line losses over and above the limit allowed by NEPRA

NEPRA has determined certain percentage of admissible T&D losses for DISCOs that are built in the tariff. Losses beyond the limit set by NEPRA depict financial losses for the company as well as cyclic increase in the CPPA-G receivable amounts pertaining to the DISCOs. The trend of T&D losses of DISCOs in the last two years is as follows:

TRANSMISSION & DISTRIBUTION LOSSES OF SYSTEM (132 KV & BELOW) FOR THE YEAR 2019-20

Sr. No.	DISCOs	2019-20				NEPRA Target %age	Excess %age lost	Allowed Units as per NEPRA Target	Unit Lost Beyond NEPRA Target
		Units (M.kwh)			%age losses				
		Purchased	Sold	Lost					
1.	LESCO	23,528	20,611	2,917	12.40	11.76	0.64	2,766.89	150.11
2.	GEPCO	10,991	9,946	1,045	9.51	10.03	(0.52)	-	-
3.	FESCO	14,510	13,123	1,387	9.56	10.24	(0.68)	-	-
4.	IESCO	11,435	10,442	993	8.68	8.65	0.03	989.13	3.87
5.	MEPCO	19,325	16,382	2,943	15.23	15.00	0.23	2,898.75	44.25
6.	PESCO	14,792	9,043	5,749	38.87	31.95	6.92	4,726.04	1,022.96
7.	TESCO	2,001	1,803	198	9.90	12.47	(2.57)	-	-
8.	HESCO	5,471	3,890	1,581	28.90	22.59	6.31	1,235.90	345.10
9.	SEPCO	4,253	2,710	1,543	36.28	29.75	6.53	1,265.27	277.73
10.	QESCO	6,604	4,842	1,762	26.68	17.50	9.18	1,155.70	606.30
	TOTAL	**112,910**	**92,792**	**20,118**					**2,450.32**

Table No. 2 T&D Losses of System (Source: - PEPCO DATA Vide letter No. 283-4/GM/R&CO/DGC dated 09.02.2021)

vi) Huge receivables from running and dead defaulters

Over the years the volume of receivables from running and dead energy defaulters have increased significantly and it has become an important cause for power sector debt accumulation. The total receivables from running and dead defaulters accumulated to Rs.909,569 million as on 30th June, 2020. Such huge amount of receivables has added to the financial crunch in the power sector that demands immediate consideration and intervention.

HUGE RECEIVABLES FROM RUNNING AND DEAD DEFAULTERS AS ON JUNE 30, 2020

(Rs. in million)

Sr. No.	Name of DISCO	Running Defaulters			Dead Defaulters			Grand Total
		Govt.	Private	Total	Govt.	Private	Total	
1.	LESCO	5,032	11,987	17,019	254	14,143	14,397	31,416
2.	GEPCO	17,144	3,384	20,528	22	948	970	21,498
3.	FESCO	601	2,985	3,586	-	812	812	4,399
4.	IESCO	104,504	2,121	106,625	65	332	397	107,022
5.	MEPCO	1,368	6,274	7,642	19	6,674	6,693	14,335
6.	PESCO	49,415	57,751	107,166	188	54,983	55,171	162,337
7.	HESCO	10,422	64,030	74,452	902	15,536	16,438	90,890
8.	SEPCO*	13,961	97,961	111,922	685	14,406	15,091	127,013
9.	QESCO	22,555	274,052	296,607	333	1,992	2,325	298,933
10.	TESCO	1,886	46,113	47,999	324	3,403	3,727	51,726
	TOTAL	**226,888**	**566,658**	**793,546**	**2,792**	**113,229**	**116,021**	**909,569**

Table No. 3 Huge Receivables from Running and Dead Defaulters (Source: PEPCO Data Vide letter No. 283-4/GM/(R&CO)/DGC dated 09.02.2021)

v) DISCOs' receivables from the government

Due to delay in payments by the departments of federal/ provincial governments and other allied entities, significant volume of receivables of DISCOs receivables were held up. As on 30th June, 2020, this amount stood at Rs.499.98 billion. These receivables are adding up into the overall circular debt of the power sector. Besides, an amount of Rs.222.29 billion was also receivable on account of subsidies i.e. Tariff Differential Subsidy, Agriculture Subsidy, Industrial Subsidy and Zero Rated Industry Rebate from Federal and Provincial Governments.

DISCOS' RECEIVABLES FROM THE GOVERNMENT

Description	**Amount** ***(Rs. in billion)***
Receivables of Agricultural Tube-well consumers in Baluchistan	266.48
Receivables for Supply of AJK	144.94
Receivables from Govt. Owned entities, departments	88.56
Sub Total	**499.98**
Receivable from KE	169.44
Grand Total	**669.42**

Table No. 4 DISCOs receivables from the Govt. (Source: PEPCO Data 2019-2020)

vi) Circular Debt in Power Sector

The phenomenon of *Circular Debt* arises when one party in a supply chain faces cash flow inadequacies to discharge its obligations to its suppliers affecting the entire supply chain and causing liquidity crunch. As on June 30, 2020 the total amount of circular debt stood at Rs.2,045,333 million including PHL loans of Rs.1,007,219 million as detailed below:

(Rs. in million)

Circular Debt on 30th June, 2020								
Fiscal Years	**CPPA-G Payable to Power Producers**					**Payable by PHL**		**Total**
	Energy Payment	**Capacity Payments**	**LPS**	***Others**	**Total**	**Principal**	**Markup**	
1	**2**	**3**	**4**	**5**	**6 = 2+3+4+5**	**7**	**8**	**9 = 6+7+8**
2019-20	248,281	641,314	136,074	12,446	1,038,115	1,003,258	3,961	2,045,333
2018-19	227,421	369,553	95,368	15,330	707,671	805,787	4,053	1,517,511

Table No. 5 Circular Debt (Source: CPPA-G data for the financial year 2018-19 & 2019-20)

The major constituents of the circular debt include outstanding capacity payments of Rs.641,314 million and energy payments of Rs.248,281 million. The overall circular debt has increased from Rs.1,517,511 million in FY 2018-19 to Rs.2,045,333 million in FY 2019-20 registering an increase of Rs.527,822 million or 34.78% from the previous year total.

F. Introduction of PESCO:

After WAPDA's unbundling, PESCO was incorporated as a Public Limited Company on April 23rd, 1998. It is responsible for the delivery of electricity to ***3.65 million*** consumers[53] of all the districts of Khyber

[53] Source: Data Provided by Commercial Directorate of PESCO

Pukhtunkhwa (KPK), as set out in PESCO’s Distribution License No. 07/DL/2002, granted by NEPRA under the NEPRA Act on April 04, 2002. Subsequent to the restructuring of WAPDA’s Power Wing, PESCO assumed its official operations and is being headed by a Chief Executive Officer (CEO). PESCO pays a power purchase price (in Rs/kWh) for the electricity it procures from the Central Power Purchasing Agency-Guaranteed (CPPA-G). The cost of electricity also includes the generation and transmission charges regulated by NEPRA. The major objectives of the company include ensuring uninterrupted and stable power supply to all its customers, along with state of the art customer care, as well as establishing and operating reliable electricity distribution networks. The network facilities of Peshawar Area Electricity Board (PAEB) of WAPDA were transferred to PESCO after its incorporation.

i. Operational Jurisdiction of PESCO: PESCO’s service area comprises of all the Districts of KPK, spanning a total service area of 75,521 sq. km and 3,650,130 consumers. PESCO comprises of eight circles i.e., Khyber, Peshawar, Swat, Mardan, Bannu, Swabi, Hazara-I and Hazara-II.

ii. Consumers’ Categories with respect to Consumption: The consumers mix comprises of approximately 87.50% domestic consumers (3.19 million) including residential consumers in both urban and rural areas, 9.92% commercial consumers (0.349 million) including business consumers such as markets, plazas, and office in both urban and rural areas, 0.74% industrial consumers (0.03 million) consisting of large and small industrial housing societies, 0.63% agricultural consumers (0.023 million including tube-wells in rural areas, and 1.21% other consumers (0.044 million) as tabulated at ***Annexure-1***.

iii. Role of Other Stakeholders in Business Activity of PESCO: Although PESCO is a state-owned-enterprise and has an independent BoD but its business activities are affected by the decisions made by other stakeholders in the power sector. Therefore, it is important to understand the role of these stakeholders which impacts PESCO in respect of policy making, regulation, market operation, generation, transmission and distribution etc.

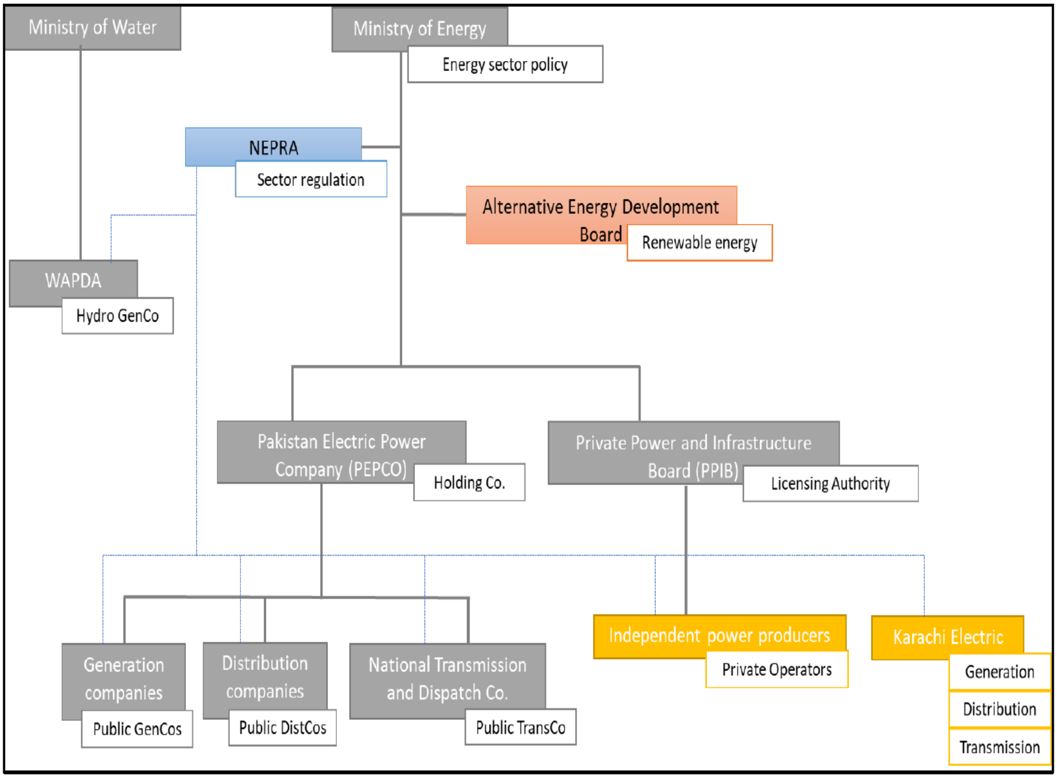


Fig. No. 1: Organizational Structure of Pakistan's Power Sector[54]

Major Stakeholders in the Power Sector (External Factors effecting PESCO)

1. Ministry of Energy (Power Division)

Ministry of Energy (Power Division) is involved in policy making of public sector power companies. Its prime responsibility is to control mismanagement and inefficiencies in the Power Sector.

2. National Electric Power Regulatory Authority (NEPRA)

NEPRA is responsible to regulate the electric power sector to promote a competitive structure for the industry and to ensure reliable and adequate supply of electric power in the future. By law, it is mandated to ensure that the interests of the investor and the customer are protected through judicious decisions based on transparent commercial principles and that the sector moves towards a

[54] (Source: World Bank Policy Research Working Paper No.8842; May, 2019)

competitive environment. NEPRA is not involved in the execution of commercial transactions, but it provides the basis for sale and purchase of electricity i.e. determination of tariffs. The basic role of NEPRA as a regulator is to take necessary actions to improve the efficiency of distribution companies in addition to the timely determination of electricity tariffs.

3. Central Power Purchasing Agency-Guarantee (CPPA-G)

CPPA-G being a market operator, purchases electricity from power generation companies (GENCOs) and sells it to DISCOs. It bills the distribution companies for sold electricity and makes payments to the power generating units. It is responsible for making payments to the IPPs on account of energy and capacity charges after ascertaining that payments & deductions are made in accordance with the Power Purchase Agreements.

4. Power Holding Limited (PHL)

PHL is a Special Purpose Vehicle (SPV) with core function to arrange bridge financing (like Sukuk Bond, Term Finance Certificate) for repayment of liabilities of DISCOs and to settle the circular debt of power sector on the terms and conditions approved by Government from time to time. It executes the financing agreement with fund providers (Banks) and distributes the entire proceeds to power sector through CPPA-G for repayment of liabilities of the DISCOs.

5. Pakistan Electric Power Company (PEPCO)

PEPCO is responsible for assisting the Ministry of Energy (Power Division) and GoP in effective monitoring and oversight of the Distribution Companies (DISCOs).

6. National Transmission and Dispatch Company Limited (NTDCL)

NTDC was incorporated to take over all the properties, rights, assets, obligations and liabilities of 500 KV, 220 KV Grid Stations and Transmission Lines / Network owned by the government. Its role is to ensure transmission of electricity from the power generation companies and ensure its transmission to the concerned DISCOs. National Power Control Center (NPCC) is a subordinate office of NTDC. It is responsible for real time monitoring of electricity demand and supply, power balancing, and formulation of economic merit order ensuring that adequate supply of electricity from cheapest available sources is made available to relevant stake holders of the energy supply chain without delay. It has critical role of ensuring that energy is acquired from the cheapest available alternatives.

7. Distribution Companies (DISCOs)

DISCOs were formed in 1998 to take over the assets, functions and responsibilities of the erstwhile Area Electricity Boards, which were then divisions of WAPDA. Distribution companies had the core function of supplying, distributing and selling the power (electricity) in their designated areas. These companies receive electricity from NTDC/ CPPA-G and distribute among consumers (domestic / commercial / industrial etc) and charge them as per NEPRA tariffs notified by GoP. Collection of revenue from the sale of electricity is under the domain of DISCOs, hence they have a central significance in the power sector supply chain. Any shortfall in revenue at their end has a cascading effect on the other players in the power sector.

8. Power Information Technology Company (PITC)

PITC responsible for providing software support to power distribution companies (DISCOs) and technical consultancy to various subsidiaries of PEPCO and WAPDA.

ORGANIZATION CHART OF PESCO

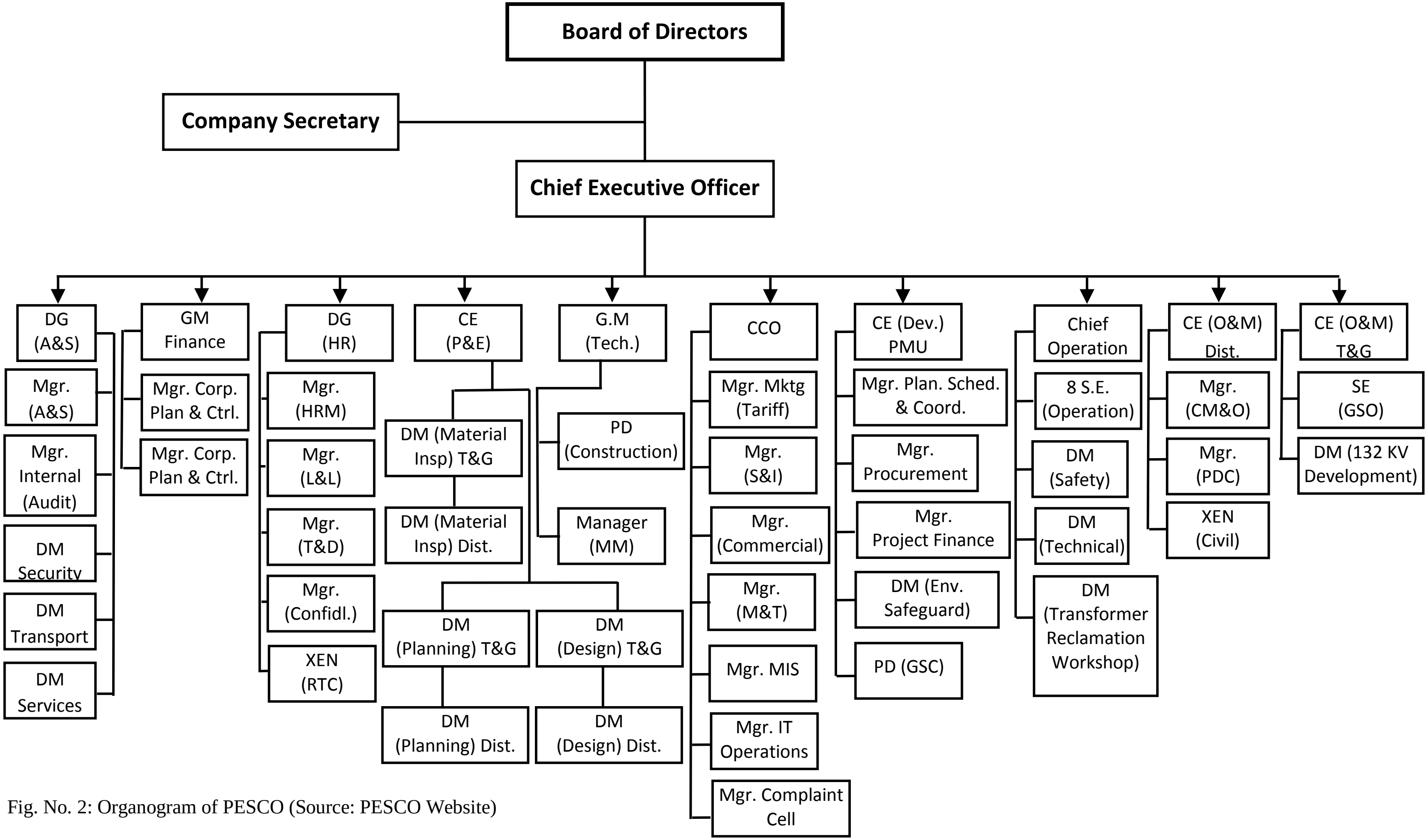


Fig. No. 2: Organogram of PESCO (Source: PESCO Website)

G. Summary Statistics and Financial Performance of PESCO

Table-I: Extract of Balance Sheet for the Financial Year 2010-11 to 2019-20

(Rs. in million)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
EQUITY AND LIABILITIES										
SHARE CAPITAL AND RESERVES										
Authorized:										
5,000,000,000 (2019: 5,000,000,000) ordinary shares of Rupees 10 each	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00
Issued, subscribed and paid up share capital	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01
Deposits for issue of share capital	20,176.26	20,176.27	18,082.03	18,082.03	18,082.02	18,082.03	18,082.03	18,082.03	18,082.03	18,082.03
Accumulated loss brought forward	(302,052.30)	(281,922.33)	(234,969.84)	(169,388.54)	(157,729.68)	(143,088.37)	(128,949.17)	165,172.42)	(132,036.52)	(79,734.77)
Shareholders' equity	(281,876.03)	(261,746.06)	(216,887.80)	(151,306.51)	(139,647.65)	(125,006.33)	(110,867.13)	(147,090.38)	(113,954.48)	(61,652.74)
NON-CURRENT LIABILITIES										
Liabilities Against Government Investment	64,123.29	64,123.29	64,123.29	82,145.41	82,145.41	82,145.41	82,145.41	-	-	-
Long term loans – secured	5,505.02	5,968.31	7,112.42	9,999.56	13,207.03	21,983.75	57,008.77	42,096.25	2,455.07	2,054.28
Staff retirement benefits	92,173.71	89,885.99	68,958.66	41,996.82	40,536.87	30,556.92	28,098.01	19,240.60	16,521.19	9,234.44
Deferred credit	32,775.07	31,490.36	29,868.00	26,190.08	21,566.86	19,721.99	18,640.13	15,463.89	14,777.89	11,810.36
	194,577.09	191,467.95	170,062.37	160,331.87	157,456.17	154,408.07	185,892.32	76,800.74	33,754.15	23,099.09
CURRENT LIABILITIES										
Trade and other payables	412,708.04	354,530.20	257,189.61	210,792.56	177,227.70	160,575.44	107,603.23	213,402.97	213,824.78	156,308.43
Accrued markup	1,695.24	4,373.19	3,577.90	2,851.90	8,154.27	4,725.75	4,212.94	2,155.23	457.21	186.13
Current maturity of long term loans	1,429.66	2,343.76	37,991.27	34,375.19	30,476.42	20,599.68	14,530.74	929.34	333.12	-
Provision for taxation	2,019.21	1,517.46	1,170.74	827.56	-	-	-	-	-	-
	417,852.15	362,764.61	299,929.52	248,847.21	215,858.39	185,900.86	126,346.92	216,487.53	214,615.10	156,494.56
Total Libilities	**612,429.24**	**554,232.56**	**469,991.89**	**409,179.08**	**373,314.56**	**340,308.93**	**312,239.24**	**293,288.27**	**248,369.26**	**179,593.64**
Contingencies and commitments	-	-	-	-	-	-	-			
	330,553.22	**292,486.50**	**253,104.09**	**257,872.57**	**233,666.92**	**215,302.60**	**201,372.11**	**146,197.89**	**134,414.77**	**117,940.91**
ASSETS										
NON-CURRENT ASSETS										
Property, plant and equipment	74,960.46	72,106.08	67,949.42	59,240.52	53,167.08	47,554.12	44,201.49	39,901.82	35,131.61	31,997.38
Long term loans - considered good	3.80	12.63	18.55	26.30	47.85	89.51	77.65	126.26	161.33	156.40
TOTAL NON-CURRENT ASSETS	**74,964.26**	**72,118.71**	**67,967.97**	**59,266.82**	**53,214.93**	**47,643.63**	**44,279.14**	**40,028.08**	**35,292.94**	**32,153.78**
CURRENT ASSETS										
Stores, spare parts and loose tools	5,354.96	4,496.90	3,186.33	3,519.06	6,239.36	3,554.06	3,704.63	3,292.83	3,036.98	2,538.52
Trade debts	86,348.89	70,809.21	60,999.54	52,710.99	47,029.88	42,110.09	37,316.02	29,592.52	24,766.06	28,278.29

Loans and advances - considered good	2,229.66	1,487.15	1,099.12	934.84	576.93	184.24	286.04	421.36	361.44	364.94
Interest Accrued	-	-	-	-	-	-	-	5.68	35.42	56.38
Other receivables-considered good	87,781.00	89,272.70	87,559.65	80,109.19	75,509.10	71,048.10	65,597.60	56,128.28	45,688.99	37,280.02
Receivable from GoP (Ministry of Finance)	62,986.94	49,858.39	27,134.99	57,641.97	49,842.17	50,470.85	47,885.10	16,099.72	23,367.37	13,628.55
Short term investments	-	2,521.59	-	-	-	-	-	-	-	-
Cash and bank balances	10,887.51	1,921.85	5,156.49	3,689.69	1,254.53	291.63	2,303.57	629.42	1,865.57	3,640.43
	255,588.95	220,367.79	185,136.12	198,605.76	180,451.99	167,658.97	157,092.96	106,169.81	99,121.82	85,787.13
Total Assests	**330,553.22**	**292,486.50**	**253,104.09**	**257,872.57**	**233,666.92**	**215,302.60**	**201,372.10**	**146,197.89**	**134,414.77**	**117,940.91**

Table No. 6 Extract of Balance Sheet Statemnt (Source: Financial Statements of PESCO)

Table-II: Extract of Profit & Loss Accounts Statement for the Financial Year 2010-11 to 2019-20

(Rs. in million)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Sale of electricity	127,504.44	107,567.24	87,312.41	78,471.84	73,292.49	82,889.11	69,628.47	60,151.51	53,293.07	44,920.70
Subsidy from Government of Pakistan on sale of electricity	73,409.80	58,483.59	34,744.75	31,664.23	27,932.35	29,411.12	37,636.40	36,825.69	25,225.43	26,945.29
	200,914.24	166,050.83	122,057.16	110,136.07	101,224.85	112,300.23	107,264.88	96,977.20	78,518.51	71,865.98
Cost of electricity	(199,594.29)	(169,013.67)	(142,941.66)	(108,053.03)	(86,580.28)	(105,575.67)	(118,565.46)	(107,936.47)	(106,473.61)	(81,085.91)
Gross profit/(Loss)	1,319.95	(2,962.85)	(20,884.50)	2,083.04	14,644.57	6,724.57	(11,300.59)	(10,959.27)	(27,955.11)	(9,219.93)
Amortization of deferred credit	1,707.92	1,603.18	1,490.29	1,290.77	1,083.66	957.58	879.20	737.26	687.45	559.52
	3,027.87	(1,359.66)	(19,394.21)	3,373.81	15,728.23	7,682.15	(10,421.39)	(10,222.01)	(27,267.66)	(8,660.40)
OPERATING COST	-	-	-	-	-	-	-	-	-	-
Other operating cost excluding depreciation	(25,651.16)	(26,447.85)	(21,360.42)	(21,448.90)	(25,973.78)	(20,143.32)	(16,767.32)	(17,630.96)	(24,590.50)	(9,369.47)
Depreciation on property, plant and equipment	(3,026.26)	(2,871.32)	(2,644.20)	(2,292.57)	(2,008.74)	(1,901.40)	(1,773.26)	(1,555.57)	(1,457.21)	(1,263.02)
	(28,677.42)	(29,319.17)	(24,004.62)	(23,741.47)	(27,982.52)	(22,044.72)	(18,540.57)	(19,186.53)	(26,047.71)	(10,632.49)
Operating loss	(25,649.55)	(30,678.83)	(43,398.83)	(20,367.66)	(12,254.29)	(14,362.57)	(28,961.96)	(29,408.54)	(53,315.37)	(19,292.90)
Other Income	-	-	-	-	-	-	-	-	-	-
Rental and service income	46.15	45.90	44.32	43.97	42.70	45.91	42.16	58.30	89.93	120.57
Others	13,673.88	5,757.34	4,952.07	4,240.30	3,729.36	3,682.19	3,385.62	3,225.15	6,698.33	3,152.57
	13,720.02	5,803.24	4,996.39	4,284.27	3,772.06	3,728.10	3,427.79	3,283.45	6,788.27	3,273.14
Finance Cost	(842.20)	(2,870.28)	(335.24)	(2,460.99)	(3,162.57)	(4,471.55)	(8,869.43)	(6,381.90)	(3.21)	(66.85)
Loss before taxation	(12,771.72)	(27,745.87)	(38,737.68)	(18,544.38)	(11,644.79)	(15,106.03)	(34,403.60)	(32,506.99)	(46,530.31)	(16,086.61)
Taxation	(1,850.75)	(1,517.43)	(1,183.16)	(827.56)	-	-	-	-	-	-
Loss after taxation	(14,622.48)	(29,263.30)	(39,920.84)	(19,371.94)	(11,644.79)	(15,106.03)	(34,403.60)	(32,506.99)	(46,530.31)	(16,086.61)
Other Comprehensive Income:	-	-	-	-	-	-	-	-	-	-
Items that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-	-	-
Actuarial profit/(loss) on remeasurement of post retirement benefits	(5,507.49)	(17,689.20)	(25,660.45)	-	(2,996.52) -	-	-	-	-	-
Total comprehensive loss for the year	(20,129.97)	(46,952.50)	(65,581.29)	(19,371.94)	(14,641.32)	(15,106.03)	(34,403.60)	(32,506.99)	(46,530.31)	(16,086.61)

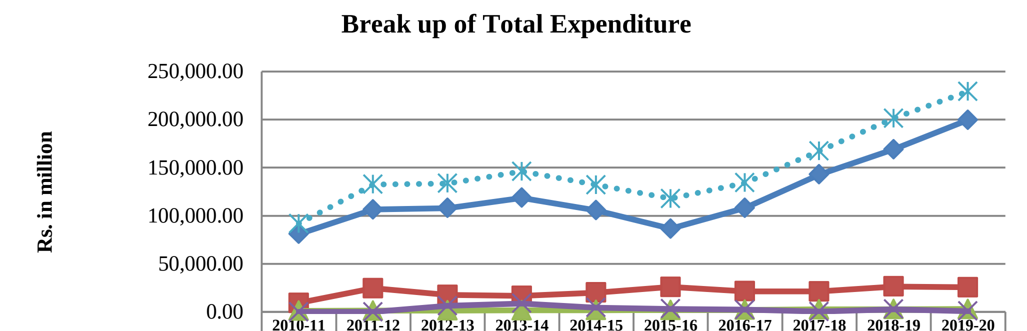
Table No. 7, Extracts of Profit & Loss Accounts Statement (Source: Financial Statements of PESCO)

Major Components of Expenses and Revenues

i) Expenses

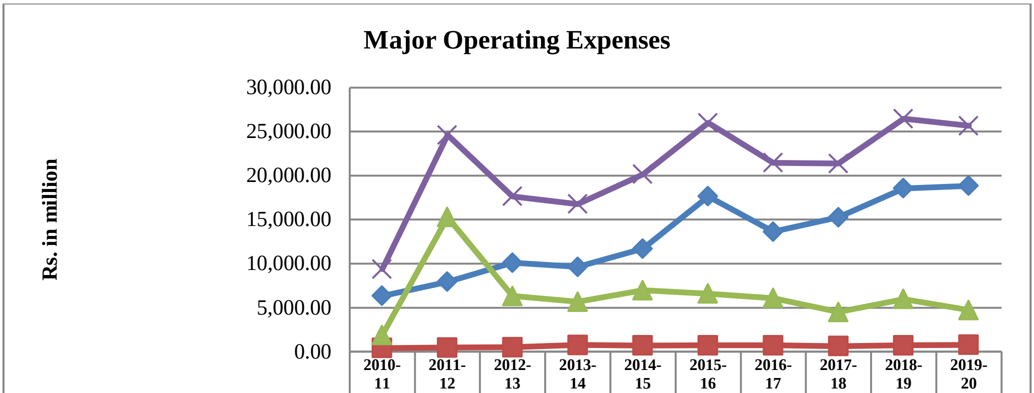
The major expenses of PESCO comprises of cost of electricity, operating expenses, Depreciation and Finance cost which constitute 73.54% to 88.34%; 10.21% to 22.06%; 1.10% to 1.71% and 0.07% to 6.08% of total expenses of the company respectively during the period of 2010-11 to 2019-20. The graph below shows last ten years' trend of Total Expense. As depicted, the cost of electricity shows mixed trend of rise and fall on the basis of capacity charges (fixed charges) along with other components like variable charges, system usage charges, market operator fee etc. However, cost of electricity during the years 2016-17 to 2019-20 is continuously increasing reaching upto 87.12% ***(Annexure-2)***.

The operating expenses of PESCO increased to 22.06% in the financial year 2015-16 while it decreased to 11.20% in the financial year 2019-20. The *Salaries, Wages & Other Benefits* which constitute 32.33% to 73.45% of Operating Expense rose by 41.12% over the period. *Repair & Maintenance* constituting 1.95% to 4.53% of Operating Expense increased by 2.58%, *Provision for Doubtful Debts* making 18.44% to 62.14% of Operating Expense, rose 43.7% respectively during the period 2010-11 to 2019-20. ***(Annexure-3)***



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Cost of Electricity	81,085.91	106,473.61	107,936.47	118,565.46	105,575.67	86,580.28	108,053.03	142,941.66	169,013.67	199,594.29
Operating Exp	9,369.47	24,590.50	17,630.96	16,767.32	20,143.32	25,973.78	21,448.90	21,360.42	26,447.85	25,651.16
Depreciation	1,263.02	1,457.21	1,555.57	1,773.26	1,901.40	2,008.74	2,292.57	2,644.20	2,871.32	3,026.26
Finance Cost	66.85	3.21	6,381.90	8,869.43	4,471.55	3,162.57	2,460.99	335.24	2,870.28	842.2
Total Expenditure	91,785.25	132,524.53	133,504.90	145,975.46	132,091.94	117,725.37	134,255.49	167,281.52	201,203.12	229,113.91

Fig. No. 3: Breakup of Total Expenditure (Source: Financial Statements of PESCO)

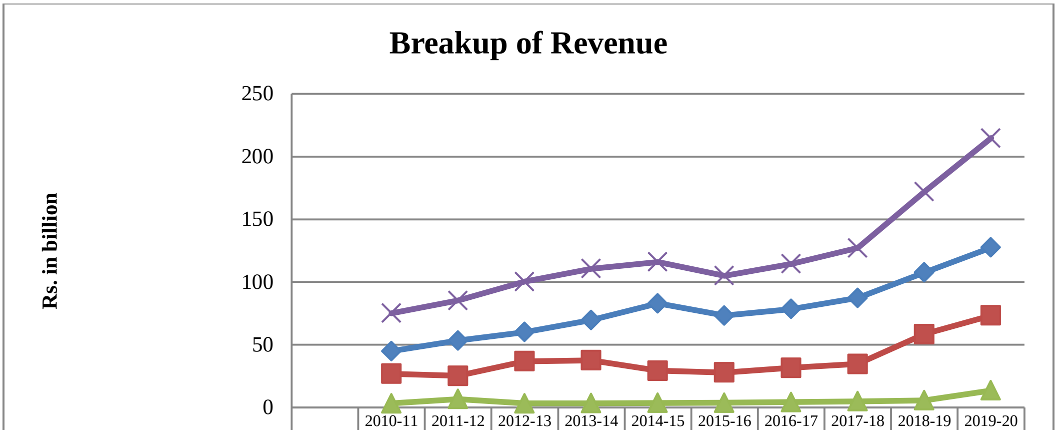


	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Salaries, Wages & Other Benefits	6,346.30	7,949.89	10,108.09	9,629.77	11,707.74	17,634.38	13,621.40	15,252.69	18,546.82	18,836.68
Repairs and Maintenance	424.77	480.22	520.54	766.89	716.35	735.78	735.82	646.87	728.51	787.79
Provision for Doubtful Debts	1,890.64	15,276.39	6,316.49	5,668.01	6,975.99	6,600.16	6,090.32	4,511.06	5,979.03	4,734.06
Total Operating Expenses	9,369.47	24,590.50	17,630.96	16,767.32	20,143.32	25,973.78	21,448.90	21,360.42	26,447.85	25,651.16

Fig. No. 4: Major Operating Expenses (Source: Financial Statements of PESCO)

ii) REVENUES

The major components of revenues of PESCO comprises of sale of electricity, Subsidy from GOP and revenue from other sources which constitute 59% to 71%; 25% to 37% and 3% to 8% of total revenues of the company respectively during the period of 2010-11 to 2019-20. Over the ten year period, on average 65% of revenue was contributed by sales of electricity; 31% by subsidy from GoP and 4% by other income ***(Annexure-4)***. The below graph shows the trend of revenue generation reflects a gradual increase in revenue generation over the ten year period, except during the financial year 2015-16. A dip in revenue generation occurred in the year 2015-16 due to decrease in subsidy by Rs.1.50 billion and a decrease in sale of electricity by Rs.9.60 billion. It is evident from the graph that the highest revenue generated by PESCO was in the financial year ended on June 30th, 2020 which was Rs.214.634 billion.

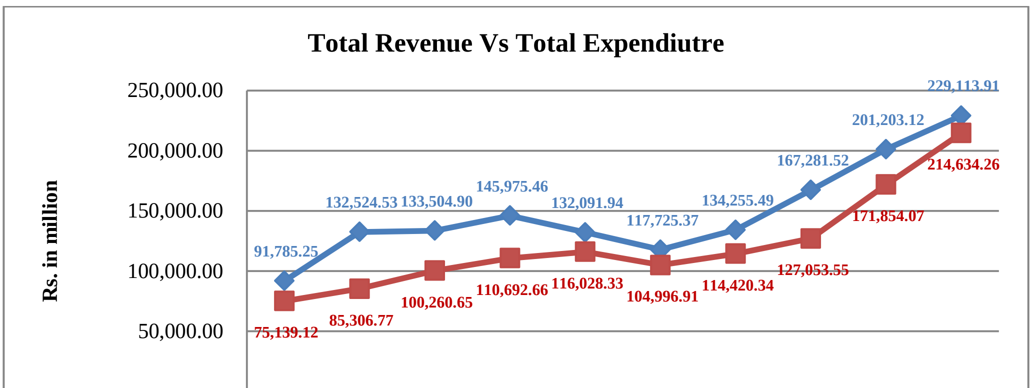


	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Sales of Electricity	44.92	53.293	60.151	69.628	82.889	73.292	78.471	87.312	107.567	127.504
Subsidy from Government	26.945	25.225	36.825	37.636	29.411	27.932	31.664	34.744	58.483	73.409
Other Income	3.273	6.788	3.283	3.427	3.728	3.772	4.284	4.996	5.803	13.72
Total Revenue	75.139	85.306	100.26	110.692	116.028	104.996	114.42	127.053	171.854	214.634

Fig. No. 5: Break up of Revenues (Source: Financial Statements of PESCO)

iii) Overall Expenditure and Revenue

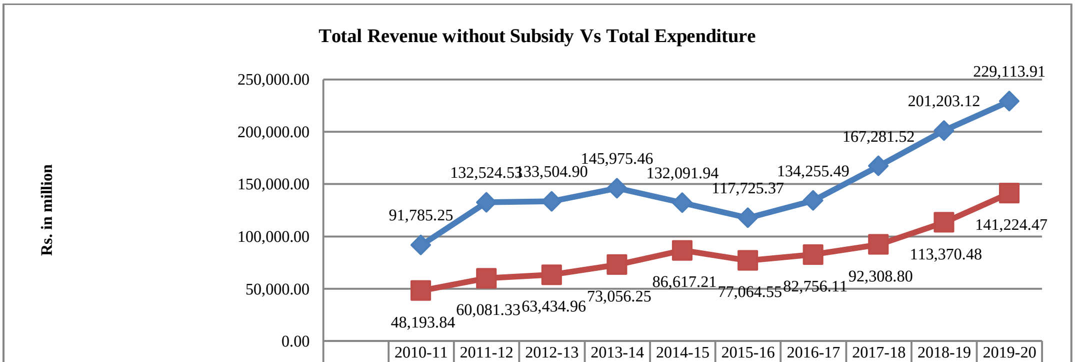
Total expenditure including (cost of electricity, operating expense, depreciation and finance cost) is compared with the total revenue (sale of electricity, subsidy, rental & other income) of the company, it is clear that overall expenditures of PESCO remained in excess of revenues throughout the decade as shown in ***Annexure-5***.



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total Expenditure	91,785.25	132,524.5	133,504.9	145,975.4	132,091.9	117,725.3	134,255.4	167,281.5	201,203.1	229,113.9
Total Revenue	75,139.12	85,306.77	100,260.6	110,692.6	116,028.3	104,996.9	114,420.3	127,053.5	171,854.0	214,634.2

Fig. No. 6: Total Revenue Vs Total Expenditure (Source: Financial Statements of PESCO)

The trend of overall revenue (without subsidy) vs total expenditure is shown in the graph below. As depicted above, there is continuous excess of expenditure than revenue generated. Moreover, by excluding subsidy from revenue, the gap between expenditure and revenue widen further as shown below.



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total Expenditure	91,785.25	132,524.53	133,504.90	145,975.46	132,091.94	117,725.37	134,255.49	167,281.52	201,203.12	229,113.91
Total Revenue without Subsidy	48,193.84	60,081.33	63,434.96	73,056.25	86,617.21	77,064.55	82,756.11	92,308.80	113,370.4	141,224.4

Fig. No. 7: Total Revenue without Subsidy Vs Total Expenditure (Source: Financial Statements of PESCO)

A ratio analysis of performance of PESCO over the ten year period based on Financial Statements of the entity is as under:

1. Profitability Ratios

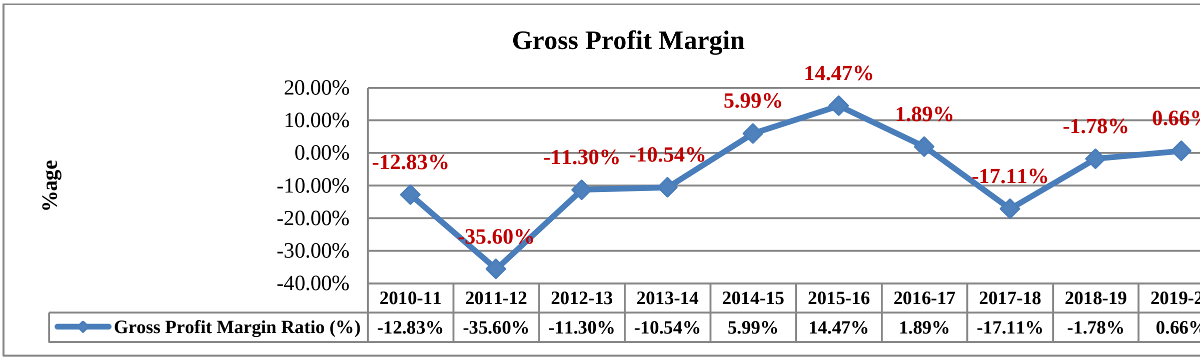
Over the ten year period the profitability ratios of PESCO have shown a negative picture in terms of its ability to generate income.

i) Gross Profit Margin

The trend of Gross Profit Margin[55] shows that PESCO sustained a gross loss except in 2014-15, 2015-16, 2016-17 and 2019-20. Only in years 2014-15 and 2015-16 was the profit margin reasonably positive due to gross profit in form of sale of electricity more than cost of electricity. The multiple reasons of negative gross margin include fuel price fluctuation, theft of electricity, shortfall of recovery of electricity dues, piling up of receivables, political intervention and

[55] The Gross Profit Margin shows the percentage of sales revenue a company keeps after it covers the net cost of goods sold.

socio-cultural dynamics of KPK. The contributing factors of losses are discussed in detail in subsequent sections. ***(Annexure-6)***

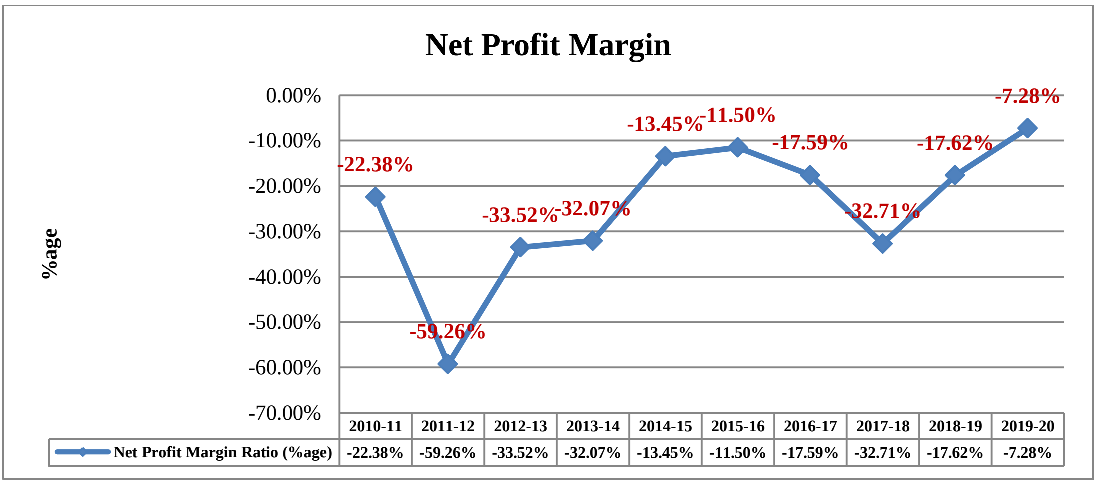


	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-2
Gross Profit Margin Ratio (%)	-12.83%	-35.60%	-11.30%	-10.54%	5.99%	14.47%	1.89%	-17.11%	-1.78%	0.66%

Fig. No. 8: Gross Profit Margin (Source: Financial Statements of PESCO)

ii) Net Profit Margin

The graph below shows the trend in net profit margin[56] over the ten year period. Throughout, the period PESCO suffered net loss, ranging between a maximum net loss of -59.26% in 2011-12, to loss of -7.28% in 2019-20. The increase in net loss for the financial year 2011-12 was due to increase in cost of electricity ***(Annexure-7)***.



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Net Profit Margin Ratio (%age)	-22.38%	-59.26%	-33.52%	-32.07%	-13.45%	-11.50%	-17.59%	-32.71%	-17.62%	-7.28%

Fig. No. 9: Net Profit Margin (Source: Financial Statements of PESCO)

[56] The Net Profit Margin, or simply net margin, measures how much net income or profit is generated as a percentage of revenue. The net profit margin illustrates how much of each rupee in revenue collected by a company translates into profit.

iii) Return on Assets Ratio (ROA)

The graph below shows that throughout the ten year period the ROA[57] of PESCO remained negative.

In the financial years 2011-12, the ROA was at its lowest with PESCO sustaining a net loss relative to its total assets of -34.62%. In the financial years 2014-15, 2015-16 and 2016-17 the loss on assets was less than 10% which could not be sustained and in the following two years, PESCO showed a negative return on assets of -15.77% and -10.01% respectively. The best position with regard to RoA was obtained in the financial year 2019-20 when loss on assets was -4.42%. ***(Annexure-8)***

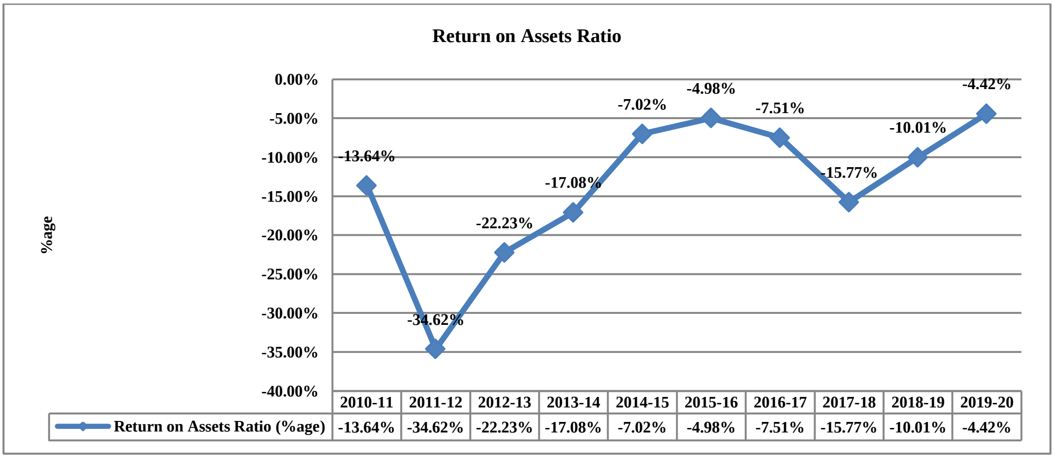


Fig. No. 10: Return on Assets (Source: Financial Statements of PESCO)

2. Liquidity Ratios

Liquidity ratios are financial ratios that measure a company's ability to repay short term obligations.

i) Current Ratio

In PESCO current ratio[58] is below one in all the selected years except financial year 2013-14 which is 1.243. The trend of Current Assets and Current Liabilities is shown in below graph. However, thereafter there is a consistent

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[57] ROA is an indication of profitability of a company in relation to its total assets. It gives the idea as to how efficient a company's management is at using its assets to generate earnings.

[58] The current ratio, also known as the working capital ratio, measures the capability of a business to meet its short-term obligations that are due within a year.

decrease in the current ratio till the financial year 2019-20. The situation indicates that PESCO over the ten year period did not have enough capital in hand to meet its short-term obligations had it fallen due at once, except in the financial year 2013-14 due to current liabilities were reduced by Rs.216.487 billion to Rs.126.346 billion. ***(Annexure-9)***

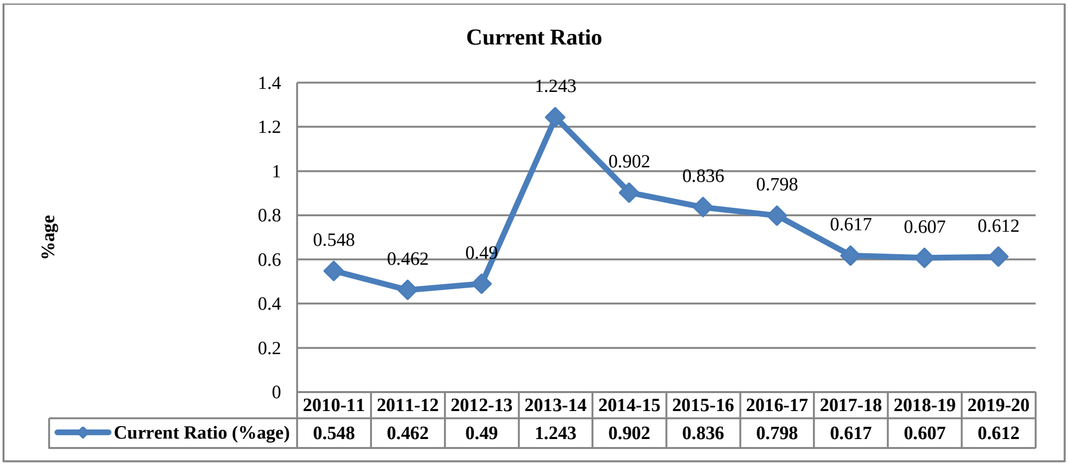


Fig. No. 11: Current Ratio (Source: Financial Statements of PESCO)

ii) Quick Ratio

In PESCO the behavior of quick ratio[59] is similar to current ratio, in all the years quick ratio was below 1 except in the financial year 2013-14 in which it is 1.21. The ratio dropped in each subsequent year, and by 2019-20 reached its low value of 0.60. Thus PESCO was not able to fully pay off its current liabilities in the short term with respect to those financial years. ***(Annexure-10)***

[59] The Quick Ratio, also known as the Acid-test or Liquidity ratio, measures the ability of a business to pay its short-term liabilities by having assets that are readily convertible into cash. A ratio above 1 indicates that a business has enough cash or cash equivalents to cover its short-term financial obligations and sustain its operations.

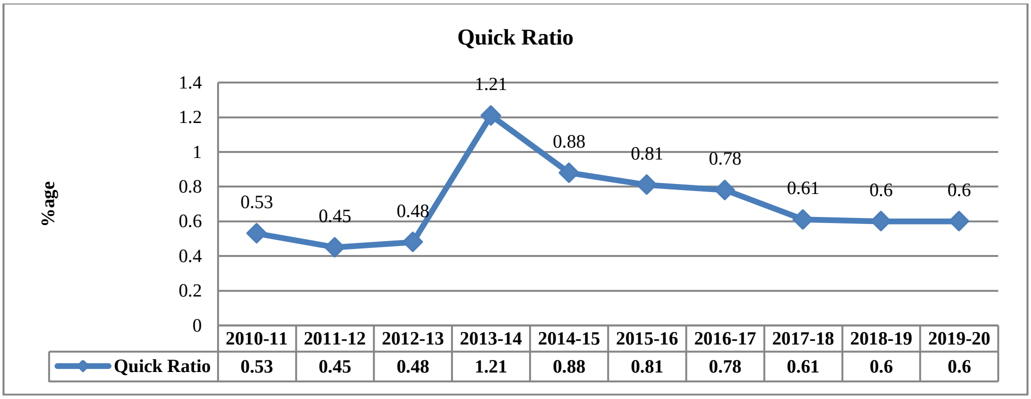


Fig. No. 12: Quick Ratio (Source: Financial Statements of PESCO)

The above analyses reflects that PESCO was neither able to payout its current liability nor has enough cash available to meet its short term liability / financial obligation throughout the decade except for the year 2013-14 when PESCO received tariff differential subsidy of Rs.43 billion from Govt. of Pakistan on account of arrears for the period 2005 to 2010.

3. Solvency Ratios

A solvency ratio is a performance metric that helps us examine a company's financial health. In particular, it enables us to determine whether the company can meet its financial obligations in the long term.

i) Debt to Equity Ratio

This ratio highlights how a company's capital structure is tilted either towards debt or equity financing.

Debt to Equity Ratio[60] = Total Liabilities / Total Equity

Since the company sustained loss during the period covered by Audit, therefore, shareholder equity is negative in all the ten years.

ii) Debt Ratio

In PESCO, the debt ratio[61] remained more than 1 in the whole decade (2010-11 to 2019-20), which shows that company has more liabilities than assets.

[60] The debt to equity ratio (also called the "debt-equity ratio", "risk ratio", or "gearing"), is a leverage ratio that calculates the weight of total debt and financial liabilities against total shareholders' equity.

[61] The debt to asset ratio is commonly used by creditors to determine the amount of debt in a company, the ability to repay its debt, and whether additional loans will be extended to the company. On the other hand, investors use the ratio to make sure the company is solvent, is able to meet current and future obligations, and can generate a return on their investment.

Especially in the Financial Year 2012-13, the ratio was more than 2, which means that PESCO liabilities were double of the total assets because PESCO received loan amounting to Rs.39 billion against Syndicated Term Finance Facility (STFF) from PHPL. The trend analysis of debt ratio indicates the existence of material uncertainty that may cast significant doubt about the company's ability to continue as a going concern ***(Detail at Annexure-11)***.

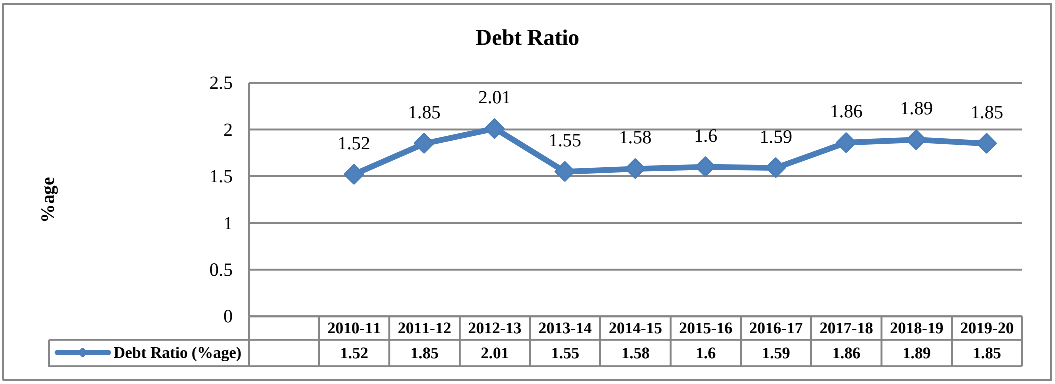


Fig. No. 13: Debt Ratio (Source: Financial Statements of PESCO)

4. Turnover Ratios

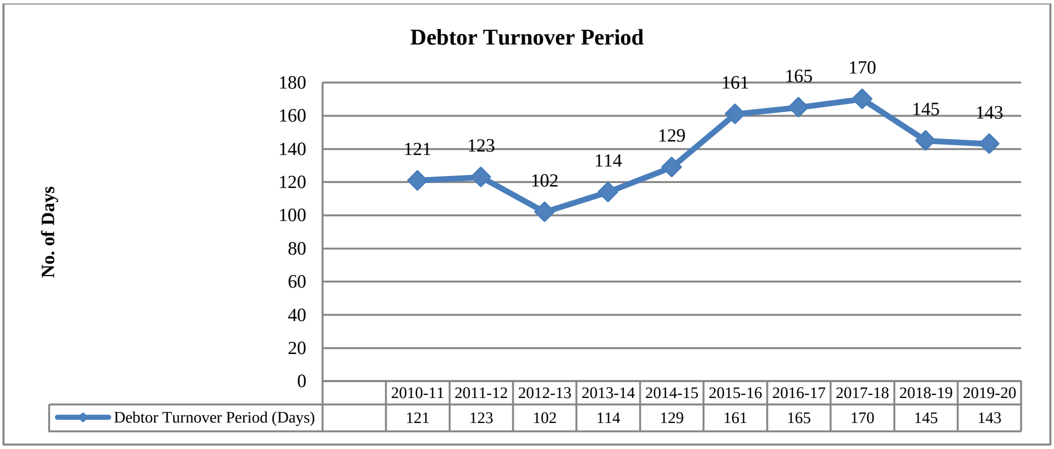
The turnover ratios are used to check the efficiency of the company that how it uses its assets to earn revenue.

i) Debtor Turnover Period

Debtor turnover period[62] was 121 days in the financial year 2010-11 which increased to 123 days in the succeeding year. By 2016-17 and 2017-18 the debtor collection period, had increased to 165 and 170 days, respectively. In 2019-20 the turnover period was 143 days. ***(Annexure-12)***

A ratio greater than 1 shows that a considerable portion of debt is funded by assets. In other words, the company has more liabilities than assets. A high ratio also indicates that a company may be putting itself at risk of default on its loans if interest rates were to rise suddenly.

[62] It is the ratio which calculates the quickness of the conversion of the debtors or credit sales amount to cash. A firm that is efficient at collecting its payments due will have a higher accounts receivable turnover ratio.

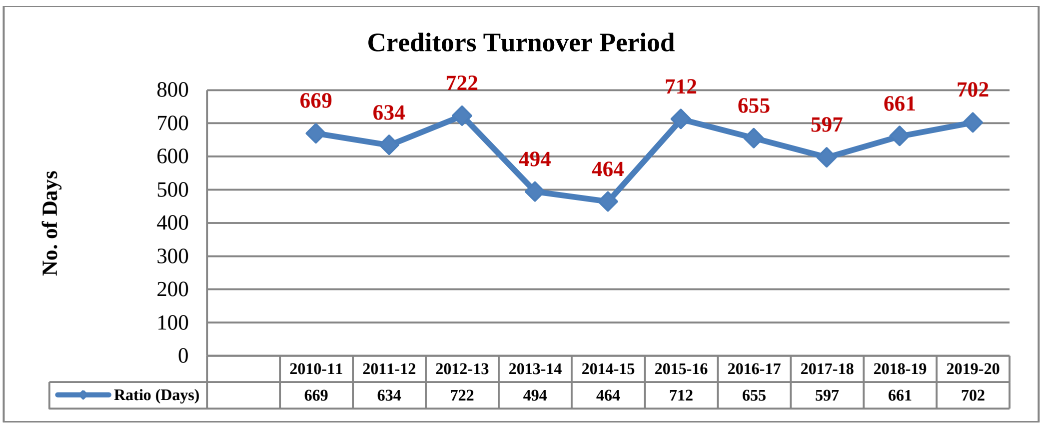


	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Debtor Turnover Period (Days)	121	123	102	114	129	161	165	170	145	143

Fig. No. 14: Debtors Turnover Period (Source: Financial Statements of PESCO)

ii) Creditor Turnover Period

In PESCO over the ten years, the creditor turnover period[63] has been above 500 days or near to it. Being a power distribution company, PESCO has outstanding invoices raised by CPPA-G against purchase of electricity. The highest period of creditor's turnover is in the financial year 2012-13 i.e. 722 days. As a benchmark, PESCO has to pay its liabilities within a period of 365 days. However, PESCO is not in a position to clear its current liabilities within 365 days ***(Annexure-13)***.



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Ratio (Days)	669	634	722	494	464	712	655	597	661	702

Fig. No. 15: Creditors Turnover Period (Source: Financial Statements of PESCO)

[63] The ratio is a measure of short-term liquidity, with a higher payable turnover ratio being more favorable. A company with a higher value of turnover period takes longer to pay its bills, which means that it can retain available funds for a longer duration., A high turnover, however, may also be a red flag indicating an increasing inability of the company to pay its bills on time.

iii) Assets Turnover Ratio

Assets turnover ratio[64] of PESCO has been somewhat consistent over the ten year period, ranging between 0.32 to 0.43 times of average assets. Thus PESCO generated less than half revenue of its average assets. In the most recent year 2019-20, the value of return on assets is 0.41 ***(Annexure-14)***.

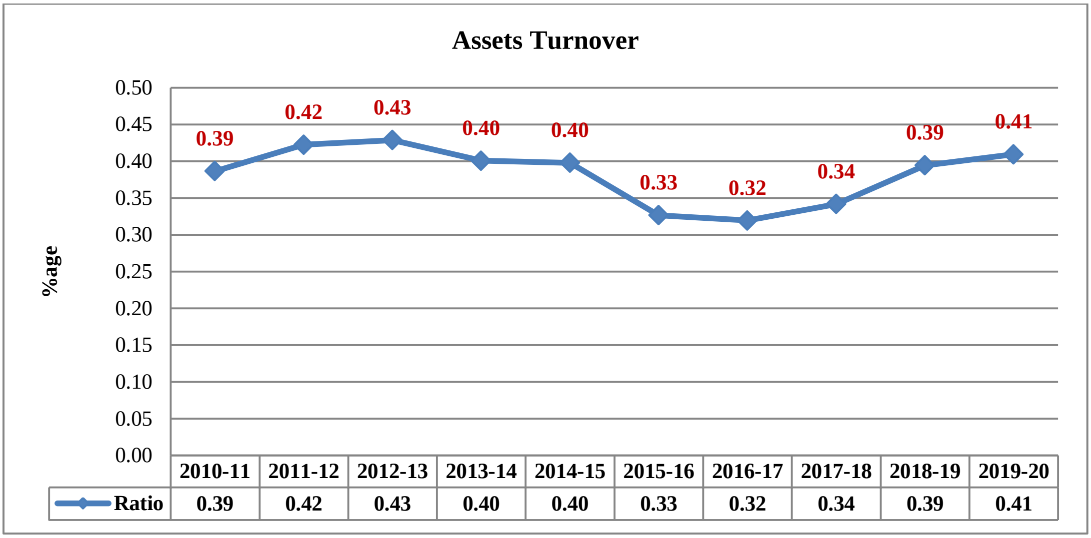


Fig. No. 16: Assets Turnover Period (Source: Financial Statements of PESCO)

H. Accumulated Losses

The graph below shows the year on year position of net losses (after adjustment) therein sustained by PESCO. The accumulated losses of PESCO was Rs.63.648 billion at the end of financial year 2009-10 which reached to Rs.302.052 billion at the end of financial year 2019-20. PESCO sustained a total loss of Rs.238.404 billion including prior year adjustments e.g. Re-measurement of staff retirement benefits, revised Tariff Deferential Subsidy (on account of late tariff notification) and interest on long term loans etc over the ten year period 2010-11 to 2019-20 ***(Detail at Annexure-15)***.

The trend analysis depicts that the company sustained loss (after adjustments) throughout the decade except the financial year 2013-14. The

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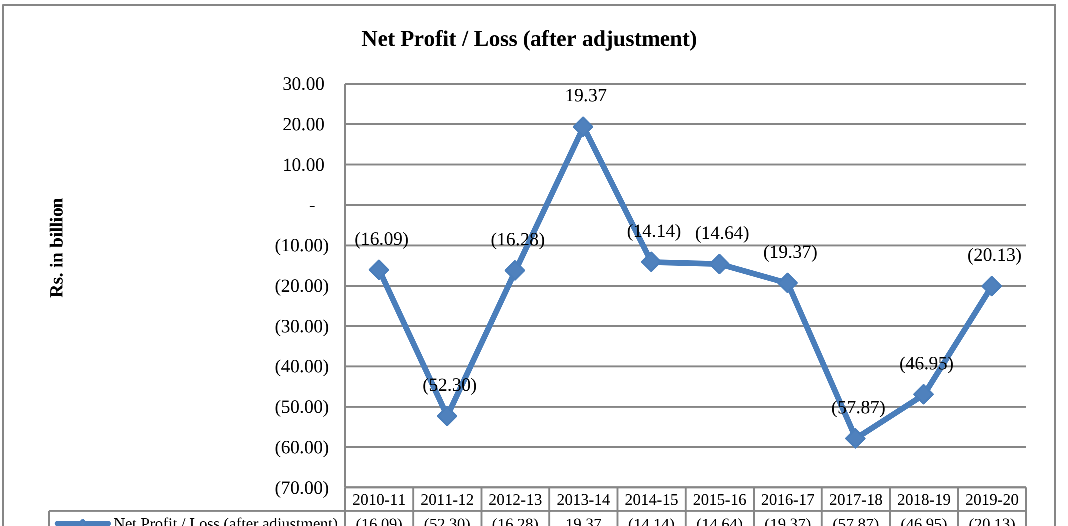
[64] The asset turnover ratio, also known as the total asset turnover ratio, measures the efficiency with which a company uses its assets to produce sales. A company with a high asset turnover ratio operates more efficiently as compared to competitors with a lower ratio.

company sustained net loss of Rs.34.404 billion however, adjustments including re-measurement of staff benefit liability (Rs.-7.662 billion), prior year adjustment decrease in receivables from GOP (Rs. -1.103 billion), Grant in Aid/Subsidy (Rs. 43.222 billion), Prior year Adjustment(Interest on Long term Loans) (Rs.2.997 billion) and revised TDS(on account of late tariff notification) (Rs. 16.317 billion) was made during the financial year 2013-14 which outset the net loss into profit of Rs.19.368 billion.

Company sustained net loss of Rs.39.921 billion during the financial year 2017-18 however, prior year adjustment (due to reversal of markup Rs.7.713 billion and actuarial loss on re-measurement of staff benefits Rs.25.660 billion) resulted into net loss of Rs.57.868 billion as a maximum loss during the decade. ***(Detail at Annexure-15)***



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Net Profit / Loss (after adjustment)	(16.09)	(52.30)	(16.28)	19.37	(14.14)	(14.64)	(19.37)	(57.87)	(46.95)	(20.13)

Fig. No. 17: Net Profit / Loss (after adjustment) (Source: Financial Statements of PESCO)

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SECTION-2

AUDIT FINDINGS

TOR-1: Segregation of Losses and Underlying Factors

1.1 Inefficient Management

1.1.1 Issue of Theft of Electricity and T&D Losses beyond NEPRA Target – Rs.120.27 billion

1.1.2 Piling up of Total Receivables is increasing financial constraints of PESCO as well as contributing to Circular Debts – Rs.306.64 billion

1.1.3 Financial Indiscipline regarding Post-retirement Benefits

a) Non-maintenance of pension funds for post-retirement benefits – Rs.92.17 billion

b) Creation of Excess Provision for Post-retirement Benefits in Violation of NEPRA's Direction – Rs.18.50 billion

1.1.4 Excess Charging of Overhead to Project Works – Rs.104.64 million

1.1.5 Excess Charging of Units to PESCO by CPPA-G on Sale of Power – Rs.2.28 billion

1.1.6 Non-submission of Paid Scrolls by Banks to PESCO – Rs.427.48 million

1.1.7 Non-finalization of Revaluation of Assets

1.1.8 Loss due to Payment of Excess Premium against Civil Works due to Revision of Rates of BoQ by *Discretionary Manner* – Rs.110.75 million

1.2 Policy Induced

1.2.1 Creation of provision for Bad Debts in violation of NEPRA's direction – Rs.75.55 billion

1.2.2 Delayed determination of tariff effecting Distribution Margin - Rs.40 billion

1.2.3 The BoD's Policy for Waiving Off Late Payment Surcharge (LPS) to Consumers Deprived PESCO from its Due Earning – Rs.1,117.96 million

1.2.4 Inadmissible General Sales Tax on supplies made to PATA – Rs.7.518 billion

1.2.5 Irrational provision of trade debtors of Shabqadar Area - Rs.10.86 billion

1.2.6 Un-justified payment on account of Honoraria to employees - Rs.1,946.46 million

1.2.7 Growing Financial Burden on PESCO due to Accrual based GST Collection by FBR – Rs.16.21 billion

1.2.8 Negative Impact of Increasing Capacity Charges on Financial Viability of the Company

1.2.9 Non-release & Non-accountal of Tariff Differential amount of Provincial Government of KPK by Government of Pakistan – Rs.18.6 billion

1.2.10 Understaffing of PESCO's employees

TOR-2: Analysis of Potential Red Flags / Misappropriation / Misuse of Assets

2.1: Potential Red Flags

2.1.1 Fake Billing against Disconnected Meters – Rs.595.45 million

2.1.2 Red Flag - Non-existence of Mechanism of Clearing House Meetings for Settlement of Pension Receivables from WAPDA - Rs.1.88 billion

2.1.3 Unknown Whereabouts of Deposit Funds - Rs.6,306 million

2.1.4 Less remittance of Debt Servicing Surcharges (DSS) to CPPA-G – Rs.2.32 billion

2.1.5 Non-remittance of Revenue by Collecting Bank Branches – Rs.213.84 million

2.1.6 Difference of Remittances in Revenue Collection Cash Book and Amount Remitted by Banks – Rs.23.21 million

2.1.7 Non-production of Record of Development Projects Financed by the ADB and PSDP – Rs.36.39 billion (Red Flags)

2.1.8 Non-reconciliation of Cash Remittance Data with CPPA-G – Rs.671.38 million

2.2: Misappropriation / Misuse of Assets

2.2.1 Misappropriation of Cash – Rs.159.90 million

2.2.2 Theft / Misappropriation of Cash and Material – Rs.279.487 million

2.2.3 Misappropriation of Assets - 154 Transformers of various capacities

2.2.4 Misuse of Consumers' Security Amount – Rs.3.466 million

TOR-3: Misrepresentation, Errors / Omissions

3.1 Non-recognition of Supplemental Charges in Financial Statement – Rs.59.36 billion

3.2 Deliberate Misrepresentation of Liabilities towards NTDCL - Rs. 3.46 billion

3.3 Overstated Receivables against CPPA-G regarding Non-cash Settlement of Subsidy for Industrial Support Package (ISP) Claims – Rs.3.07 billion

3.4 Small Power Producers (SPPs) Debit Notes issued by PESCO but not booked by CPPA-G – Rs.2.60 billion

3.5 Understatement of Liabilities on accounts of Markup against Loan Facility – Rs.2.54 billion

3.6 Overstated Trade and Other Payables (Consumer Security Deposit) – Rs.1.95 billion

3.7 Non-reconciliation with CPPA-G on account of Cost of Purchase of Power – Rs.4.50 billion

TOR-4: Comments on Fairness of the Financial Statements

4.1 Understatement of Fixed Assets due to their Non-transfer in favor of PESCO as on June 30, 2020 - Rs.32.85 million

4.2 Liability of PESCO Parked in the Books of PHL

TOR-5: Fraud Due to Negligence and Fixing Responsibility

5.1 Fraud in Pension Fund – Rs.216.92 million

5.2 Fraudulent Payment on Repair of Damaged Transformers – Rs.25.79 million

TOR-6: Internal Control Inefficiencies

6.1 Huge Refund to Consumers due to Revision of Wrong Reading / Detection Charges - Rs.1.81 billion

6.2 Consumer's CNIC Numbers and Addresses are missing in Management Information System (MIS) - Rs.6.551 million

6.3 Irregular Billing - Equipment Removal Orders (EROs) executed but meter is running at site - Rs.207.207 million

6.4 Non-Deposit of Security Fee at the Time of Installation of Connections – Rs.775.951 million

6.5 Pilling up of Un-Identified Cash due to Poor Internal Control – Rs.556.25 million

6.6 Billing and Collection Discrepancies – Rs.2.16 billion

6.7 Revenue, Financial & Procedural Irregularities

SECTION-2

AUDIT FINDINGS

TOR-1: Segregation of Losses and Underlying Factors

The accumulated losses of PESCO were Rs.302.052 billion at the end of financial year 2019-20. PESCO sustained a net accumulated loss of Rs.238.404 billion including prior year adjustments e.g. Re-measurement of staff retirement benefits, revised Tariff Deferential Subsidy (on account of late tariff notification) and interest on long term loans etc over the ten year period 2010-11 to 2019-20. However, calculated accumulated losses PESCO amounting to Rs.267.26 billion over the last ten years, can be categorized in terms of (a) those resulting from internal factors like operational and financial mismanagement, and (b) those due to external factors based on actions of the regulator, NEPRA and Power Division. The calculated accumulated losses can be attributed to factors including the following:

<u>Internal Factors:</u>

i) Inefficient Management

- Theft of electricity and T&D losses amounting to Rs.120.27 billion. (Detailed at 1.1.1)
- Provision for staff retirement benefits-non-cash item (not allowed by NEPRA) amounting to Rs.18.50 billion. (Detailed at 1.1.3)

ii) Policy Induced

Provision of Bad debts amounting to Rs.63.94 billion. (Detailed at 1.2.1)

<u>External Factors:</u>

iii) Delayed determination of tariff affecting Distribution Margin (DM) - Rs.40 billion i.e. (Detailed at 1.2.2)

iv) Other policy induced losses i.e. inadmissible Sales Tax – Rs.5.94 billion and PESCO’s claims on account of tariff differential amount Rs.18.6 billion [Detailed at 1.2.4 & 1.2.9]

v) Provision of electricity to loss-making areas due to public service obligation or non-commercial reasons [Detailed at 1.1.1 (b) (i) & (ii)]

It may be mentioned, however, that PESCO's stated losses are under-reported, as the financial statements of PESCO do not reflect true and fair view of the company. This matter has been elaborated under finding of misreporting/misrepresentation at 3.1 to 3.7.

Breakup of Calculated Losses (Rs.267.26 billion) for the period 2010-11 to 2019-20

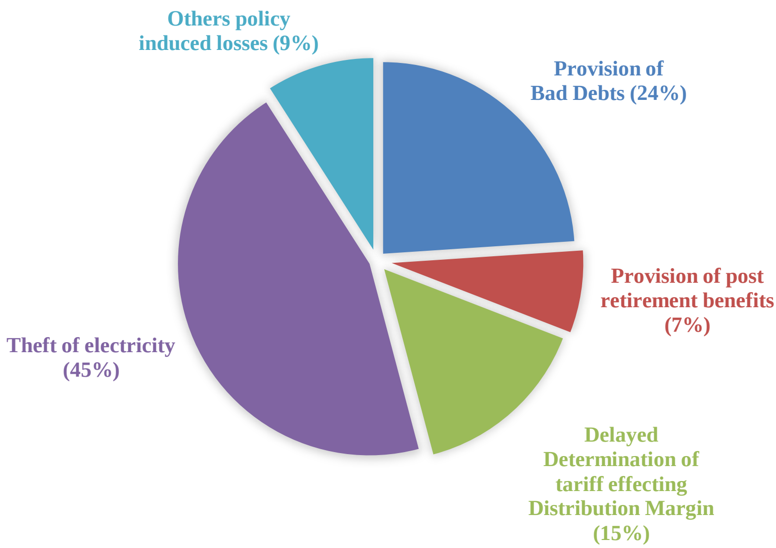


Fig. No. 18: Breakup of Calculated Accumulated Losses (Source: Audit Findings)

1.1 Inefficient Management

A key reason behind losses of the PESCO over the ten-year period of audit is systemic mismanagement especially with regard to transmission and distribution losses and theft of electricity.

1.1.1 Theft of Electricity and T&D Losses beyond NEPRA Target – Rs.120.27 billion

A major factor responsible for financial losses of PESCO is the fact that PESCO suffers T&D losses beyond the limit allowed by NEPRA target. NEPRA determines annual tariff for PESCO and other distribution companies on the basis of system constraints submitted to NEPRA by the respective companies. Any loss in excess of threshold determined by NEPRA is considered as theft. PESCO has consistently suffered theft of electricity over the ten year period under audit.

- The constraints on the basis of which allowable threshold of T&D losses is determined by NEPRA include i) lengthy transmission lines, ii) undersized conductor of the transmission lines, iii) over-loaded grid system, iv) high ratio of 11 KV distribution line to 400 volts line (1:1.3), v) partially damaged distribution transformers and vi) high percentage of technical losses because of lengthy and outdated distribution and grid system ***(Annexure-16)***. The major System constraints including a) Loading Position of 11 KV Feeders b) Loading Position of Power Transformers c) Loading Position of Distribution Transformers and d) Investment of PESCO which contribute to recurring T&D losses ***(Annexure-17)***. Moreover, the reported common ways of theft of electricity includes direct connections / Hooks / Kunda, meter tempering, illegal installation of transformer and change of polarity in meter ***(Annexure-18)***.

The various underlying factors leading to theft of electricity at PESCO include both external and internal factors. Some of the key external as well as internal factors are mentioned below:

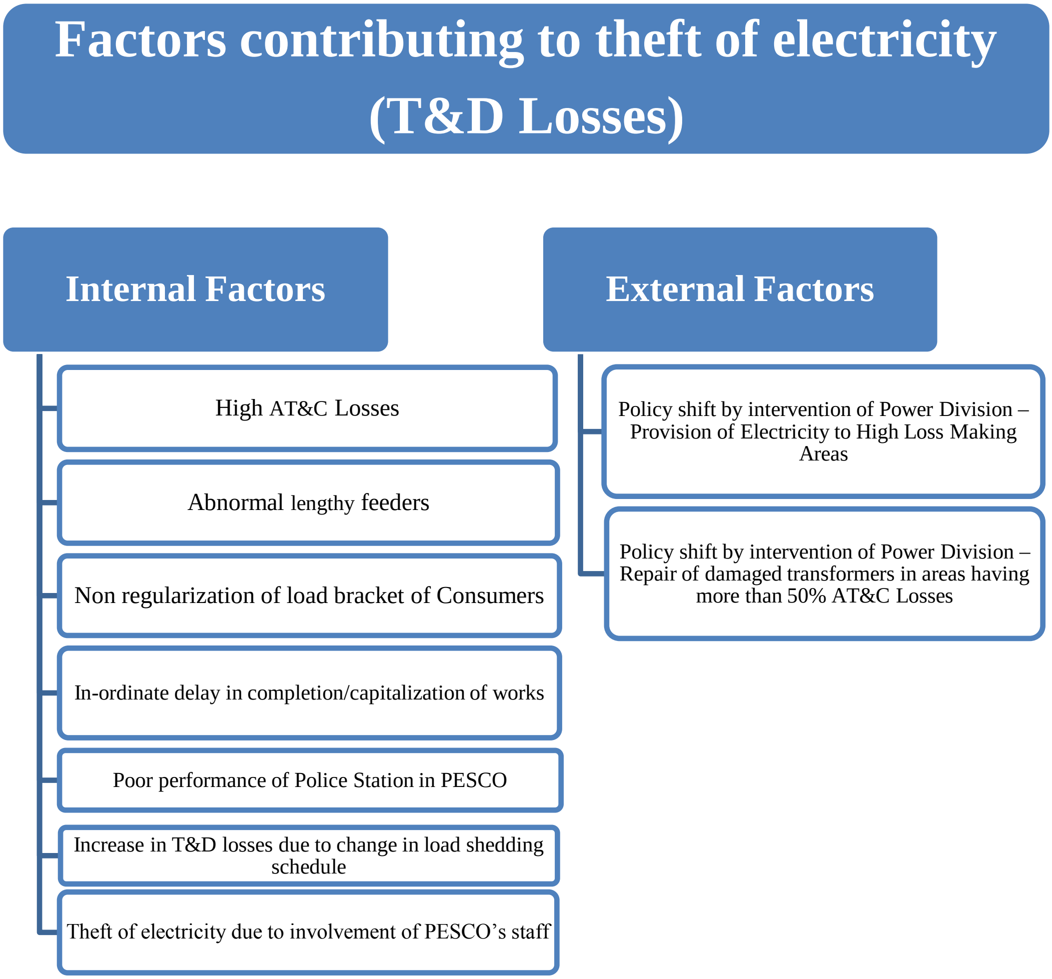
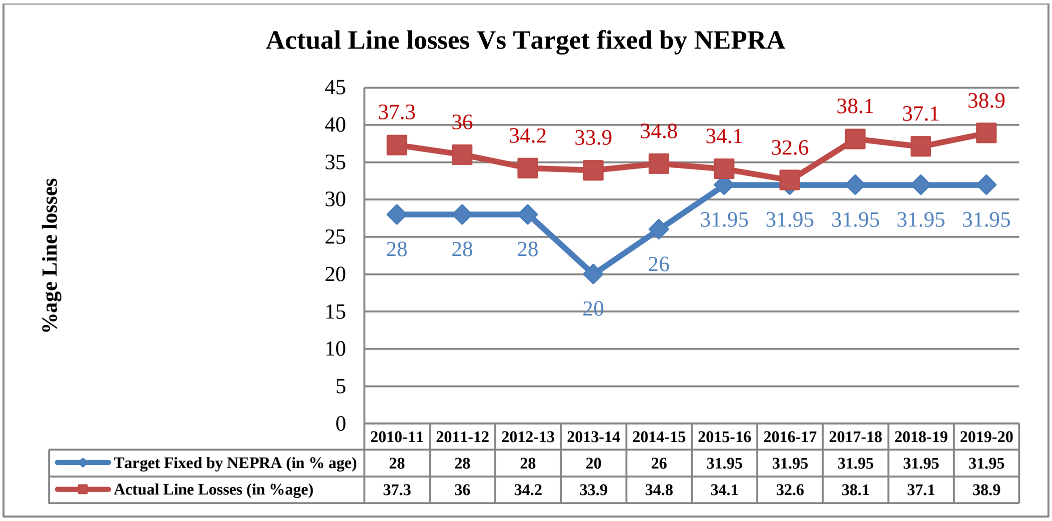


Fig. No. 19: Illustration showing Internal & External Factors of Theft of Electricity

Theft of electricity is manifestation of T&D losses that are more than the threshold of losses set by the NEPRA. A number of 8.17 billion units of energy worth Rs.120.27 billion were lost beyond the NEPRA's threshold of electricity losses (Annexure-19).

The line graph reflects that energy losses of PESCO have been above the threshold given by NEPRA over ten years. The year 2019-20 recorded highest line losses (38.9%) during the decade while line losses were near to its threshold in 2016-17 and then significantly increased during 2017-18 due to reducing load shedding hours especially in high-loss-making areas which resulted into increased theft of energy.



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Target Fixed by NEPRA (in % age)	28	28	28	20	26	31.95	31.95	31.95	31.95	31.95
Actual Line Losses (in %age)	37.3	36	34.2	33.9	34.8	34.1	32.6	38.1	37.1	38.9

Fig. No. 20: Comparison of PESCO Actual Line Losses and NEPRA Target of Line Losses (Source: CP-22A, Progress Report, Director Reports / Financial Statements, PESCO)

Slabs of %age losses of 11 KV Feeders: Out of 682 feeders, 326 feeders were not achieved the T&D target fixed by NEPRA in 2010-11 and out of 1089 feeders, 688 feeders were not achieved the T&D target fixed by NEPRA in 2019-20. ***(Annexure-20)***

Keeping in view the set of particular socio economic and geographic factors, 40% Hard Area Allowance for the employees of PESCO are being paid. However, the management could not bring down T&D losses.

The non-recovery of receivables are not only creating financial constraints for PESCO to run its day to day business but also made it unable to pay the electricity dues to CPPA-G and ultimately culminating to add up to circular debt.

Comparison of T&D Losses with other DISCOs: The following table shows a comparison between the T&D losses of DISCOs for the FY 2018-19 and FY 2019-20. During the year, the T&D losses of TESCO, QESCO and PESCO increased in comparison with the last year. Whereas, the T&D losses of IESCO, GEPCO, LESCO, FESCO, MEPCO, HESCO and SEPCO decreased in comparison with FY 2018-19.

(Figures in percentage)

Year	PESCO	TESCO	IESCO	GEPCO	LESCO	FESCO	MEPCO	HESCO	SEPCO	QESCO
2018-19	36.56	11.97	8.86	9.87	13.17	9.81	15.79	29.49	36.97	23.56
2019-20	38.69	16.19	8.69	9.51	12.40	9.62	15.23	28.82	36.27	26.68
Inc. / (Dec.)	**2.13**	**4.22**	**(0.17)**	**(0.36)**	**(0.77)**	**(0.19)**	**(0.56)**	**(0.76)**	**(0.70)**	**3.12**

Table No. 8: Comparison of T&D Losses with other DISCOs (Source: State of Industry Report 2020, Page-12)

a) Internal Factors contributing to theft of electricity alongwith some major instances:

i) High Aggregate Technical and Commercial (AT&C) Losses
ii) Recurring annual loss due to abnormal lengthy feeders
iii) Negligence in regularization of load bracket of industrial and bulk supply consumers
iv) Inordinate delay in completion/capitalization of works.
v) Poor performance of Police Station in PESCO
vi) Increase in T&D losses due to change in loads shedding schedule
vii) Theft of electricity due to involvement of PESCO staff

i) High Aggregate Technical and Commercial (AT&C) Losses

Since Aggregate Technical and Commercial losses (AT&C) requires technical understanding therefore, a brief introduction of these terms would be helpful for the reader. It would follow the actual issue. The line losses are divided into Technical losses and Non–technical losses.

i) Technical losses: Technical losses are of two types:

a) Transmission & Transformation (T&T) Losses: The transmission and transformation losses are sustained by the company from common delivery point to grid station and transformation of high voltage to low voltage current. These losses occurred on 500 KV, 220 KV, 132 KV and 66 KV Transmission lines and Grid Stations

b) **Distribution losses:** The losses attributed by 33 KV, 11 KV distribution network (HT) and LT having 400 Volts from grid station including distribution transformer losses.

ii) **Non-Technical Losses** (**Commercial Losses):** Non-technical losses are the difference between the energy input and output minus technical losses. Non-technical losses are related to meter reading including defective meter (display wash and error in meter reading), non-accuracy of snap-shot of meters, estimate billing of customer energy consumption, poor monitoring by Surveillance & Inspection (S&I) and Monitoring & Testing (M&T) Departments etc.

The quantum of AT&C losses determines the overall efficiency of the distribution business of PESCO. It is an aggregate of Transmission and Distribution (T&D) loss and loss due to non-realization of billing of energy.

iii. **Bifurcation of PESCO's Jurisdiction into Complaint and Non-Compliant Area on the basis of AT&C Losses:**

In terms of efficiency, performance and working condition, PESCO is divided in two major areas i.e. soft and hard area. The areas where working condition are worst, received 30% of total energy supply despite of heavy load shedding, but collection share is only 13% and percentage share of units lost is 50%.

The domain of PESCO is divided into two major groups i.e soft areas (complaint) including five (5) circles namely Hazara I & II, Mardan, Swabi & Swat where recovery from the private consumers remained more than 50% except the few while hard areas (non-compliant) include Peshawar, Khyber, and Bannu where the company faces tough resistance in carrying out operation. Due to high number of defaulters in these areas, coupled with resistance, PESCO adopted an alternate strategy[65] which is based on targeting areas with high AT&C losses based on Coefficient of Efficiency Index (CEI) since December, 2012.

Issue of AT&C losses in compliant and non-compliant areas: The theft of electricity is a major problem of PESCO that adversely affects business

[65] NEPRA Tariff Determination 2014 (NEPRA/TRF-273/PESCO 2014)

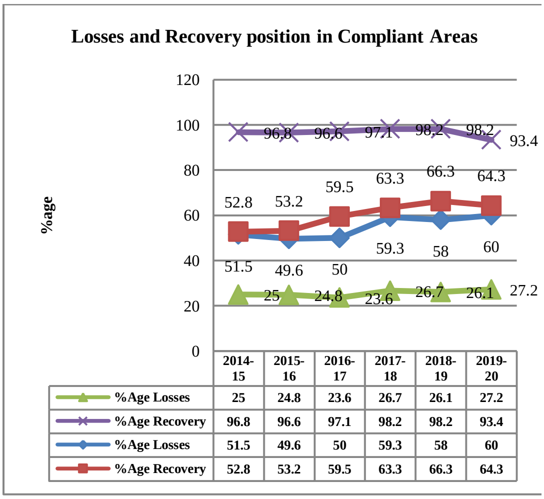
activities which results into increasing accumulating losses year after year. Data analysis of financial year 2014-15 to 2019-20 reflect the following trends. ***(Annexure-21)***

i) T&D losses in compliant area ranged between 24% to 27% while in non-compliant area, it ranged from 50% to 60%.

ii) Percentage of recovery ranged 93% to 98% in complaint area while it was 52% to 66% in non-compliant area.

iii) Pilling up of receivables ranged from Rs.11,179 million to Rs.23,105 million in compliant area while Rs.60,460 million to Rs.97,363 million in non-compliant area.

The above scenario shows that T&D losses and receivables have been on much higher side in hard areas while recovery remained just above half of their billing.



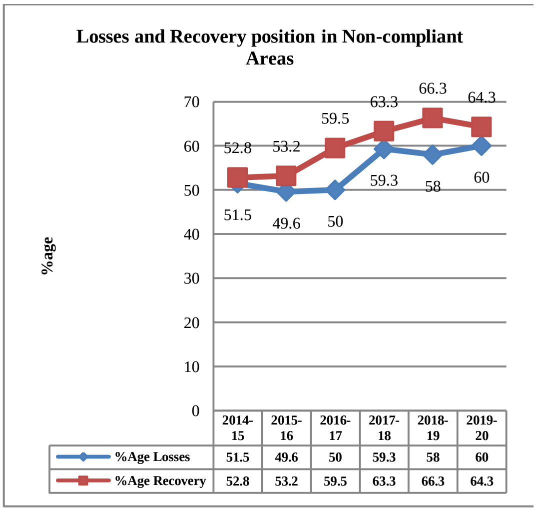
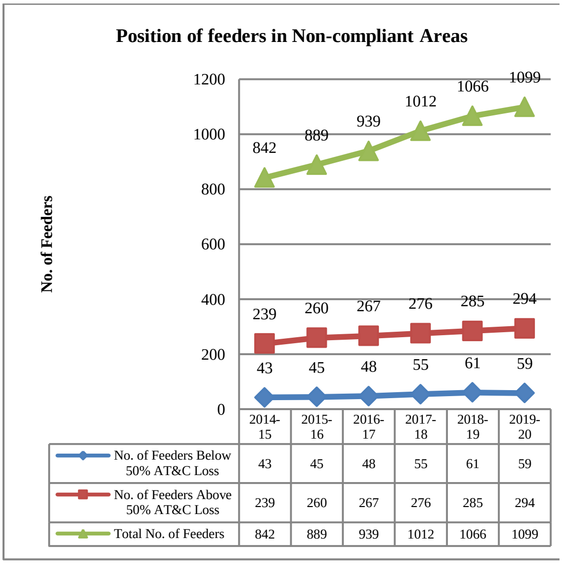


Fig. No. 21 & 22: AT&C losses in compliant and non-compliant areas (Source: Commercial Directorate)

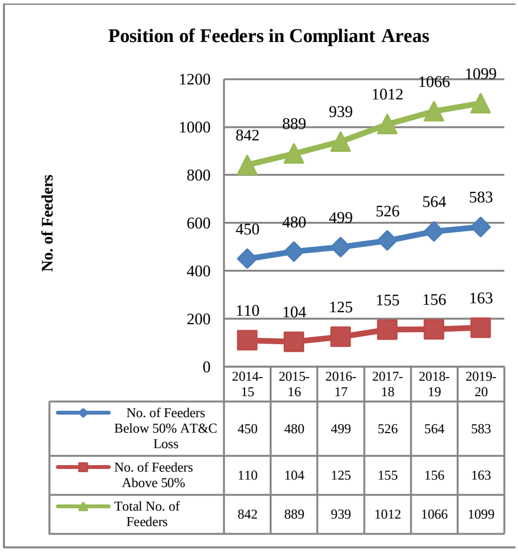
The analysis of data of financial years 2014-15 to 2019-20 reflects the following trend ***(Detail at Annexure-22)***.

i) Number of feeders below 50% AT&C losses under non-compliant areas ranged between 43 to 61 while number of feeders above 50% AT&C losses ranged between 239 to 294.

ii) Number of feeders below 50% AT&C losses under compliant areas ranged between 450 to 583 while number of feeders above 50% AT&C losses ranged between 104 to 163.



	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
No. of Feeders Below 50% AT&C Loss	43	45	48	55	61	59
No. of Feeders Above 50% AT&C Loss	239	260	267	276	285	294
Total No. of Feeders	842	889	939	1012	1066	1099

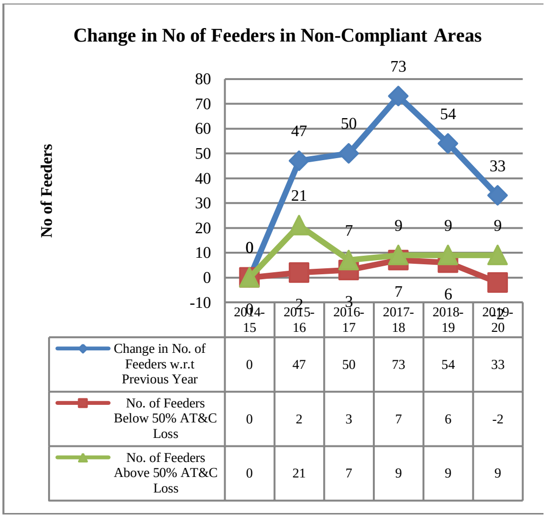


	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
No. of Feeders Below 50% AT&C Loss	450	480	499	526	564	583
No. of Feeders Above 50%	110	104	125	155	156	163
Total No. of Feeders	842	889	939	1012	1066	1099

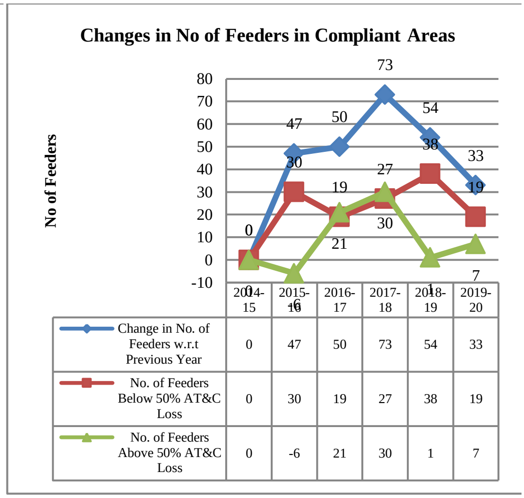
(Fig. No. 23 & 24: Analysis of Feeder Wise Losses in Compliant and Non-Compliant Areas (Source: Commercial Directorate)

The above scenario indicates that T&D losses and receivables position of hard areas are much higher despite of the fact that number of feeders in hard areas constitute less than half of the total feeders of PESCO.

The data reflected below in the graphs shows that 257 feeders were added in the system. Out of total, 55 feeders were added in non-compliant area (having more than 50% AT&C losses). On the other hand 53 feeders having more than 50% AT&C losses were added in compliant area. This state of affairs reflects that position of AT&C losses continued despite induction of new feeders in the system. This shows poor efficiency of the management in controlling theft of electricity in hard areas ***(Annexure-22)***.



	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Change in No. of Feeders w.r.t Previous Year	0	47	50	73	54	33
No. of Feeders Below 50% AT&C Loss	0	2	3	7	6	-2
No. of Feeders Above 50% AT&C Loss	0	21	7	9	9	9



	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Change in No. of Feeders w.r.t Previous Year	0	47	50	73	54	33
No. of Feeders Below 50% AT&C Loss	0	30	19	27	38	19
No. of Feeders Above 50% AT&C Loss	0	-6	21	30	1	7

(Fig. No. 25 & 26: Change in No. of Feeders in compliant and non-compliant areas (Source: Commercial Directorate)

iv. Instances of areas contributing to major theft of electricity (AT&C Losses)

a) Warsak Dam Area – Rs.7.43 billion: In PESCO's jurisdiction, the residents of 52 villages of Warsak Dam Area claim themselves as the affectees of Warsak Dam. They claim that the Government had promised to provide them free electricity before construction of the Dam in 1949. However, PESCO does not acknowledge any such agreement with them. The aforementioned consumers do not pay electricity bills rather claim royalty over their land under Warsak Dam. On top of it, the Local Jirga decided to remove installed meters and consume electricity through direct hooks.

On the other hand, the billing is being made by PESCO on estimation basis and arrears are getting accumulated. The increasing tendency of electricity theft and non-payment of bills resulted in high AT&C losses. So far the administration of PESCO has been failed to resolve the issue of Warsak Dam residents. Resultantly, the residents are enjoying free electricity by means of Kunda / Hooks causing revenue loss of Rs.7,425.00 million during last decade and also causing accumulation of receivables to the tune of Rs.1,595.47 million. ***(Annexure-23)***

There are eleven (11) feeders under five (5) Sub-Divisions that are relevant to this matter & are supplying electricity to Warsak Dam Area. The supply of energy in this area had reduced over a decade while theft of electricity has increased to 19%. There were 21,292 consumers in 2010-11 and 43,368 in 2019-20. The analysis of Ten (10) years data reflects that consumers of Warsak Dam area are exponentially increasing over time. However, out of received units, an average of 58% have been lost in theft during the said period. ***(Annexure-23)***

b) Shabqadar Area - Rs.7.43 billion: Shabqadar is one of the main hard area where electricity was given through twenty two (22) feeders under four (4) Sub-Divisions. The feeder-wise analysis of six (06) years data (data year 2010-11 to 2013-14 was not provided) reflects that line losses in the area are increasing over time. The residents are enjoying free electricity by means of Kunda / Hooks causing revenue loss of Rs.7.43 billion during last six years and also causing accumulation of receivables to the tune of Rs.10.126 billion. The management opted for a policy of "Provision for Bad Debts"[66]. ***(Annexure-24)***

c) Other Hard Areas – Rs.98.37 billion: In addition to the above, electricity was supplied to other hard areas through two hundred forty (240) feeders. The feeder-wise analysis of six (06) years data reflects that line losses in hard areas is increasing over time. The residents are enjoying free electricity by means of Kunda / Hooks causing loss of Rs.98.37 billion. Moreover, the hard area notion not only promotes theft of electricity but also gives temptation to the consumers to pay no / partial bills thereby causing accumulation of receivables to the tune of Rs.66.96 billion. It is worth mentioning that feeders in hard area also include those feeders where recovery and losses position are upto the mark and thereby mitigating the effects of line losses and shortfall of recovery due to having good consumers. ***(Annexure-25)***

ii) <u>Recurring annual loss due to abnormal lengthy feeders</u>

As per standards 11 KV HT feeders exceeding 25 KM in length and 350 Amp load cause annual loss of 28,000 units per KM[67].

In PESCO, the 11 KV HT feeders were abnormally lengthy, out of 1099 No. 11 KV feeders in 2019-20, 285 No. feeders were beyond standard length of 25 KM. The length of 11 KV feeders varies from 25 KM to 250 KM. ***Therefore, abnormal lengthy feeders are causing huge recurring annual technical losses.***

[66] Please see matter of "Provision for Bad Debts" under Policy Induced
[67] Director Planning & Investigation (P&I) PESCO

The financial implication of units lost due to HT feeders having length beyond 25 KM in 2019-20 is massive and are calculated below:

Statement showing detail of loss due to lengthy feeders (beyond 25 KM)	
Total length beyond 25 KM	9775.308
Average annual loss of units due to lengthy feeders beyond 25 Km	28,000
Annual Loss of units due to lengthy feeders	273,708,624
Amount of annual loss due lengthy feeders @ Rs. 13.31/- per unit (2019-20)	Rs.3,643,061,785
Say Rs. in billion	3.643

Table No. 9: Loss due to lengthy feeders (Source: Directorate of Planning & Evaluation, PESCO)

The above data reflects that PESCO is facing huge recurring annual loss of Rs.3.643 billion due to 11 KV feeders maintaining length beyond 25 KM.

Cause and Effect Analysis: While determination of tariff, PESCO explained to NEPRA that lengthy feeder is one of the major reasons for enhancement of T&D losses. The jurisdiction of PESCO distribution network system comprises of Grid Station in far flung areas. That’s why T&D losses are higher due to lengthy feeders. The lengthy feeders are causing huge annual recurring technical losses.

iii) <u>Negligence in regularization of load bracket of Industrial and bulk Supply Consumers</u>

i) "Industrial Supply" means the supply for bona fide industrial purposes in factories including the supply required for the offices and for normal working of the industry.

ii) "Bulk Supply" for the purpose of this Tariff, means the supply given at one point for self consumption not selling to any other consumer such as residential, commercial, tube-well and others.

The categories of load bracket, according to Tariff Determination of PESCO for the financial year 2019-20 are tabulated below. Tariffs are applicable for supply to Industries and Bulk Supply Consumers having sanctioned load as mentioned in the table i.e. Dedicated Feeder for Consumers of B-3 and C-2 categories and Dedicated Grid Stations for Consumers of B-4 and C-3 categories.

Category	Range	Requirements	Security Rate
B-1	1 KW to 25 KW	Mixed Feeder	Rs.1,580/ kW
B-2	26 KW to 500 KW	Mixed Feeder	Rs.2,010/ kW

B-3	501 KW to 5000 KW	Dedicated Feeder	Rs.2,980/ kW
B-4	5001 KW and Above	Dedicated Grid Station	
C-1	1 KW to 500 KW	Mixed Feeders	Rs.1,670/ kW
C-2	501 KW to 5000 KW	Dedicated Feeder	Rs.2,080/ kW
C-3	5001 KW and Above	Dedicated Grid Station	Rs.2,740/ kW

Table No. 10: Category Wise Security Rate (Source: NEPRA Consumer Service Manual)
B-category is allocated to industrial consumers
C-Category is allocated to Bulk Supply Consumers

Following three categories of load extension in different tariff categories have been observed on sample basis in which the management did not take corrective measures to regularize the load bracket of industrial and bulk supply so far (Annexure-26).

i) It was observed that Sixteen (16) consumers of B-2 category have extended their load beyond their sanctioned load. The running load of these consumers fall under B-3 tariff. As per NEPRA tariff determination, the cost of dedicated feeders and security against next category of load (B-3) are required to be recovered from these consumers.

ii) It was also observed that Six (06) consumers of category of B-3 and one consumer of category C-2 consumer have extended their load beyond their sanctioned load within the same category. The consumers have been charged under relevant tariff. However, they are receiving electricity through General feeders whereas as per NEPRA Tariff Determination, B-3 and C-2 consumers should have an Independent feeder instead of General feeder.

iii) Two (02) Industrial B-3 Consumers ***(at Serial No.17 & 18 at Annexure-26)*** extended their load beyond 5000 KW and they were required to have Independent Grids. However, they are getting electricity through Mix Grid. It is important to note that in Technical Sanction of such consumer cases it is clearly mentioned, "Due to border line load (nearest to 5000 KW), it should be ensured that the connected load does not increase beyond the sanctioned limit. In case, the Maximum Demand Indicator (MDI) at any moment, if crossed 5000 KW, it should automatically mean that the connected load falls in the category of

B-4 tariff and as such supply will be disconnected without giving any notice. In this case, consumer/applicant will apply for extension of load and revision of tariff from B-3 to B-4 category."
The case of M/s Mustehkam Steel furnace is under inquiry on such observation.

Due to non regularization of industrial and bulk supply consumers' extended load and allocation of Independent Feeder, PESCO was deprived of revenue in form of electricity charges on the new/higher tariff slab, as well as PESCO system remained over loaded.

Cause and Effect Analysis: Misuse of load by the Industrial / Bulk Supply consumers not only put an extra burden Distribution Network System but also put an extra load on the Grid Systems which caused tripping, damages and ultimately the same turned into system constraints (technical losses) which requires huge investment for its removal.

iv) In-ordinate delay in completion/capitalization of works

According Paras-4.1.3 to 4.1.6 of WAPDA Distribution Rehabilitation Guidelines September 2003, "total time for approval of work, execution and preparation of completion report will be restricted to 130 days". As per DISCOs Accounting Manual, A-90 Form (completion report) prepared by the Deputy Manager (Construction)/ Deputy Manager (GSC) is certified by the Consultants and forwarded to Project Director (Construction)/ Project Director (GSC) for capitalization.

Expenditure amounting to Rs. 17.383 billion has been incurred against different heads of works in order to remove the system constraints by the field formations of PESCO but these works were not completed/capitalized upto 06/2020. It is astonishing that works in progress are tremendously increasing and despite the fact that funds on execution of works are being released to field formations but respective, capitalization of assets appearing in books of accounts are less[68]. ***(Annexure-27)***

Hence, the above scenario indicates that works were initiated but were not completed timely therefore; system constraints of PESCO could not be

[68] Finance Director, PESCO vide his letter No. 332-37/FD/PESCO/Implementation dated. 21.02.2020.

addressed. In-ordinate delay in completion / capitalization of works causing recurring losses to the company.

Cause and Effect Analysis: The work in progress amount in PESCO is Rs.17.383 billion which includes the balances pertaining to 2010-11. Non-completion / capitalization of these assets not only debars the company from its tariff determination at higher rate but also no benefits achieved with reference to the investment plan made by the management.

v) <u>Poor performance of Police Station in PESCO</u>

i) PESCO Police Stations were established at district Peshawar, Charsadda and Bannu in September, 2013 for the eradication of theft of electricity and recovering the arrears from permanent defaulters. According to terms and conditions of agreement deed, PESCO was responsible for the pay & allowances of police staff engaged alongwith cost of ammunition.

Audit found that an amount of Rs. 616.067 million had incurred during past seven (07) years (September, 2013 to June, 2020) on PESCO Police Station. The up-to-date progress achieved by PESCO Police depict that an amount of Rs.230.312 million was recovered against FIRs. It reflects that excess expenditure of Rs.385.755 million was incurred on the maintenance of PESCO's Police Stations.

The analysis of performance with respect to recovery and FIRs lodged by PESCO Police Stations and expenditure incurred thereon is as under:

<u>Expenditure incurred on the Police Deployed during Seven (07) years</u>

Period of deputation of Police Stations September, 2013 to June, 2020	Expenditure incurred on Police During seven (7) years (Rs)	Per Year Expenditure (Rs)
Seven (07) Years	616,067,655	88,009,665

Table No. 11: Expenditure incurred on the Police Deployed (Source: Data Provided by Technical Directorate)

FIR Lodged and amount recovered by the three (03) No. PESCO's Police Station

Total No. of FIR lodged	Total Amount recovered against the theft of Energy through FIR (Rs)	Average No. of FIR lodged per month	Average No. of FIR lodged per day	Average Amount recovered against theft per day (Rs)
22,753	230,312,094	277	9	93,622

Table No. 12: FIR Lodged and Amount recovered by PESCO's Police Stations (Source: Data Provided by Technical Directorate)

Expenditure of three (03) Police Stations	= Rs. 616.067 million
Recovery effected against FIRs	= Rs. 230.312 million
Excess Expenditure	**= Rs.385.755 million**

ii) ***Moreover, performance of police stations is not at par with the agreement made with PESCO. On top of it, police officers / officials are involved in multiple irregularities.*** An inquiry was conducted by CEO, PESCO in June, 2020 to investigate the discrepancies pointed out in Special Audit Report by Internal Audit Department of PESCO. ***(Annexure-28)***

The inquiry report points major irregularities committed by the police staff alongwith the financial impact and recommendations. However, it was noted that the recommendations made were too generic and lacked detailed working on fixing responsibility and that too were not implemented so far. Therefore, DAGP has given some recommendation against each issue to sensitize the entity on the matter and so that it may take necessary corrective measures thereby. ***(Annexure-28)***

vi) Increase in T&D losses due to change in load shedding schedule

The BoD approved Coefficient of Efficiency Index (CEI) / AT&C based load shedding program in its 77th meeting held in Dec, 2012. Breakup of the load management hours / interruptions on the basis of AT&C Losses was worked out by BoD with the coordination of PITC, PEPCO & PDC. However, after approval of load shedding program by BoD in December, 2012, the same was implemented by the Power Dispatch Centre (PDC) of PESCO.

However, from December, 2012, till December, 2020, the load shedding hours of the various slabs were revised according to demand, system constraints and direction of Power Division. The load shedding program was revised by the CEO, PESCO without consensus of BoD of the company ***(Annexure-29)***

The said action is violation of role of BoD in terms of fixing load shedding program as Rule 2A(a) of Corporate Governance Rule regarding Sound and Prudent Management "the business of the Public Sector Company is carried on with integrity, objectivity, due care and professional skills appropriate to the nature and scale of its activities".

The unilateral decision of the CEO for increased supply of energy was to avoid T&D losses (Kunda culture) and less recovery. Moreover, increased theft of electricity also enhanced pilling up of receivables because some compliant consumers tempted not to pay electricity dues timely. There is a need to empower BoD so that an inclusive decision could be made for enhancing overall efficiency of the management and get optimum output from the system.

Due to revision of load management programme, the consumers of Category-V to VII were given relaxation by curtailing load shedding for an average of 2 to 4 hours detail at ***Annexure-30***.

Had the management taken necessary action to control T&D losses / theft of electricity before changing load shedding program, the losses would had been curtailed.

vii) Theft of electricity due to involvement of PESCO's staff

The analysis of inquiry cases of HR Section reflects PESCO's staff was also found involved in theft of electricity and AT&C losses. The issue is analyses as below:

i) The management could not create deterrence by imposing penalties against involving of employees in inquires of AT&C losses and recovery. Out of 674, only two (2) inquiries are pending since February, 2021, rest of 672 inquiries have been completed wherein 41 have been given major penalty (6.10%) and 318 given minor penalty (47.32%). However, 313 inquiries (47%) against the alleged employees have been closed and employees have been exonerated. ***It has also been noted that despite penalizing officials, the AT&C losses and recovery shortfall could not be curtailed. The reasons of failure of deterrence of disciplinary proceedings are awarding lowest level of penalties in major and minor categories.***

It has been found that some of the PESCO's officials are involved in malpractices. They facilitate consumers in theft of electricity. A No. of 1161 inquiry cases[69] have been initiated against involvement of employees in line losses, theft, direct hooks and misuse of electricity etc.

ii) **The management could not create deterrence by imposing penalties against employees involved.** ***Out of 1161, only eight (8) inquiries are pending since February, 2021, rest of 1153 inquiries have been completed wherein 126 have been given major penalty (10.92%) and 497 given minor penalty (43.10%). However, 530 inquiries (46%) against the alleged employees have been closed and employees have been exonerated.*** The reasons of failure of deterrence of disciplinary proceedings are awarding lowest level of penalties in major and minor categories.

iii) Moreover, there is poor vigilance and safeguards against theft of electricity. Out of 142,766 complaints lodged with police for theft of energy, only 26,228 FIRs[70] (18.37% of the total complaints) were registered.

The staff rotation policy is not being practiced at PESCO. It has been found that 3298 field staff employees remains posted at same station ranged 1980 to June, 2020 at for long periods. The lengthy stay at same station provides an opportunity to staff to commit / facilitate consumers in theft of electricity as found out by reports of Internal Audit Department of PESCO.

Conclusion: The above analysis reflects that NEPRA target of T& D losses were not achieved due to multiple factors including internal factors as discussed above. These factors are contributing in theft of electricity.

b) External Factors of T&D Losses & Theft of Electricity

Beside internal factors, some external factors are also contributing to growing T& D losses. The analysis of the case reflects some major causal factors as discussed below:

i) Policy shift by intervention of Power Division – Provision of Electricity to High Loss Making Areas

[69] Detail of inquiry cases compiled from Confidential Section, PESCO

[70] Detail of FIRs compiled from Commercial Directorate, PESCO

ii) Policy shift by intervention of Power Division – Repair of damaged transformers in areas having more than 50% AT&C losses

i) Policy shift by intervention of Power Division – Provision of Electricity to High Loss Making Areas

The BoD approved Coefficient of Efficiency Index (CEI) / AT&C based load shedding program in its 77th meeting held in Dec, 2012. Breakup of the load management hours / interruptions on the basis of AT&C Losses was worked out by BoD with the coordination of PITC, PEPCO & PDC. However, Minutes of 126th BoD Meeting dated Jul 30, 2018 noted that:

> ***Load shedding program was revised w.e.f. December 04, 2017 on the directions of Ministry of Energy (Power Division) without approval of BoD and against already approved load shedding schedule. Due to implementation of directions of the Ministry, the supply of electricity to high loss feeders (areas having maximum theft of electricity and less recovery) was enhanced. In financial terms PESCO lost on average Rs.5 billion per month which is alarming and needs immediate attention to reconsider the decision regarding provision of electricity in non-compliant areas … the loss suffered by the company is Rs.39 billion (from December, 2017 to June, 2018).***

This state of affairs reflects that PESCO sustained a loss of Rs.39 Billion on account of external intervention in the operational management of the company's affairs.

ii) Policy shift by intervention of Power Division – Repair of damaged transformers in areas having more than 50% AT&C Losses

BoD in its 88th meeting held on 30.04.2014 made the decision regarding repair of PESCO's Damaged Distribution Transformers that "if the Aggregate Technical & Commercial (AT&C) losses of any transformers are more than 50%, the transformer of that area should not be repaired by PESCO". However, Federal Minster of Energy (Power Division) issued instructions regarding repair of damaged distribution transformers which was conveyed by MD PEPCO as below:

> ***Transformers on high loss feeders or low loss feeders have to be repaired by PESCO. It is a right of every citizen of Pakistan to be provided electricity and it is the responsibility of the DISCO to ensure recoveries as well as stopping theft. Citizens should not be penalized for the short comings and corruption of DISCO & necessary changes in the policy should be made (letter No. 5586-90 dated 23.03.2019 issued by MD PEPCO)***

On the intervention of the Ministry of Energy (Power Division), BoD in its 134th meeting withdrawing its previous decision and implemented the direction of the Power Division.

In this context, it is pertinent to mention that direct hooks are at large as AT&C Losses on various feeders are more than 60% due to illegal abstraction of electricity by consumers and deteriorated law & order situation. Moreover, the ratio of damaged transformers is high in summer season due to overloading & illegitimate practice of direct hooking. Since implementation of the above direction, 17,238 Nos. transformers were damaged and got replaced during the period 04/2019 to 03/2021 ***(Annexure-31)***.

An average expenditure of Rs.2.306 billion was incurred on repair of damaged transformers. Due to intervention of Power Division in operational activities of PESCO, field formations were bound to provide the reclaimed transformers to the inhabitants of the area involved in theft of electricity through direct hooks thereby causing recurring financial loss to PESCO.

Management Reply: The management replied that target of T&D losses have been achieved in some compliant areas, although in non-compliant areas, it is not being achieved due to political influence, cultural habits of consumers and shortage of staff. The percentage losses in non-compliant areas are 60% and in compliant area are 27.2% in the year 2019-20. However, KPK has gone through one of the worst wave of terrorism and violence leading to a breakdown of law and order and whole fabric of the social as well as institutional framework destroyed. KPK province is still passing through the trauma as life and normalcy is returning with the improvement in law and order and normal working conditions are being resumed. The mere working of routine activities for the operation staff was not possible due to violence and militancy as field staff was at risk for working in field due to threat of violence. The achievement of NEPRA target for losses was beyond the question as normal operation of company was not possible. The incident of APS and military operation afterwards in the province made the whole environment not conducive for working and hence increase in losses and decrease in recovery was the ultimate results. Moreover, another major factor is the gradual decrease in number of staff due to retirement. The acquisition of new human resource of technical and non-technical staff which is closely linked with strategic planning and timely hiring of staff is carried out to avoid interruptions in normal working has been severely disturbed and the whole working mechanism of the company is shattered from its basis. As such PESCO efficiency in field operation has felt severe impact of the shortage of staff. PESCO was able to achieve the NEPRA target in 2017 but due to change in policy, government relaxed the load shedding restrictions in later half of the 2018 increasing losses again uncontrollably. It is also added that major theft of energy is due to geographical atmosphere in KPK even during the army deployment in WAPDA, losses remained above 30% not meeting NEPRA targets.

DAC in its meeting held on 17.08.2021, directed the management to take necessary measures to control the T&D losses and theft of electricity. However, any remedial measure to control the T&D losses and theft of electricity has not been intimated to Audit till the finalization of report.

Conclusion: PESCO sustained a loss of Rs.120.27 billion due to T& D losses beyond NEPRA target. The contributing factors of the T&D losses/theft of electricity involved some external and internal factors as discussed above. The theft of electricity was not controlled due to lack of policy intervention of other power players and ineffective administrative measures by PESCO.

Recommendation:

	Actions required	Responsibility / Action to be taken by
i)	Necessary administrative measures and technical measures may be taken to resolve the issue in order to bring the electricity thieves	Ministry of Energy (Power Division, BoD &

	into registered consumers. The step may include convincing the resident by Jirga and other influential figures.	PESCO Management
ii)	BoD may be required to take necessary policy decisions in order to control the T&D losses and short fall of recovery from the defaulters as per NEPRA target and avoid to adopt the external policies / directions issued by Power Division, PEPCO etc in the interest of PESCO.	BoD
iii)	There is a need of policy formulation inclusive of all stakeholders to address this long standing particular issue. Since the residence of Warsak Dam had challenged the writ of state as mentioned before, there is probability of worsening the situation further. Therefore, it is strongly recommended that PESCO may initiate steps for the resolution of this issue with Federal & Provincial Govts.	PESCO, Federal and Provincial Govts.
iv)	Grid Stations may be constructed at various locations to avoid the losses due to lengthy feeders. Moreover, Proposals in order to remove the system constraints of PESCO may be prepared as per investment plan and ensure the execution of pending works within time frame mentioned in Distribution Manual and according to NEPRA Directions.	CE, (P&I), P.D (GSC), PD (C&O) & SEs
v)	The extra load is causing system constraints; therefore, the management is required to adhere to NEPRA rule for regularization of illegal extension of load.	CE, P&I, S.Es, XENs, SDOs

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1.1.2 Piling up of Total Receivables is increasing financial constraints of PESCO as well as contributing to Circular Debts – Rs.306.64 billion

Piling up of receivables from consumers, associated undertakings and Government of Pakistan (Ministry of Finance) contributes to financial constraints of PESCO as well as enhancing Circular Debts due to mis-management and lack of viable policy intervention. Following are the internal and external factors causing piling up of receivables.

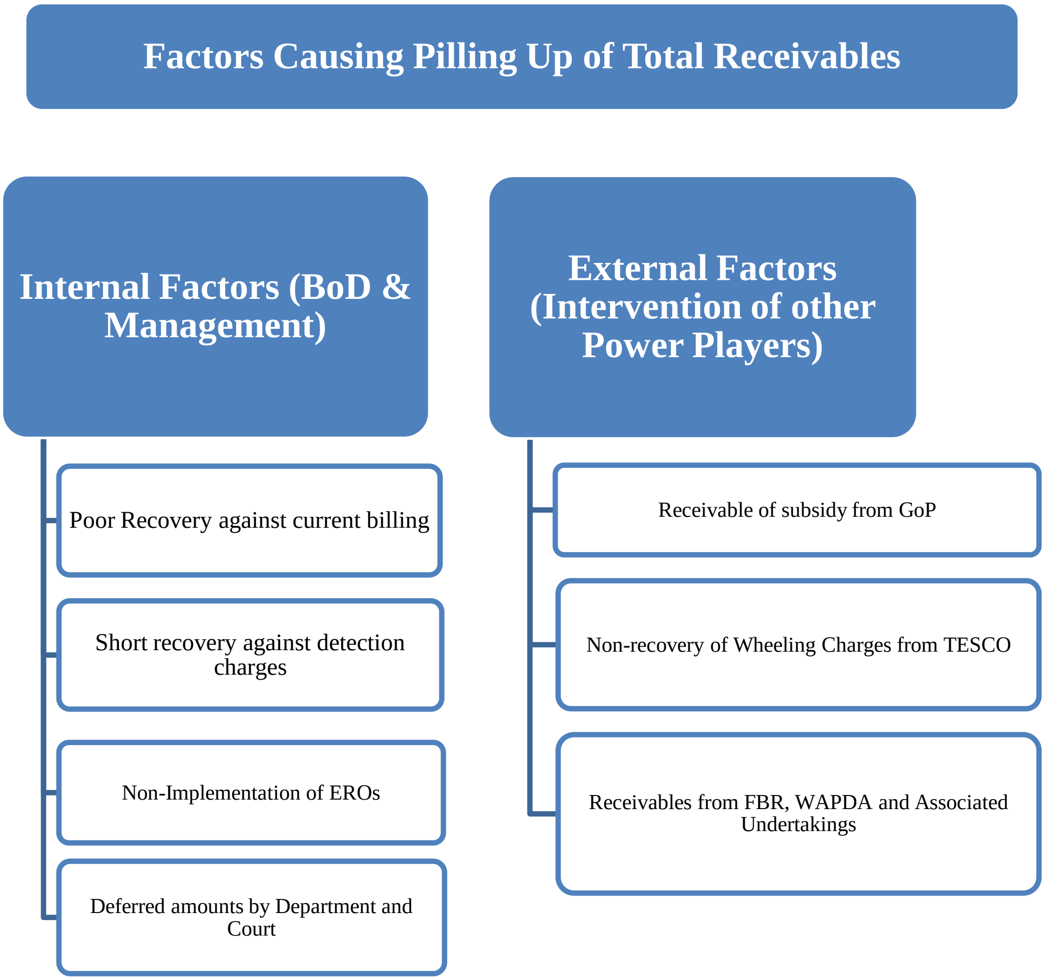


Fig. No. 27: Illustraion of Internal and External Factors of Pilling Up of receivables

A) Internal Factors Piling Up of Receivables

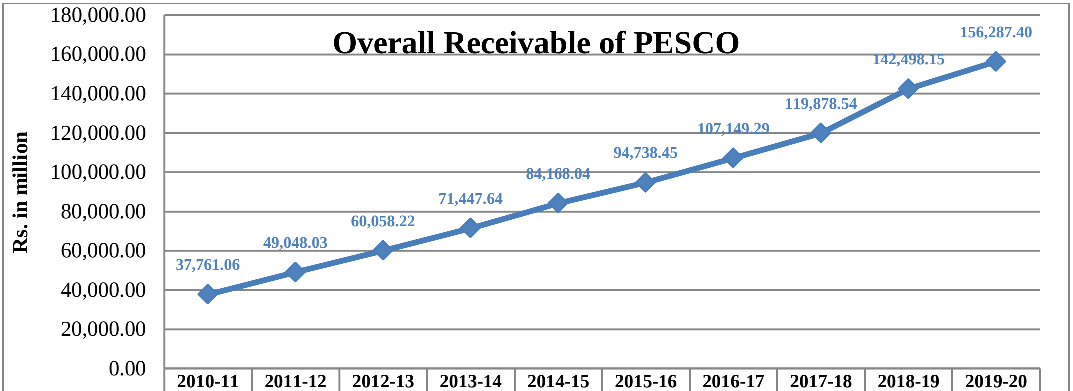
i) Piling Up of Receivables (from consumers) – Rs.156.28 billion

PESCO's receivables from consumers have been piled up to Rs.156.28 billion as on June 30, 2020. At the close of Financial Year 2010-11, the same was Rs.37.76 billion, which massively increased at the rate of 313.88% and piled up to ***Rs.156.28 billion*** against which a "Provision for Bad Debts" amounting to Rs.75.55 billion upto June, 2020 was created in the financial statement of PESCO. (***Annexure-32)***

The year wise position of receivables both from Govt. and Private consumers over a decade reflects sharp increase every year without stability or decline.

Note! It has also been found that progressive data of receivables provided by the Commercial Directorates of PESCO does not reconcile with individual set of data provided by it on each component of the receivables.

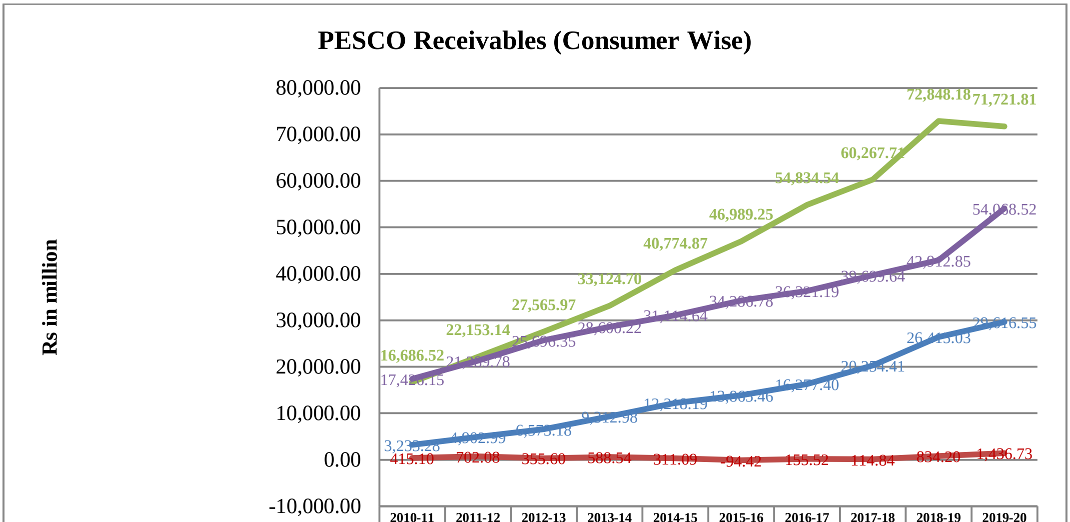
The trend of piling up of receivables of consumers are depicted in graph as below:



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Series1	37,761.06	49,048.03	60,058.22	71,447.64	84,168.04	94,738.45	107,149.2	119,878.5	142,498.1	156,287.4

Fig. No. 28: Overall Receivables of PESCO Source: Commercial Procedure (CP)-120-A (Energy Debtors Report) as on June 30, 2020; Commercial Directorate

The trend of piling up of Govt. & Pvt. receivables of consumers is depicted in graph as below. The receivables from private registered consumers have increased over the decade from Rs.16.686 billion to Rs.71.721 billion. However, the receivables from defaulters (whose meters are disconnected) are also increasingly exponentially from Rs.17.426 billion to Rs.54.068 billion. Although receivables from running and disconnected consumers are pilling up almost proportionately from 2011-12 to 2013-14 and 2019-20, yet during 2014-15 to 2018-19 receivables from disconnected consumers reduced as compared to running consumers. This reflects that the management could neither recover receivables from defaulters nor disconnect the supply as per SoP. The line graph also reflects that the amount of receivables from disconnected consumers would increase more than running defaulters, if the management does not take remedial measures.



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Federal Govt. including AJK&subsidy(Total)	3,233.28	4,902.99	6,573.18	9,312.98	12,218.19	13,865.46	16,277.40	20,254.41	26,415.03	29,616.55
Provincial Govt including subsidy (Total)	415.10	702.08	355.60	588.54	311.09	-94.42	155.52	114.84	834.20	1,436.73
Total Running Consumers (Pvt.) – I	16,686.52	22,153.14	27,565.97	33,124.70	40,774.87	46,989.25	54,834.54	60,267.71	72,848.18	71,721.81
Total Disconnected Consumers (Pvt.)-II	17,426.15	21,289.78	25,696.35	28,600.22	31,114.64	34,286.78	36,321.19	39,699.64	42,912.85	54,068.52

Fig. No. 29: PESCO Receivables Consumer Wise, Source: Commercial Procedure (CP)-120-A (Energy Debtors Report) as on June 30, 2020; Commercial Directorate.

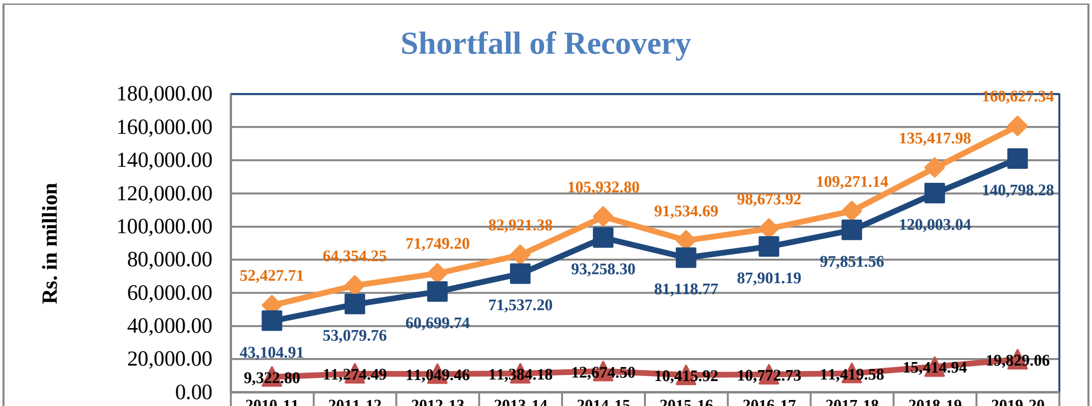
There are the multiple internal factors contributing to pilling up of the receivables including the following:

a) Short recovery against Billing

b) Short recovery against Detection Charges
c) Non-implementation of EROs
d) Deferred Amounts by Department and Court

a) Short Recovery against Billing

The recovery position against billing to consumers of PESCO during the year 2010-11 to 2019-20 ranged between 82.2 to 89.5% and shortfall of recovery against billing accumulated to Rs.123.557 billion. The trend analysis reflects almost proportionally increase in shortfall of recovery except during year 2014-15 which recorded sudden increase in shortfall of recovery due to per unit price fluctuation (Rs.9.06/- to Rs.7.6/-). Major contributing factors of this receivable includes outstanding Tariff Differential amount on sales of electricity of *Rs.28.35 billion to AJ&K* as on 30.06.2020. ***(Annexure-33)***



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total Billing	52,427.71	64,354.25	71,749.20	82,921.38	105,932.80	91,534.69	98,673.92	109,271.14	135,417.98	160,627.34
Total Collection	43,104.91	53,079.76	60,699.74	71,537.20	93,258.30	81,118.77	87,901.19	97,851.56	120,003.04	140,798.28
Shortfall	9,322.80	11,274.49	11,049.46	11,384.18	12,674.50	10,415.92	10,772.73	11,419.58	15,414.94	19,829.06

Fig. No. 30: Short recovery against Billing (Source: Commercial Directorate, PESCO)

Cause and Effect Analysis: The ten years' trend of collection against billing reflects recovery remained between 82% to 89%, leaving shortfall range between Rs.9.32 billion to Rs.19.83 billion. There are multiple reasons of shortfall of recovery including prevalent ***kunda culture***, AT&C losses in non-compliant areas, system constraints and socio economic factors of KPK.

i) Receivables of Differential Tariff Amount from AJ&K

PESCO billed the differential amount on sale of electricity to AJ&K on tariff determined by NEPRA and tariff approved in the light of clause 5.2 (b) of the Mangla Dam Raising Agreement. The tariff determined was Rs.2.32 per unit which was increased to Rs. 2.59 per unit subsequently in September 2003. However, the company billed electricity supplied to AJ&K on the basis of tariff notified by GoP from time to time after determination by NEPRA. AJ&K has been setting its dues at tariff of Rs.2.59/unit. However, AJ&K is contesting the applicability of tariff approved by NEPRA from time to time (Rs.12/per unit: 2015 to Rs.18/per unit: 2018) by claiming that AJ&K does not fall under purview of NEPRA. Therefore, AJ&K is following tariff determined on September, 2003 (Rate Rs.2.59 per unit). However, the current rate of tariff has increased to Rs.18 per unit: 2018, ***the difference created thereof is not paid by AJ&K. Hence, PESCO has receivable balances of Rs. 28.35 billion as on 30.06.2020. Accordingly, PESCO also paid Rs.357 million as turnover tax @ 1.5% on annual sale (to AJ&K) to FBR for the financial year 2017-18 to 2020-21.This also contributes to financial constraints to PESCO to the stated extent.***

Cause and Effect Analysis: This recurring issue is caused by different territorial jurisdiction in which PESCO supplies energy. Although PESCO's revenues are affected by the subject receivable but it has been found that no serious effort has been made neither by the regulator nor the Govt. of Pakistan.

Management Reply: The management replied that maximum efforts are being made by PESCO staff including officials and officers to get target of receivables and recovery even on Saturday and Sunday. Recovery teams have been constituted in most hard areas which are getting success in recovery in spite of the fact that prevailing environment of the province is not feasible for the working for the field staff. Cultural and geographical realities are the main reasons in achieving the target of recovery especially in non-compliant area.

However, shortage of recovery also had the following reasons: computed recovery against the computed billing has been on the lower side historically due to the non-payment culture for electricity bills. PESCO has diverse areas within its jurisdiction comprising compliant and non-compliant areas. 100 percent recovery is collected from the soft areas However, in non-compliant areas especially Bannu Circle, Shabqadar, Warsak, Mattani, Dehbahadar and Badaber area surrounding Peshawar, the recovery is tough challenge and cannot be improved unless a culture of civic sense and abiding law and orders of the state prevailed.

DAC in its meeting held on 17.08.2021, directed the management to justify the accumulation of the receivables with substantiate the documentary evidence and further directed to adopt administrative and technical measures for the improvement of recovery from the defaulters and develop the mechanism to resolve the outstanding issues. Further progress was not intimated till the finalization of report. Further progress was not intimated till the finalization of report.

b) Short recovery against Detection Charges

As per Consumer Service Manual, once confirmed that illegal abstraction is being done, the consumer shall be served with a notice, if reply is not received or found not satisfactory, the concerned authority will immediately serve a detection bill to the consumer for the energy loss.

PESCO debited the detection charges to 4.17 million consumers against theft of electricity amounting to Rs.39,685 million during the financial year 2010-11 to 2019-20, out of which Rs.6,779.1 million was only recovered leaving a unrecovered balance of Rs.32,905.9 million causing pilling up of receivables ***(Annexure-34)***.

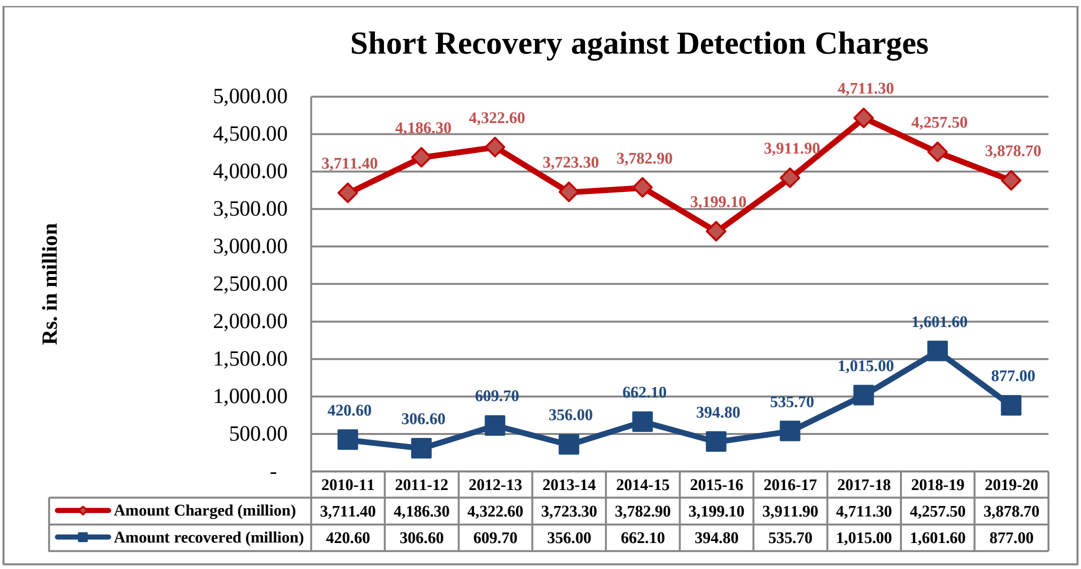


Fig. No. 31: Short recovery against Detection Charges (Source: Commercial Directorate, PESCO)

Cause and Effect Analysis: Regional Manger (M&T) PESCO, Peshawar pointed out 306.56 million detection units amounting to Rs.3.065 billion during the financial year 2010-11 to 2019-20. However, neither the status of recoveries nor pursuance of recovery of these pending units was made with concerned Operation Circles of PESCO. Due to non-pursuance, status of pending units pointed out by M&T, the situation was left at the sweet will of concerned Operation Circles, which is loss to PESCO. It is important to note that downloaded units data for the period 2010-11 to 2014-15 was not provided for scrutiny. Further, non follow up of the detection reports submitted to Revenue Offices/Sub-Divisional Offices is also a matter of serious concern which increase the losses of the company.

Moreover, Surveillance & Investigation Directorate of PESCO also pointed out, 2.585 million units with amount of Rs.55.916 million which were debited to 1,111 No. consumers during the period 2014-15, 2015-16 & 2017-18 to 2019-20. Out of total, an amount of Rs.44.375 million was recovered, leaving a balance of Rs.12.114 million.

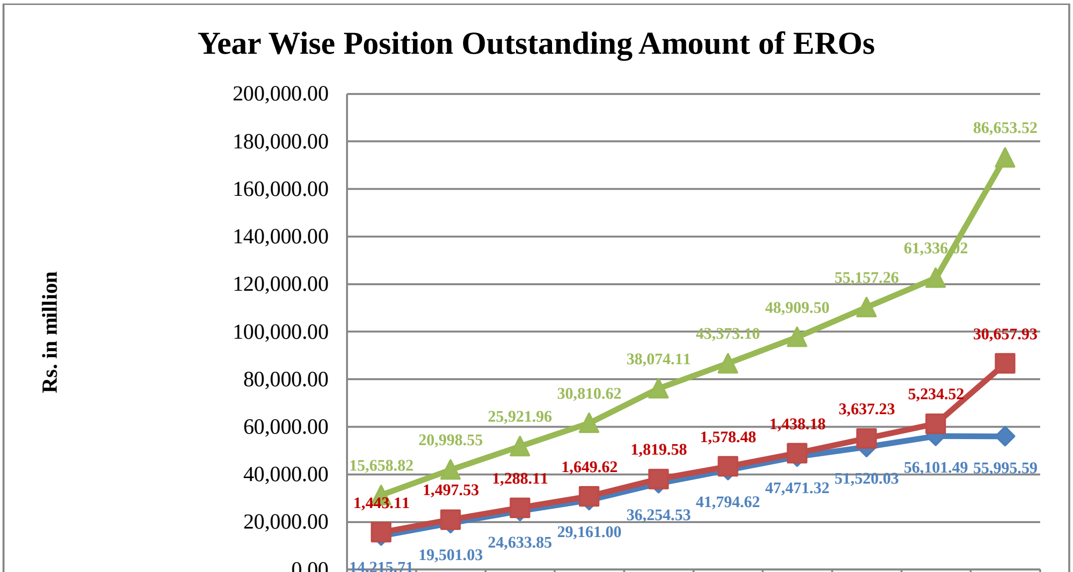
Management Reply: The management replied that charging of detection bills has been curtailed from 539.4 Million units in 2011-12 to 264.1 units in 2019-20 which shows a huge improvement in dependency on charging detection. Detection bills are charged to account for the losses in theft of energy and later on revised to recover outstanding dues, a carrot and stick policy in hard areas. As the charging of detection bills lead to trapping of recovery and nonpayment of normal bill recovery percentage is reduced.

DAC in its meeting held on 17.08.2021, directed the management to justify the accumulation of the receivables with substantiate the documentary evidence and further directed to adopt administrative and technical measures for the improvement of recovery from the defaulters and develop the mechanism to resolve the outstanding issues. Further progress was not intimated till the finalization of report.

c) Non-implementation of Equipment Removal Orders (EROs)

According to Para-3 of Authority's circular dated April 15, 1998, "disconnections will be effected through removal of meters, transformers, span or any other equipment to ensure that no possibility of loop hole is left for unauthorized use of energy during the period of disconnection. The equipment after having been removed from site was required to be returned to store”.

Non-implementation of Equipment Removal Orders (EROs) is another reason for pilling up of receivables. ***As per procedure, the electricity connection is liable to be disconnected, in case of default of the consumer. As on June 2020, 531,210 No. EROs were not executed against whom an amount of Rs.86,653.52 million since March, 1991.*** The trend analysis shows that the proportionate increase in issuance of EROs against Pvt. & Govt. consumers except the year 2019-20 which recorded exponential growth in Govt. consumers. ***(Annexure-35)***



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total Amount (in million)	15,658.82	20,998.55	25,921.96	30,810.62	38,074.11	43,373.10	48,909.50	55,157.26	61,336.02	86,653.52
Govt. Consumers Amount (in million)	1,443.11	1,497.53	1,288.11	1,649.62	1,819.58	1,578.48	1,438.18	3,637.23	5,234.52	30,657.93
Private Consumers Amount (in million)	14,215.71	19,501.03	24,633.85	29,161.00	36,254.53	41,794.62	47,471.32	51,520.03	56,101.49	55,995.59

Fig. No. 32: Year Wise Position of EROs (Source: Progress report of Commercial Directorate, PESCO)

Cause and Effect Analysis: One of the major reasons of non-implementation of EROs is the culture of direct hooks. During discussion, it was revealed that management is reluctant to implement EROs because in case of implementation, the consumers opt to direct hooks. Moreover, lack of support from law enforcement agencies is also an important factor in non-implementation of

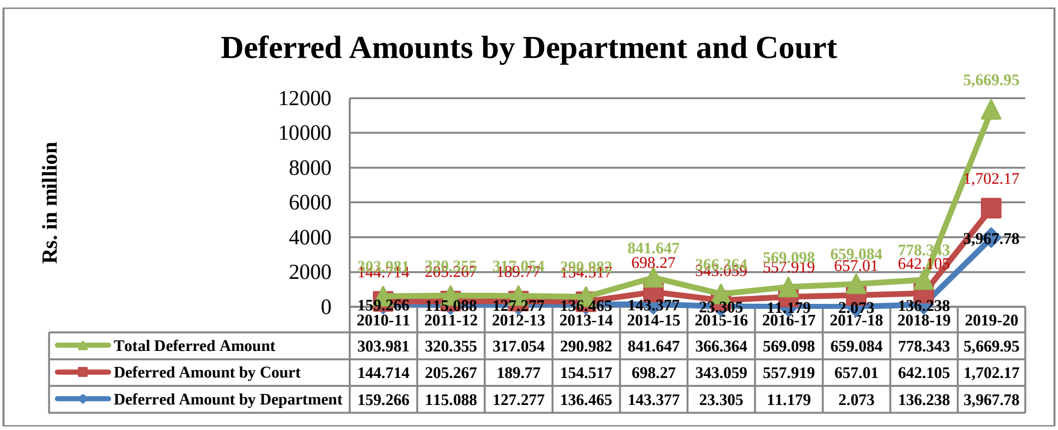
EROs. This state of affairs reflects poor efficiency of the management as well poor implementation of internal controls.

Management Reply: The management replied that EROs in hard areas and semi hard areas are not implemented to keep the recovery option open in installments. As the consumers in these areas resort to direct hooking on LT line for theft and no further billing of energy is possible for the unrecorded energy. The recovery in installments in the hard areas is used as a tactical move to encourage the residents in these areas to promote the payment culture in electricity.

DAC in its meeting held on 17.08.2021, directed the management to justify the accumulation of the receivables with substantiate the documentary evidence and further directed to adopt administrative and technical measures for the improvement of recovery from the defaulters and develop the mechanism to resolve the outstanding issues. Further progress was not intimated till the finalization of report.

d) Deferred Amounts by Department and Court

Electricity charges were billed to the consumers but these were held in against due to overbilling, wrong reading, detection charges etc. and were deferred by the Competent Authority or stay issued by the Court in favour of consumers. Theses dues also caused pilling up of receivables. ***At the close of Financial Year 2010-11 these dues were Rs.303.981 million and enhanced up to June 30, 2020 Rs.5,669.946 million (1765.33%).*** The trend analysis shows that the gradual increase of deferred amount by department and court except the year 2019-20 which recorded exponential growth. ***(Annexure-36)***



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total Deferred Amount	303.981	320.355	317.054	290.982	841.647	366.364	569.098	659.084	778.343	5,669.95
Deferred Amount by Court	144.714	205.267	189.77	154.517	698.27	343.059	557.919	657.01	642.105	1,702.17
Deferred Amount by Department	159.266	115.088	127.277	136.465	143.377	23.305	11.179	2.073	136.238	3,967.78

Fig. No. 33: Deferred Amounts by Department and Court (Source: Progress report of Commercial Directorate, PESCO)

Cause and Effect Analysis: Due to inefficient operational management, the issues of wrong reading and over-billing come up so often in form of registering complaints by the consumers to the department or court. Therefore, the amount in question is stuck up and cause pilling up of receivables.

Management Reply: The management replied that deferred amount is the result of court stay granted in majority of the cases and especially to the industrial consumers for various reasons such as tariff increases, tax and other tariff related issues. Quarterly tariff adjustment allowed by NEPRA has also been stayed by the court which has increased the deferred amount.

DAC in its meeting held on 17.08.2021, directed the management to justify the accumulation of the receivables with substantiate the documentary evidence and further directed to adopt administrative and technical measures for the improvement of recovery from the defaulters and develop the mechanism to resolve the outstanding issues. Further progress was not intimated till the finalization of report.

Recommendations for Addressing Receivables:

	Action Required	**Responsibility / Action to be taken by**
i)	Necessary administrative and technical measures may be taken to resolve the subject issue of receivables.	BoD & Management
ii)	To address receivables due to theft of electricity, a customized policy for hard and soft areas may be developed. It may include minimum supply of energy to high loss making areas at transformers / lines. Moreover, it may prefer to opt for load shedding in high loss making feeders than disconnecting supply to high loss making areas and punishing good consumers along.	BoD
iii)	Special Campaign for recovery of arrears against Permanently Disconnected Consumers as per Land Revenue Act may be initiated.	S.Es & XENs
iv)	All dispute cases may be expedited by the	S.Es and DCM

	management (Out of Court Settlement)	
v)	No partial payments may be allowed to consumers having high load connections including Commercial & Industrial Consumers	Commercial and Operational Directorate
vi)	All meters must be replaced by healthy new meters to ensure proper billing in future and the amount of the arrears be recovered. The removed meters be sent to M&T for checking and testing and if found Ok and healthy be returned to any other Sub Division for replacement against defective meters / other use with present reading. However, frequent Surveillance activities and Police Raids for recovery of arrears may be expedited.	M&T, S&I, SDOs and Police
vii)	Replacement of Low Tension (LT) line with Ariel Bundled Cable (ABC) for elimination of bared conductor may be done. Strict vigilance of feeders may also be done where ABC Cable has been installed.	P&E, MM, S.Es, XENs, SDOs and LSs
viii)	Adhering to Recovery Plan as committed in Tariff Petition for the year 2018-19 & 2019-20, combing of feeders may be regularly carried out in field formations for removal of direct hooks, replacement of sluggish & defective meters so that theft of electricity may be controlled.	Chief Engineer (Operation), S.Es, XENs & SDOs
ix)	Reading of meter with Hand Held Unit (HHU) for securing 100% accuracy and prompt billing. Proper meterization and accurate billing through Mobile Meter Reading (MMR) system may also be introduced.	S.Es, XENs, SDO & LSs
x)	To improve PESCO’s image and to restore confidence of consumers, it is pertinent that any malpractice by the officers / officials must be pointed out and punished.	BoD, CEO, CE, S.Es, XENs, SDO & LSs

B) External Factors of Pilling up of Receivables

There are the multiple external factors contributing to pilling up of the receivables including the following:

a) Receivable subsidies from Government of Pakistan

i) Loss due to unverified Subsidy Claims of Uniform Seasonal Pricing Structure (USPS) from GoP

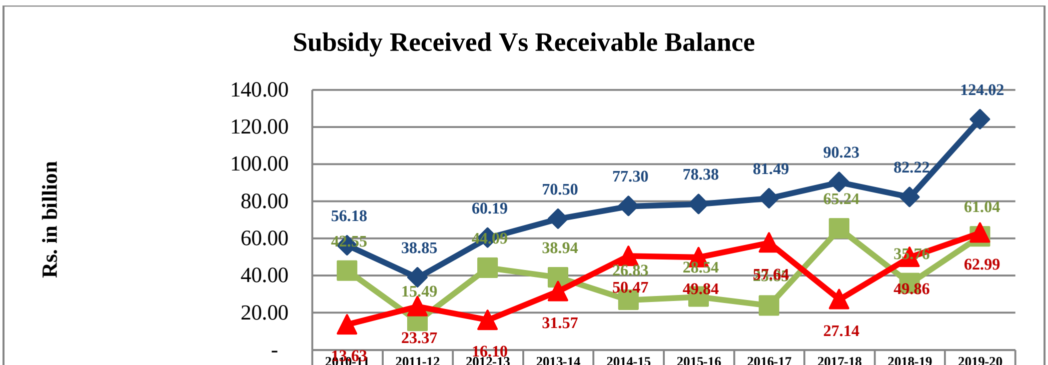
b) Non-recovery of Wheeling Charges from TESCO

c) Receivables from FBR, WAPDA and Associated Undertakings

a) Receivable Subsidies from Government of Pakistan – Rs.62.99 billion

The government implemented the tariff differential subsidy policy to protect the consumers from the high cost of electricity. NEPRA, an independent regulator of the Power Sector, determines cost-recovery tariffs based on targets of system losses and collection rates. Based on these NEPRA-determined tariffs, the government sets customer-end tariffs, which are lower than the prices determined by NEPRA. The gap between the tariffs is covered by the government in the form of subsidies to power distribution companies.

Tariff differential subsidies and other subsidies were allowed by the Government of Pakistan (Ministry of Finance) to the consumers. Accordingly, claims of these subsidies were submitted by PESCO to the Ministry of Finance. The tariff differential and other subsidies amount has reached from Rs.13.629 billion to Rs.62.986 billion as receivables from the GoP during the period 2010-11 to 2019-20. One of the major factors contributing to receivables is irregular and partial payment of subsidy claims from the GoP. ***(Annexure-37)***



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total Subsidy Receivable	56.18	38.85	60.19	70.50	77.30	78.38	81.49	90.23	82.22	124.02
Subsidy Received during the year	42.55	15.49	44.09	38.94	26.83	28.54	23.85	65.24	35.76	61.04
Subsidy Receivable as on June	13.63	23.37	16.10	31.57	50.47	49.84	57.64	27.14	49.86	62.99

Fig. No. 34: Status of Subsidy Balances (Source: Progress report of Commercial Directorate, PESCO)

i) Loss due to Unverified Subsidy Claims of Uniform Seasonal Pricing Structure (USPS) from GoP

S.R.O 1379(I)/2019 issued by Federal Government on November 12, 2019 in pursuance of Sub-section (7) of Section 31 of the Regulation of Generation, Transmission and Distribution of Electric Power Act, 1997 (XL of 1997) that the Uniform Seasonal Pricing Structure for period of November 2019 to February 2020, for units consumed above consumption made during the same period/month last year. The subjected rates will be applied to the consumers of all Ex-WAPDA DISCOs.

Uniform Seasonal Pricing Structure (USPS) subsidy claims amounting to Rs.707.49 million for the period of November 2019 to February 2020 were lodged by PESCO to Ministry of Finance (Subsidy Cell). These claims were returned un-attended with the remarks that the said SRO does not speak payments of subsidy by Federal Government against Uniform Seasonal Pricing Structure (USPS). Rather it was advised by the subsidy cell to take up the matter with CPPA-G for necessary action / settlement. Neither these claims were adjusted by CPPA-G nor charged to the consumers for recovery.

Un-Verified Uniform Seasonal Pricing Structure(USPS) Subsidy Claims		
Sr. No	**Month**	**USPS Claims Amount (Rs. in million)**
1	Sep-19	172.81
2	Oct-19	161.35
3	Jan-20	187.34
4	Feb-20	185.99
Total		**707.49**

Table No. 13: Un-verified Uniform Seasonal Pricing Structure (Source: Data compiled from Subsidy invoices)

Cause and Effect Analysis: The Government pays subsidy on consumer-end tariff to give relief to certain classes of consumers. After recoveries from the consumers as well as subsidy amount from the Government(s), DISCOs make payments to the Generation and Transmission Companies through CPPA-G. ***The government delayed payment of the subsidy to PESCO and the deficit in electricity sales from private sector customers and from federal, provincial, and local government consumers cause liquidity issue or circular debt***.

b) Non-recovery of Wheeling Charge from TESCO – Rs.39.98 billion

NEPRA approved Wheeling of Electric Power (Regulations), 2016 vide SRO dated June 13, 2016, in order to facilitate wheeling of power in the country. Under these regulations generation companies who are connected to the transmission and distribution networks or those who intend to be connected to these networks, can transport their power using transmission network of NTDC or distribution networks of DISCOs to supply power to their Bulk Power Consumers (BPCs)[71].

PESCO has charged wheeling charges to TESCO for the use of company's transmission system/lines for electricity purchased from CPPA (G). ***PESCO has outstanding receivables from Tribal Electric Supply Company (TESCO) amounting to Rs.39.98 billion as on 30.06-2020 (Rs.41.5 billion as on 31-12-2020) mainly on account of wheeling charges but TESCO is not paying the same despite of the fact that NEPRA has allowed the said cost in Tariff of TESCO.*** TESCO consists of around 97% domestic consumers and these consumers are subsidized and their payment is being made by Ministry of Finance directly to CPPA-G as subsidy on behalf of TESCO. Accordingly, a mechanism at GoP level is required to be devised for the adjustment of PESCO receivables at CPPA-G level against the subsidy received in respect of domestic consumers of TESCO.

Cause and Effect Analysis: Since inception of TESCO, it is using distribution infrastructure of PESCO. However, the requisite wheeling charges are not being paid to PESCO, thereby causing pilling up of receivables to the stated extent.

c) Receivables from FBR, WAPDA and Associated Undertakings - Rs.47.39 billion

PESCO has outstanding receivables from tax authorities on account of excess input tax paid over output tax - ***Rs.41.55 billion;*** pension receivables from WAPDA and associated undertakings - ***Rs.4.14 billion*** and from WAPDA and associated undertakings except TESCO on various other accounts – ***Rs.1.70 billion.***

Conclusion: PESCO pilling up of total receivables amounting to Rs.306.64 billion. The contributing factors of the pilling up of receivables involved some internal and external factors as discussed above. The piling up receivables was

[71] State of Industry Report 2020, Page-56

not controlled due to lack of policy intervention of other power players and ineffective administrative measures by PESCO.

Recommendations:

	Action Required	Responsibility / Action to be taken
i)	PESCO is required not only to improve recovery from public and private consumers but also to actively follow-up with the relevant Governments for timely recovery of subsidy amounts as well as other amounts from FBR and other undertakings.	Power Division, Ministry of Finance & PESCO
ii)	The Govt. of Pakistan and the Govt. of AJ&K may develop a mechanism to resolve this long outstanding issue.	GoP & GoAJ&K
iii)	Ministry of Finance and CPPA-G should develop a mechanism for recovery of wheeling charges from TESCO (at source).	Ministry of Finance & CPPA-G

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1.1.3 Financial Indiscipline regarding Post-retirement Benefits

a) Non-maintenance of pension funds for post-retirement benefits – Rs.92.17 billion

NEPRA in its determination of tariff pertaining to FY 2011-12, directed the PESCO to create a separate fund as per IAS-19[72] while considering the overall liquidity position in the power sector and in order to ensure that PESCO fulfill its legal liability with respect to the post-retirement benefits. It was emphasized that creation of funds would ensure recording of liability more prudently as the funds would be transferred to a separate legal entity. Additionally, this independent fund would generate its own profits, if kept separate from the company's routine operations.

PESCO informed NEPRA[73] that it has created a separate pension account through which post-retirement benefits are paid to employees, however, NEPRA objected that opening of a separate pension account does not mean the creation of separate pension fund. Moreover, no detail regarding transfer of amount, if any into the fund was shared with the NEPRA. The overall PESCO liability toward post-retirement benefits accumulated to Rs.92.173 billion as on June 30, 2020.

b) Creation of Excess Provision for Post-retirement Benefits in Violation of NEPRA's Direction – Rs.18.50 billion

A provision of Rs.39.93 billion was made in the books of accounts of PESCO during the financial year 2014-15 to 2019-20 but due to non creation of pensionary funds by PESCO; NEPRA allowed only Rs.21.43 billion (actual payment) out of Rs.39.93 billion during the said period. Hence, Rs.18.50 billion was not allowed by NEPRA. This situation reflect that PESCO overstated its provision for the subject cited above due to poor financial governance thereby inflating its O&M expenses which are important factor of determination of tariff (Distribution Margin[74]). ***(Annexure-38)***

Causes and Effect Analysis: As per NEPRA, the pensionary fund was required to be created to meet the future obligation. However, the management did not create pensionary fund but rather pensionary account was created. No creation of

[72] International Accounting Standard-19 (IAS-19) "Creation of Pension Fund"
[73] Distribution Tariff of PESCO No. NEPRA/TRF-236/PESCO-2013 dated July, 2013
[74] NEPRA Determination of Tariff for the FY 2014-15 No.NEPRA/TRF-273/PESCO-2014

pension fund deprived PESCO of potential opportunity of investment as well as maintaining financial discipline as directed by NEPRA.

Management Reply: The management replied that the provision of Rs.39.93 billion from 2014-15 to 2019-20 was created as per IAS-19 and has been estimated by Actuaries hired by PESCO and the same has been audited by the Commercial Auditor. Further, PESCO has already created the pension fund as per directions of NEPRA and approved PESCO BoD in its 98th meeting held on 21-May, 2015. Further the Trustees have signed the trust deed which has been registered and signed by Sub-Registrar Peshawar vide Deed No.528. However NEPRA has not allowed any amount for operating of the pension fund. PESCO is repeatedly requesting NEPRA to allow the provision for post-retirement benefits, however again PESCO has requested the same in Multiyear Tariff Petition NEPRA may allow the same in Multi Year Tariff (MYT) as it was allowed as it was allowed to LESCO in their MYT as well. As & when NEPRA will allow the same fund will be operative.

DAC in its meeting held on 17.08.2021, directed the management to transfer the amounts into Pension Fund and also pursue the matter with NEPRA. Further progress was not intimated till finalization of report.

Recommendations:

Action required	**Responsibility / Action to be taken by**
The management needs to create and maintain separate pensionary fund in order to keep its financial discipline and accrue potential investment benefits thereof.	Finance Director

1.1.4 Excess Charging of Overhead to Project Works – Rs.104.64 million

As per Accounting Manual, the percentage of Labour and Overheads (8% and 12%, respectively) are debited to Labour and Overhead Capital Work in Progress (CWIP) and thereby credited to Pool Clearing Accounts.

Overheads charges of 42 Nos. completed works, executed under own source and ADB loan, have been excessively charged to Rs.104.643 million by the Project Director (GSC) beyond the permissible limit of 20%. The range of excess charging of overhead was 2.15% to 103.78% (Annexure-39).

Cause and Effect Analysis: Audit noted that excess expenditure on account of overhead charges was made due to non-allocation of budget to the GSC Directorate. This excess expenditure was charged to works due to poor financial management as there was no budgetary control over the expenditure of the GSC Directorate. Resultantly, capitalization of excess overhead charges on completion of works had caused overstatement of the capitalized assets.

Management Reply: The management replied that the overhead charges are within the permissible limit when compared on annual basis. However, overhead expenditures are charged to the works on the basis of material drawn by divisions for relevant work. The overhead expenditure is of fixed nature and will decrease or increase with the volume and cost of the material allocation during any period. Further the right of way issues are beyond the control of this Directorate which delays the works. The reply was not tenable as the excess overheads were charged on work basis and was not considered on annual average basis.

DAC in its meeting held on 17.08.2021, directed the management to get verified the record in support of reply from audit within seven days. Further progress was not intimated till the finalization of report.

Recommendations:

	Action required	**Responsibility / Action to be taken by**
i)	The pending works may be expedited to complete them within stipulated time to avoid the issue of overcharging the overheads.	FD, P.D. GSC, XENs & SDOs
ii)	The requisite budget allocation is required for GSC Directorate to control the matter of overhead charges besides enhancing Internal Control measures.	Finance Director

1.1.5 Excess Charging of Units to PESCO by CPPA-G on Sale of Power – Rs.2.28 billion

CPPA-G purchases electricity on behalf of DISCOs from the Power Producers (IPPs / Hydel Projects). The same are sent through NTDC System and

Disbursed to DISCOs at Common Delivery Point (CDP) installed at 220 KV Grid Station of NTDC. The reading / energy delivered by the NTDC is taken by the representative of M&T, CPPA & NTDC and accordingly the invoices are raised by CPPA to concerned DISCO as displayed below.

As per CPPA-G, 55,950.54 million units were sent by it during the period 2016-17 to 2019-20 whereas PESCO had received only 55,762.81 million units at Common Delivery Point (CDP). The difference of 187.73 million units shows that excess units were billed by CPPA-G to PESCO and charged over invoices on account of sale of power to PESCO.

Sr. No.	Description	No. of Units (Million)
1.	Units claimed by CPPA-G as per invoice	55,950.54
2.	Units received by PESCO at CDP	55,762.81
3.	**Units less received at PESCO**	**187.73**

Table No. 14: Units Difference by CPPA-G and CDP (Source: CPPA-G Invoices and Progress Report / CDP Data)

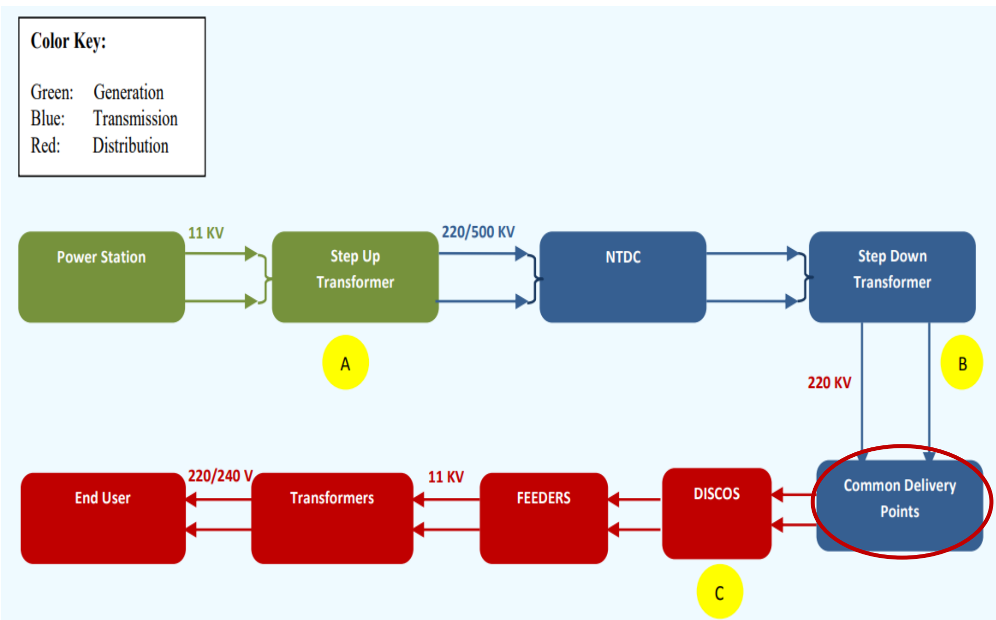

Fig. No. 35: Illustration of Common Delivery Points (CDPs) (Source: SBP Annual Report 2013-14)

Cause and Effect Analysis: Monthly invoices regarding units sent by the CPPA-G does not reconcile with units received at CDP point of PESCO. The differences of units during the period 2016-17 to 2019-20 was made due to non-reconciling the readings at CDP points by the joint reading committee, which resulted into overbilling of units to PESCO by CPPA-G.

Management Reply: The management replied that PESCO reconciled units received from the national grid with CPPA-G and NTDC till 2015, but was discontinued due to the withdrawal from the joint committee of reconciliation by NTDC and as such the CPPA-G also discontinued reconciliation at the CDP points. The difference of 187.73 million units (less received by PESCO) was due to non-reconciliation between CPPA-G and PESCO. The matter is still pending and PESCO is striving to take the relevant stakeholders on board to settle it by reconciling the data.

DAC in its meeting held on 17.08.2021, directed the management to get reconcile the units with CPPA-G and verified the record from audit within seven days. Further progress was not intimated till the finalization of report.

Recommendations:

Action required		Responsibility / Action to be taken by
i)	The management is required to reconcile CDP data regarding energy delivered to PESCO. Discrepancies in reading, if any, may be reconciled at the earliest to avoid difference in billing.	CPPA-G & PESCO Management
ii)	The joint reading committee of CPPA-G, PESCO and NTDC is required to make correct reading as per procedure.	CPPA-G, PESCO & NTDC

1.1.6 Non-submission of Paid Scrolls by Banks to PESCO – Rs.427.48 million

PESCO collects receipts of electricity bills through various banking channels and post offices. During scrutiny of the record, it was found that negative balance appears on some statements of collecting banks. It implies that banks have remitted more cash to PESCO than the accompanied scrolls / bill collection. The issue was examined on test check basis of National Bank of Pakistan pertaining to City Rural Division, Peshawar for a period 2018-19 & 2019-20. On the aforementioned subject, during discussion it was revealed that the said over remittance is not actually an over payment because the subject amount was too collected from the consumers. However, documentary proof (scrolls, stubs etc) was not provided to PESCO by banks. Therefore, it is not possible to know consumers particular who submitted their bills in banks (or other collecting points) unless they provide proof of bills' submission to PESCO; in absence of the same, the un-identified cash is reflected as if over paid to PESCO and shown in negative figures.

It was observed that various bank branches remitted an amount of Rs.427.48 million to PESCO main branches without providing documentary proof. These Bank Branches have negative opening balance of Rs.170.08 million, whereas these banks collected an amount of Rs.5.50 billion and remitted an amount of Rs.5.76 billion to PESCO main accounts during the month of June, 2020. An observation of same nature was also made by a third party auditor[75].

It was also observed that to address the above issue, Revenue Officer, City Rural Division, Peshawar requested National Bank of Pakistan, G.T Road Peshawar for provision of scroll and stubs of the already transferred amount of Rs.2.14 million. However, the same is still awaited and the balance has reached up to an amount of Rs.11.821 million at the end of June, 2020.

Sr. No	Letter No and Date	Amount (Rs)
1	4039-B dated:17/02/2020	1,605,984
2	5074-B dated: 27/04/2020	174,800
		260,815
3	6112-A dated: 23/07/2020	98,118
	Total (Rs)	**2,139,717**

Table No. 15: Non-submission of Paid Scrolls by Banks to PESCO [(Source: Finance Directorate (Banking Section), PESCO)]

Management Reply: The management replied that the matter of NBP Peshawar case has been mentioned for Rs.2.14 million. NBP GT Road Peshawar branch

[75] M/s Zahid Jamal & Co, Chartered Accountants dated September, 2020

collected bills amount from consumers mostly from Govt. Departments and were transferred through cheque which were transferred in account of NBP and NBP further transferred to PESCO Main Account. After reconciliation in RO office Cantt. Rural Peshawar as no scrolls were provided by NBP so, Revenue Office asked bank to provide stubs in order to actual posting to consumers account, which is still under process. Negative balance appears on CP-48 and CP-49 of banking section, if banks collect and remit more than collection balances become negative. It is routine practice and banks, post offices sometimes forward payment receipt of the department like Sui Gas, PTCL and other utility bills. After closing of month end reconciliation with banks are made by Revenue Offices. Divisional Accountant is main responsible officer. After reconciliation such not related transaction are corrected and summary is submitted in Finance Directorate for further scrutiny and incorporation in accounts. Because of very shortage of staff, routine work is delayed.

DAC in its meeting held on 17.08.2021, directed the management to get verified the record in support of reply from audit within seven days. Further progress was not intimated till the finalization of report.

1.1.7 Non-finalization of Revaluation of Assets

According to IAS-16, "item of property plant and equipment should be recognized as assets when it is probable that:- i) Future economic benefits associated with the asset will flow to the entity ii) the cost of the asset can be measure reliably". As per IAS-16.51, "the residual value and the useful life of an asset should be reviewed at least at each financial year end, if expectations differ from previous estimates; any change is accounted for prospectively as a change in estimate".

Prior to inception of PESCO, fixed Assets were kept at cost basis in the books of WAPDA. As per Business Transfer Agreement (BTA) the same were transferred to PESCO on net book value basis. Moreover, new fixed assets were added / deleted in books of accounts of PESCO on yearly basis with the passage of time and depreciation on these assets had also been booked. As per International Accounting Standards No. 16 relating to Property, Plant & Equipment i.e. "Depreciation begins when the asset is available for use and continues until the asset is derecognized, even if it is idle."[76] Due to continuous charging of depreciation, some of fixed assets had zero book value as these assets have completed their useful life.

A contract for revaluation of assets of PESCO including land & buildings, grid stations, transmission lines, feeders, vehicles and office equipment placed in 06 circles namely Peshawar, Khyber, Mardan, Hazara, Swat and Bannu was awarded to M/s FKS Building Services on 25.05.2015. The contract was required to be completed within 90 days. M/s FKS building Services provided Draft Revaluation Reports of Land & Building, Grid Stations, Transmission Lines and Feeders on 30.06.2015 but no draft reports for vehicles and office equipment was provided. PESCO management evaluated the draft register alongwith draft valuation reports and observed number of discrepancies and reported to the contractor. Later, on revised draft valuation reports was submitted by the contractor and same was forwarded to concerned field formations on 23.05.2019 for verification and authenticity. However, a high level committee was constituted in July, 2019 by the Chief Executive Officer, PESCO to complete the process of revaluation of Assets of PESCO by getting the valuation reports (provided by M/s FKS) vetted and verified from the respective field formation i.e. SEs, XENs offices etc., however, the findings of the same are still pending.

The above scenario indicates that management is not taking up the matter of revaluation of fixed assets seriously therefore; true and fair view of financial statement to this extent cannot be made.

Cause and Effect Analysis: Due to non revaluation, the assets are understated as such the depreciation on assets was being charged less than actual to Profit and Loss Accounts. The depreciation on revalued assets, which would cause an adverse impact, need to be charged to profit/loss in order to assess the actual profit/loss of the company. The financial ratios such as asset turnover ratio and debtor turnover ratio cannot be ascertained in real sense. Moreover, surplus on revaluation of assets and thereby its annual amortization was not done.

Management Reply: The management replied that the revaluation of assets is not mandatory/compulsory for recording of assets as per International Accounting Standards. As per IAS-16, Initial measurement of Assets is required

[76] International Accounting Standard-16.55

at reliably measurable cost. It is the choice of the company to follow cost model or Revaluation model. Currently PESCO is using cost model of Accounting for property, plant and equipment and stance of the Auditor with respect to the understatement of depreciation, and recognition of Revenue Surplus is also unjustified. Furthermore, the assignment of Revaluation of Fixed Assets was initiated to ascertain the market value of the Fixed Assets of PESCO which is under process. It is pertinent to clarify that at current stage the objective of the Asset Revaluation is not to change the policy of the company to recognize the assets on revaluation model. After completion of the assignment the company will decide either it wants to change its measurement policy on revaluation model or not as there are certain restrictions from NEPRA to recognize Fixed Assets over revaluation model.

Audit contended that after incorporation of entity as PESCO the revaluation of assets was essential as per IAS-16 which says that, "item of property plant and equipment should be recognized as assets when it is probable that:- i) Future economic benefits associated with the asset will flow to the entity". The value of assets at the time of incorporation was not known but rather it was taken from as per BTA

DAC in its meeting held on 17.08.2021, directed the management to provide the final report of revaluation of fixed assets to audit. Further progress was not intimated till the finalization of report.

Recommendations:

Action required	Responsibility / Action to be taken by
There is a dire need of revaluation of assets for calculation of the Revaluation Surplus and for charging the actual depreciation to Profit & Loss Accounts.	Finance Director

Conclusion: It has been observed that fiscal indiscipline is one of the major causes of recurring losses sustained by PESCO. The above instances reflect that the company grossly lacks fiscal governance policy implementation and oversight mechanism.

1.1.8 Loss due to Payment of Excess Premium against Civil Works due to Revision of Rates of BoQ by *Discretionary Manner* – Rs.110.75 million

According to Rule-5(c)(iii) of Public Sector Companies Corporate Governance Rules-2013 "ensure compliance with the law and the Public Sector Company's internal rules and procedures relating to public procurement, tender regulations, purchasing and technical standards, when dealing with suppliers of goods and services. The Board shall ensure that quality standards are followed with due diligence and that suppliers comply with the standards specified and are paid for supplies or services within the time agreed".

The various departments of the Federal and Provincial Governments revise rates of premium over BoQ to make them compatible to the market rates. The subject revision not only facilitates the departments to assess accurate costing and budgeting of the project but also provides a yard stick to bidders so that they could bid within given threshold of completion cost of the projects. However, in the context of PESCO neither the rates of premium over BoQ have been revised since 2013 nor bidders know the actual cost of completion of project due to old rates of BoQ.

During scrutiny of record of minutes of meeting of BoD, it has been found that due to non-revision of subject rates, cost of works related issues come up so often. Instead of revising the same, the BoD as well as the top management of the company prefer to quick fixes of problems. This prevalent practice results into cost overrun due to non-standardization of rates in loss making to PESCO.

The examination of minutes of meeting of BoD reflect that work orders of fifty one (51) civil works, amounting to Rs.353.983 million were awarded to contractors at higher rates. Whereas, the estimated cost of these works were Rs.243.230 million. The percentages of rates above the estimated cost on which bids were accepted were ranging from 33.45% to 75%. Due to higher rates, the company was put under extra financial obligation of Rs.110.752 million. The acceptance of higher rates is due to non-revision of BOQ item's rates and thereby premium for the respective years.

Non-adherence to Corporate Governance Rules-2013 resulted in loss due to excess premium paid against civil works to Rs.110.752 million during the financial year 2019-20 ***(Annexure-40)***.

Cause and Effect Analysis: This systemic procurement issue is caused due to non-revision of premium rates while the subjective revision not only deprives the department from accurate assessment of costing and budgeting of the project but also does not provide a yard stick to bidders so that they could bid within given threshold of completion cost of the projects.

Moreover, in PESCO, neither the rates of premium over BoQ have been revised since 2013 nor bidders know the actual cost of completion of project due to old rates of BoQ. Hence, non-revision / non-fixation of premium limit for the respective years lead to the cartelization of bidders at the time of submission of bids as no mechanism to determine the latest premium was available. Audit argues that due to non-updation of premium rates, the procurement committee may also struggle to evaluate financial bids. Therefore, it resorts to simply comparing the bids amount without having fair assessment of the cost of the project.

Management Reply: The management replied that WAPDA Composite schedule of rates has not been updated since 2013. In PESCO, as per SOP for every project in order to assess the viability of rates, the prices quoted by the bidders are evaluated in comparison to prevailing market rates as per drafting standards of WAPDA. The evaluation/analysis accounts for the prices of various construction materials in the project area thus depicting a picture of escalated prices since 2013. Thus the premium allowed in a project is after market rate analysis and fulfilling due codal formalities of making the project/contract equitable/workable. It is worth mentioning that WAPDA Rates Directorate is in the process of up-dation WCSR 2013 and in this essence various meetings/efforts were made to make the task more fruitful by engaging various stakeholders i.e all DISCOs including PESCO. In this essence a meeting was called by Director Rates Steering Committee WAPDA which was attended by PESCO as well and a thorough feedback was given. The Director Rates WAPDA has admitted that inflation rate as of June, 2020 is 53% as compared to January, 2013. However in this regard, the competent Authority will be approached for redressal of the issue pointed out.

DAC in its meeting held on 17.08.2021, directed the management to pursue the matter vigorously. Further progress was not intimated till the finalization of report.

Recommendations:

Action required	**Responsibility / Action to be taken by**
The BoD should regularly revise the scheduled rates at par with market rates after reasonable time according to its territorial jurisdiction in order to resolve the issue of Discretionary revision of rates.	BoD & CEO

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1.2. Policy Induced

1.2.1 Creation of provision for Bad Debts in violation of NEPRA's direction – Rs.75.55 billion

NEPRA in its Tariff petition 2015-16 allowed an amount of 15,748 million pertaining to permanently disconnected connections of more than 10 years as write-offf, strictly on provisionally basis, after adjusting the impact of GST and other Govt. charges instead of the requested amount of Rs.32,436 million, subject to the fulfillment of the following criteria by June 30, 2018[77].

a) The connection has to be permanently disconnected for more than 3 years and due process of law should be followed to recover the outstanding dues as arrears of Land Revenue have been followed.

b) The amount to be written off shall be duly approved by the BoD of PESCO.

c) The amount of write off shall be duly supported with the details pertaining to the name & address of the premises/ consumers, CNIC etc.

In case, the aforementioned criteria is not followed and the required evidence is not provided by PESCO, the amount so allowed shall be adjusted back subsequently after period of one year. The tariff for the FY 2015-16 was notified by the Federal Government w.e.f March 22, 2018, therefore, PESCO was required to complete the process of write off till March 21, 2019.

A review of the financial statements of PESCO for the FY 2018-19, showed that it has not written off any amount in this regard till to date, thereof, again requested to allow provision for bad debts instead of writing off the previously allowed amount, therefore, the same was disallowed by NEPRA[78].

Accordingly, NEPRA adjusted back the amount of write off and disallowed the provision for bad debts as well. However, in violation of the direction of the regulator, PESCO created "Provision for Bad Debts" amounting to Rs.75.55 billion[79] upto June, 2020 in the books of accounts. Out of the total amount of the Bad Debts, Rs. 63.94 billion pertains to the Financial Year 2010-11 to 2019-20. The books of accounts of PESCO reflect bad debts as loss.

[77] Re-Determination of Tariff by NEPRA for the financial year 2015-16

[78] Determination of Tariff by NEPRA in matter of PESCO; NEPRA/TRF/436-PESCO- 2018

[79] PESCO Financial Statement FY-2019-20

Cause and Effect Analysis: Due to poor fiscal governance of PESCO, it firstly requested write-off against arrears of private defaulters, however, it could not get the process completed as per aforementioned criteria. Therefore, PESCO requested again to NEPRA to allow it to create provision for bad debts instead, which was not allowed by regulator. However, PESCO is maintaining an account of provision for bad debts in sheer violation of the direction of the regulator. Due to operational inefficiency of the management, the bills are not being collected from the consumers and thereby arrears are accumulating and finally translating into provision for bad debts.

Management Reply: The management replied that PESCO is creating Provision for bad debts in accordance with International Accounting Standards in order to follow the SECP rules & companies act 2017. The provision is made in accordance with the aging formula as advised by the commercial auditors & approved by BoD PESCO in its 75^{th} Meeting held on 01-11-2012 but NEPRA has never objected on the provision for doubtful debts being created as per International Accounting Standards. The amount allowed by NEPRA in Tariff Determination for FY 2015-16 of Rs. 15,748 Million is on account of write offs and that too with certain conditions and PESCO was asked to fulfill those conditions before writing off bad debts. PESCO has contested NEPRA decision in review motion on Tariff Determination of FY 2018-19 & FY 2019-20 on the grounds, that conditions set forth by NEPRA could not be fulfilled due to the following reasons:

i. As mostly the arrears pertain to previous years (more than 10-15 years old) and the detail of consumer's record particularly CNIC could not be traceable because of the fact that it was not the basic document for provision of connection.

ii. As far as due process of law for recovery of outstanding arrears under Land Revenue Act 1967 is concerned, Tehsildar (Recovery) should be posted in every Circle by the Provincial Govt. However, no Tehsildar (Recovery) has been posted in any Circle of PESCO despite a chain of correspondence with the Provincial Revenue Department.

iii. Further if Tehsildar (Recovery) is posted even then without fulfilling the codal formalities he will not be in a position to certify that the amount is irrecoverable and all his efforts have been failed. Similarly, authentication of arrears of yester years and location of consumers or his successor- in- interest at this belated stage is also a big question mark.

It is to mention that new procedure / guide lines for writing off outstanding dues against permanent disconnected defaulters are required and PESCO requested NEPRA to evolve a mechanism in consultation with all DISCOs. Audit contended that though NEPRA has not objected the creation of provision of bad debts according to IAS but disallowed the same provision due to non-fulfillment of criteria set by NEPRA for allowed write off amounts.

DAC in its meeting held on 17.08.2021, DAC directed the management to pursue the matter with NEPRA. Further progress was not intimated till the finalization of report.

Recommendations:

Action required	Responsibility / Action to be taken by
There is a need of a viable policy intervention for recovery of receivables from consumers so that the same may not transcend into dead defaulters and then actual write-off.	BoD, CEO & FD

1.2.2 Delayed determination of tariff effecting Distribution Margin - Rs.40 billion

According to Para-467 of the report on the Power Sector (Committee for Power Sector Audit, Circular Debt Resolution & Future Roadmap) dated March, 2020, “Historically, DISCOs' tariff determinations and their notifications by the Federal, Government were delayed on account of political and legal constraints. Consequently, the financial statements of the DISCOs were unreflective of their true and fair financial position. While their costs were reflected in the periods they were incurred, the revenues were distorted due to delays in determination and/or tariff notification”.

Moreover, as per BoD Director’s report to Members, NEPRA asked PESCO to file separate tariff petitions for power supply (Sale of electric power) and distribution (all other non-sale element) with the authority, ***however, the decision on the same is still pending as per audited accounts of financial year 2018-19 and 2019-20, distribution margin amounting to Rs. 2.99 per kwh and Rs. 3.03 per kwh was not recovered due to the non-determination of tariff for FY 2018-19 &2019-20 respectively.***

During scrutiny record it was found that NEPRA determined the quarterly tariff adjustment very late. The late determination of tariff does not allowed PESCO to recover the distribution margin timely from the consumers, thereby, building receivables due to late passing on to the same to the consumers. It also caused cash shortfall for meeting day to day business. BoD has expressed the same concern time and again in its minutes of meetings. Moreover, One of the member of NEPRA, Mr. Rafique Ahmad Shaikh, expressed serious concerns over late determination of periodic Adjustment of tariffs for the1st, 2nd, 3rd & 4th quarters of Financial year 2019-20 on dated 24.09.2020 & 10.02.2021 as below:

> ***During the FY 2018-19 and FY 2019-20 XWDISCOs have already made the expenses and charged the tariff on benchmarks. Now, NEPRA will determine the tariff or regularize the expenses made during past two years. How can we made the targets against already made expenses during past years?***

The position of late determination of tariff and notification thereby by the Govt. of Pakistan is given as follows:

Period (2019-20)	Date of Adjustment Filed	Date of determination	Amount Allowed (Rs. in million)	Rate per Unit	Notification Date	Recovery Period	Recovery Status as on 30.06.2020
a. Ist Qrt.	30-Oct-19	26-Nov-2019	2,864	0.31	S.R.O. No.1477(1)/2019 dated 29.11.2019	12 months 01-Dec-2019 to 30-Nov-2020	Rs.1,670.65 million recovered leaving unrecovered balance Rs. 1,193.35 million
b.2nd Qrt	11-Mar-20	24-Sep-2020	29,187	3.15	S.R.O. No.1072(1)/2019 dated 19.10.2020	12 months 19-Oct-2020 to 18-Sep-2021	Rs. 38,448 million un-recovered.
c. 3rd Qrt	28-Apr-20						
d. 4th Qrt	29-Jul-20	10-Feb-2021	9,261	1.169	Notification Pending		
Sub Total			**41,312**			**Say as**	**Rs.40 billion**

Table No. 16: Delayed Determination of Tariff (Source: Data of Periodic Tariff Adjustments from NEPRA and requests made by PESCO)

Cause and Effect Analysis: This state of affairs shows that due to late determination of tariff, PESCO was unable to recoup its cash requirements for meeting the cost of electricity and distribution margin. ***The periodic adjustments are not timely made by NEPRA, and same charges are supposed to be recovered from consumers over a period of 12 to 15 months from the date of notification of tariff by the Government of Pakistan.*** The situation brings the company at the position of credit crunch and liquidity risk with respect to dwindling financial position. The company faced cash shortfall of Rs.40 billion for the financial year 2018-19 and 2019-20 due to late periodical adjustment.

The record reflects that delayed determination of tariff is made due to both PESCO and NEPRA. PESCO did not timely request NEPRA to determine quarterly adjustments neither NEPRA, being a regulator, adopted proactive approach to determine the same.

The snowball effects of late billing to consumers and thereafter, late collection from them add up to circular debt.

Management Reply: The management replied that PESCO has always filed Quarterly Adjustments with NEPRA on timely basis and the delay is not because of PESCO. However, the delay in the Determination & Notification of Quarterly Tariff Adjustments which may result in abnormal delay in the recovery of the legitimate cost that is being charged by CPPA-G on real time basis. Definitely, the delay has a cost and it is to be borne by PESCO in the shape of supplemental charges on one hand and cash flow problems and increase in CPPA-G payables on the other. PESCO has always pointed out these factors and included the same in Multi-year Tariff Petition of PESCO for FY 2020-21 to FY 2024-25 for NEPRA to devise a mechanism for timely determination and notification of applicable quarterly tariff adjustments as it is beyond the control of PESCO.

DAC in its meeting held on 17.08.2021, directed the management to pursue the matter with NEPRA. Further progress was not intimated till the finalization of report.

Recommendations:

Action Required	Responsibility / Action to be taken
The regulator may devise a mechanism to determine tariff timely. So that unnecessary financial burden in terms of receivables could not be build right from its origin.	NEPRA

1.2.3 The BoD's Policy for Waiving Off Late Payment Surcharge (LPS) to Consumers Deprived PESCO from its Due Earning – Rs.1,117.96 million

Late Payment Surcharges amounting to Rs.1,117.96 million against arrears from Federal Govt. and Provincial Government consumers were waived off on the approval of BoD through its meetings held during the period 2012-13 to 2017-18 as detailed in table below.

Detail waived off Late Payment Surcharge of Government Departments by BoD

Sr. No.	Financial Year	Decision Made in BOD Meeting	LPS waived against arrear Balance as on	Amount of LPS Waived off (Rs. in million)
1.	2012-13	81st dated 09.07.2013	June, 2013	65.797
2.	2013-14	89th dated 02.06.2014	June, 2014	90.295
3.	2014-15	98th dated 21.05.2015	June, 2015	153.598
4.	2015-16	108th dated 31.05.2016	June, 2016	269.88
5.	2016-17	118th dated 22.09.2017	June, 2017	296.586
6.	2017-18	126th dated 30.07.2018	June, 2018	241.808
			TOTAL	**1,117.964**

Table No. 17: Late Payment Surcharge of Govt. Departments by BoD (Source: Minutes of BoD meeting & Statements)

Cause and Effect Analysis: Due to non-payment of electricity dues by the Govt. consumers, LPS were charged against them and were included as receivables. However, the BoD waived off these charges despite of sustaining massive recurring losses. It was analyzed that although PESCO had waived off LPS but it has to pay Supplemental Charges on the delayed payments of IPPs as CPPA-G has raised invoices against the same. However, PESCO had taken up the matter of supplemental charges with NEPRA who has directed PESCO to adjust the same against the LPS received from the consumers.

Management Reply: The management replied that as per conditions of the incentive, only those Public Sector consumers / Departments were entitled for incentive of withdrawal of Late Payment Surcharge who cleared the dues by June, 30 of the financial year and accordingly LPS was credited to all the entitled consumers by PITC Lahore / Managers MIS DISCOs through specially designed software / programme. This practice was also in vogue during the Ex-WAPDA Era to incentivize consumers for payment. In PESCO the said incentive remained effective till June 30, 2018 and afterwards discontinued by the Board of Directors PESCO in its 126th meeting held on July 30, 2018. Therefore, no further incentive has been offered to the Govt. Departments after June, 2018.

DAC in its meeting held on 17.08.2021, DAC directed the management to get verified the record in support of reply from audit within seven days. Further progress was not intimated till the finalization of report.

Recommendations:

Action Required	Responsibility / Action to be taken by
Administrative measures are required to be taken up for timely recovery of arrears with reference to all consumers.	PESCO Management

1.2.4 Inadmissible General Sales Tax on supplies made to PATA – Rs.5.94 billion

According to S.R.O No. 1212(I)/2018, Erstwhile Tribal Areas (FATA/PATA) are exempt from whole of Sales Tax, by whatever name called, as levied under the Sales Tax Act 1990, or notifications issued there under, on supplies made till the 30th June, 2023. Thereby, the electricity supplied by PESCO to the consumers of erstwhile Tribal Areas (FATA/PATA) is exempt from the Sales Tax.

During scrutiny of record, an amount of Rs.5.94 billion was deducted as input tax (Non-creditable Inputs) against supplies made to PATA during the period July, 2018 to June, 2020 by FBR in violation of above SRO. However, this amount is inadmissible sales tax on supplies booked in the financial statement of PESCO. The management has taken up the matter with Ministry of Finance & Federal Board of Revenue (FBR) for clarification of supply made to PATA but response is still awaited.

Resultantly, due to payment of inadmissible input tax on supplies, PESCO sustained loss of Rs.5.94 billion from July, 2018 to June, 2020.

Management Reply: The management replied that chairman BoD has highlighted the issue i.e. classifying supply to PATA region as zero rated to Special Assistant to Prime Minister on Power and Secretary Energy (Power division) M/o Energy. Accordingly, it is policy issue and PESCO is bound to follow the Law.

DAC in its meeting held on 17.08.2021, directed the management to pursue the matter with the concerned vigorously. Further progress was not intimated till the finalization of report.

1.2.5 Irrational provision of trade debtors of Shabqadar Area - Rs.10.86 billion

BoD in its 75th meeting approved the policy for the provision of Bad Debts for the financial year 2011-12 and onward that receivables of active private consumers over 5 years will be charged at the rate of 95% and provision against receivables of Defective (Shabqadar) consumers at the rate of 100%. The detail of policy is as under:

Sr. No.	Description	Active private Consumer	Disconnected Private Consumer
		Rate of Provision	Rate of Provision
1.	Outstanding upto 2 Months	Nil	Nil
2.	More than 2 months but less than 3 months	Nil	Nil
3.	More than 3 months but less than 6 months	5%	Nil
4.	More than 6 months but less than 12 months	10%	Nil
5.	More than 1 year but less than 3 years	15%	30%
6.	More than 3 years but less than 5 years	20%	50%
7.	Over 5 years	95%	100%
8.	Defective Shabqadar	100%	

Table No. 18: Policy of Provision for Bad Debts (Source: 75th BoD Minutes of meeting)

Provision for bad debts on receivables of active consumers of Shabqadar having AT&C Losses ranging 62% to 100% for the FY-2019-20 at the rate of

100% excluding GST was created amounting to Rs.10.859 billion upto June 30, 2020. But the provision of bad debts against active consumers other than Shabqadar was charged at the rate of 95% aging over five years. The creation of 100% provision against receivables of Shabqadar consumers showed that there was a zero chances of recovery against the supply made to the consumers whereas 326 Nos. non-compliant areas feeders other than Shabqadar feeders having (AT&C Losses ranging 16% to 98.81% (FY- 2019-20) were allowed the provision at the rate of 5% to 95% aging arrears more than five years.

The said BoD policy regarding consumers of Shabqadar area indicates that the active consumers were given a chance to use electricity without paying any dues which was in disparity with the consumers of other areas who have to pay dues otherwise their supply might be disconnected. Furthermore, the said policy is inclined to continue to perform poorly on this issue. Audit concludes that instead of making any efforts for recovery from the defaulters, the management covered up its inefficiency by introducing aforementioned policy. This faulty policy resulted into pilling up of receivables in books and ultimately loss to the company.

Management Reply: The management replied that it was the only provision approved for bad debts, however during last 10 years no any amount has been written-off throughout the PESCO. The PESCO's claim still exists against the consumers. It is however a fact that recovery from consumers of de-facto area of Shabqadar is very poor.

DAC in its meeting held on 17.08.2021, directed the management to review the policy of provision of bad debts regarding Shabqadar consumers. Further progress was not intimated till the finalization of report.

Recommendation:

	Action required	By Whom
i)	Instead of making area specific policy, issue specific policy may be introduced including Shabqadar area and other areas having same nature of issue. However, such policies should be economically viable to resolve the issue.	BoD & PESCO Management

ii)	The management may prefer resolving the issues timely instead of lingering them on for long period of time which accentuates into high losses to PESCO.	BoD & PESCO Management

1.2.6 Un-justified payment on account of Honoraria to employees - Rs.1,946.46 million

According to bonus policy circulated by Ministry of Finance (GoP) vide No.F.3(5)R-12/80(R14)/2002-154 dated March 18, 2002, the bonus would be paid to the employees of the autonomous / semi-autonomous / public sector corporations / organizations on the operational profit only excluding income tax from other sources. Moreover, no commitment of payment of honoraria/bonus may be made during negotiation with the Collective Bargaining Agent (CBA), a union of employees.

Detail of Honoraria paid in PESCO		
Sr. No.	**Financial Year**	**Honoraria Paid (Rs. in million)**
1.	2010-11	Data not available
2.	2011-12	
3.	2012-13	
4.	2013-14	
5.	2014-15	314.045
6.	2015-16	Data not available
7.	2016-17	384.12
8.	2017-18	451.55
9.	2018-19	421.584
10.	2019-20	375.161
	TOTAL	**1,946.46**

Table No. 19: Detail of Honoraria (Source: Data from Accounts Section)

Cause and Effect Analysis: In PESCO, an amount of Rs.1,946.46 million was paid to the employees as honoraria for the period 2014-15, 2016-17 to 2019-20 on the request of CBA after negotiation with the then Minister of Water & Power. The payment of honoraria was not justified as the Company neither earned operational profit nor target of line losses (T&D losses) could be achieved. The said payment is also an extra burden over the consumers in the form of additional administrative cost charged to consumers because honoraria are not being paid by the PESCO from its own resources. This honoraria policy is applicable across all DISCOs.

Management Reply: The management replied that on receipt of directions from PEPCO, BoD PESCO had granted honoraria / bonus to its employees in compliance of the orders. The matter of payment of such honoraria was negotiated by Ministry / PEPCO and conveyed to all the DISCOs including PESCO for implementation. The audit note in this regard may be conveyed to the concerned for future guidance and PESCO will comply with directions as and when imparted in this regard.

DAC in its meeting held on 17.08.2021, directed the management to review the policy regarding payment of Honoraria. Further progress was not intimated till the finalization of report.

Recommendation:

Action Required	Responsibility / Action to be taken by
Honoraria policy may be revised rationally on the basis of Key Performance Indicators (KPIs) of the employees so that best performance may be appreciated and below par performance could be motivated. On one hand, by awarding honoraria to all employees without measuring their performance does not meet the objective of honorarium while, on the other hand, consumers are also being burdened in terms of additional administrative cost.	**BoD & Management of PESCO**

1.2.7 Growing Financial Burden on PESCO due to Accrual based GST Collection by FBR – Rs.16.21 billion

Sales tax was applicable on the supply of electricity from January 2000 which was required to be paid on cash collection basis as per Clause 5, Para 1 of Electric Power Rules of 2000. Later on the payment mechanism was changed from Collection basis to "Accrual Basis" w.e.f. 1.7.2006, through amendment vide SRO No. 560(I)/2006 dated 5.6.2006, in the Para-1 of Clause-39. Moreover, in order to cater the sales tax issues of WAPDA & KESC separately, Chapter-III was introduced in the Sales Tax Special Procedure 2007, stipulates that "In case of WAPDA and KESC, sales tax levied and collected under rule 13 during a tax period shall be deposited on accrual basis i.e the amount of sales tax actually billed to the consumers or purchasers for the tax period".

As a result of such amendment, Power Distribution companies are liable to pay sales tax to FBR on behalf of those consumers who even do not pay their electricity bills. The change of accounting policy by the Government resulted in accumulation of receivable from consumers on account of GST. In PESCO's case, as per Management Information System Report (MIS-3 06/2020) the amount of GST on accrual basis jumped to Rs.16.208 billion as on 30.06.2020. The same amount was paid to FBR on behalf of consumers irrespective of payment of their electricity bills.

Payment of GST on Accrual basis has affected PESCO's cash flows. The ratio of cash inflow to cash outflow is very low due to lack of recoveries from the consumers as there is a trend of non-payment of electricity bills and theft of electricity. The ratio of cash outflow is high due to sale tax payment on monthly basis that resulted into cash shortfall in a company that is already sustaining losses for years.

Management Reply: The management replied that Chairman BoD has highlighted the issue i.e. payment of sales tax on billing basis to Special Assistant to Prime Minister on Power and Secretary Energy(Power division) M/O Energy dated 03/05/2021. The matter would only be resolved if necessary modifications are made in Sales Tax Special Procedure 2007 regarding Power sector.

DAC in its meeting held on 17.08.2021, directed the management to pursue the matter vigorously. Further progress was not intimated till the finalization of report.

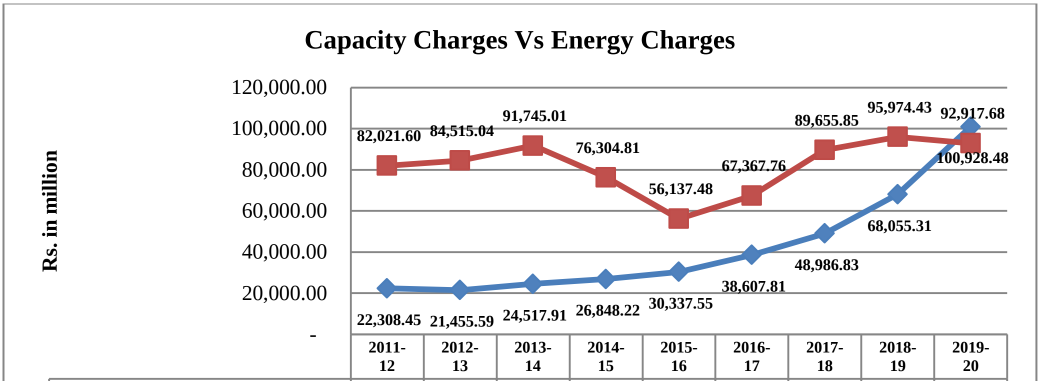
1.2.8 Negative Impact of Increasing Capacity Charges on Financial Viability of the Company

As per para 2.5.1 of NEPRA's State of Industry Report-2020, "With the induction of substantial amount of generation capacity during last few years, though the availability of electricity has improved significantly but the cost of electricity for end-consumers has increased owing to various reasons like high T&D losses, low recovery, circular debt, huge capacity payments, currency devaluation, fuel cost, underutilization of efficient power plants etc. The situation indicates lack of integrated approach for planning and implementation of power sector expansion and demands to identify and resolve the basic issues leading to inefficiencies in the system".

It has been analyzed that as per invoices on energy and capacity purchase price issued by CPPA-G, the capacity purchase price constitutes a significant part of total purchase price. The analysis reflects increasing trend with respect to the capacity payments during the year 2011-12 to 2019-20 ranging from 21% to 52% in the whole decade. During the year 2019-20, payment made against capacity charges are 52% whereas, energy charges are 48% of the total cost. The year wise breakup of the Capacity Charges vs Energy Charges is given in table & graph below:

Sr. No.	**FY**	**Maximum Demand Indicator (MDI KW)**	**Units purchased from CPPA-G (kWh)**	**Capacity Charges as per invoices of CPPA-G (Rs. in million)**	**Energy Charges as per invoices of CPPA-G (Rs. in million)**	**Total Cost (Rs. in million)**	**%age Capacity Charges paid**	**%age of energy Charges**
	A	**B**	**C**	**D**	**E**	**F = D + E**	**G = D/F*100**	**H = E/F*100**
1	2011-12	23,045,434	11028.97	22,308.45	82,021.60	104,330.05	21%	79%
2	2012-13	22,882,627	10892.1	21,455.59	84,515.04	105,970.63	20%	80%
3	2013-14	23,459,066	11300.83	24,517.91	91,745.01	116,262.92	21%	79%
4	2014-15	23,651,686	11656.32	26,848.22	76,304.81	103,153.03	26%	74%
5	2015-16	24,849,705	11749.88	30,337.55	56,137.48	86,475.03	35%	65%
6	2016-17	28,822,666	12510.96	38,607.81	67,367.76	105,975.57	36%	64%
7	2017-18	31,750,049	14209.34	48,986.83	89,655.85	138,642.68	35%	65%
8	2018-19	33,866,273	14427.34	68,055.31	95,974.43	164,029.74	41%	59%
9	2019-20	36,641,261	14792.33	100,928.48	92,917.68	193,846.16	52%	48%
Total			**112568.07**	**382,046.14**	**736,639.66**	**1,118,685.80**	**34%**	**66%**

Table No. 20: Details of Capacity & Energy Charges (Source: Data complied from CPPA-G Invoices)



	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Capacity Charges (Rs. in Million)	22,308.45	21,455.59	24,517.91	26,848.22	30,337.55	38,607.81	48,986.83	68,055.31	100,928.48
Energy Charges (Rs. in Million)	82,021.60	84,515.04	91,745.01	76,304.81	56,137.48	67,367.76	89,655.85	95,974.43	92,917.68

Fig. No. 36: Comparison of Capacity Charges & Energy Charges (Source:data complied from CPPA-G Invoices)

Cause and Effect Analysis: The Power Sector of Pakistan[80] is challenged by the high cost of electricity generation and inefficiencies of transmission and distribution system. The negative economic growth during FY 2019-20 due to pandemic also translated into a decrease in electric power demand in the country which resulted into reduction of electric power generation. The negative growth of electric power demand caused under-utilization of the electric power generation capacity of power plants operating under the "Take or Pay" regime, causing a higher per-unit cost of electricity for consumers as shown at Graph-Average Cost of Purchase Vs Cost of Sale. Major causes and effects of high capacity charges are as follows:

- Due to adhering to "Take or Pay (ToP)" regime, DISCOs pay capacity charges as per Power Purchse Agreement (PPA) irrespecitve of consuming full capacity or not. PESCO could not utilize allocated power capacity over the period of ten years but had to pay full capacity charges. The reason of not using full capacity includes poor load distribution system and theft of electricity.
- Irrational / inflated forecasting of electricity demand and its supply thereafter.

The ToP regime favours generation companies at the cost of incresing financial burden on consumers. NEPRA as the regulator is bound to provide the fair play for all stakeholders as stipulated in NEPRA Act (1997) but miserablly failed to

[80] NEPRA State of Industry Report 2020

protect the interest of consumers. In this regard NEPRA State of Inudstry Report 2020[81] also found capacity payments as one of the major reasons of financial issues of DISCOs.

In case of PESCO, the year wise breakup of capacity charges in overall cost of sales reflects increasing trend & during 2019-20, capacity charges contribute 30% of average cost of sales as mentioned at table below:

Sr. No.	Financial Year	Average rate of capacity charges (per KWH) (Rs)	Average Cost of Purchase (per KWH) (Rs)	Average Cost of Sale rate (per KWH) (Rs)	%age of Capacity charges in average Cost of sale
1.	2010-11	-	7.29	10.30	--
2.	2011-12	2.02	9.62	11.12	18.17
3.	2012-13	1.97	9.91	13.54	14.55
4.	2013-14	2.17	10.49	14.36	15.11
5.	2014-15	2.30	9.06	14.78	15.56
6.	2015-16	2.58	7.60	13.01	19.83
7.	2016-17	3.09	8.64	13.06	23.66
8.	2017-18	3.45	10.06	13.88	24.86
9.	2018-19	4.72	11.72	18.30	25.79
10.	2019-20	6.82	13.31	22.22	30.69

Table No. 21: Yearly breakup of capacity charges in overall cost of sales (Source: Compiled from data collected from the Finance Directorate, PESCO)

By including capacity charges (fixed charges) along with other components like variable charges, system usage charges, market operator fee etc. significantly enhances cost of sale as depicted at the graph.

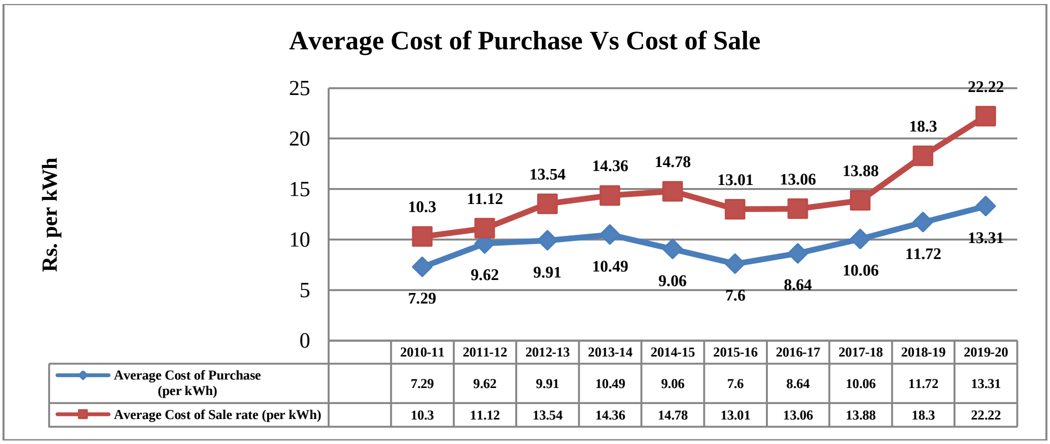


Fig. No. 37: Comparison of Average Purchase Rate vs Average Sale Rate and its effect on consumers (Source: Compiled from data collected from the Finance Directorate, PESCO)

[81] NEPRA State of Industry Report-2020

The power quota allocated by RCC / NPCC was not utilized during the period 2010-11 to 2019-20 and to meet the gap between power allowed and utilized, the forced load shedding was made by PESCO. The analysis of data of a decade reflects that allocated power quota is significantly higher than the power utilized as depicted in the table below:

PESCO Allocated Quota and its Utilization

Financial Year	Quota Allowed (MW) by RCC / NPCC	Power Utilized (MW)	Total Shedding (MW)	Total Computed Demand (MW)
2010-11	-	1301	616	1917
2011-12	-	1079	957	2037
2012-13	-	1255	1083	2338
2013-14	1462	1212	809	2022
2014-15	1261	1177	729	1906
2015-16	1261	1177	729	1906
2016-17	1575	1241	869	2110
2017-18	1723	1524	742	2266
2018-19	2035	1429	756	2185
2019-20	2138	1419	677	2096

Table No. 22: PESCO's allocated Quota and its Utilization (Source: Data provided by Power Dispatch Centre, PESCO)

The issue of under-utilization of quota has also been raised as a matter of concern several times as reflected in minutes of meeting of BoD. An instance is quoted as below:

> GM NPCC in PESCO BoD 119th meeting held on 26.09.2017 apprised the BoD that quota of electricity to PESCO is allocated as per their share but the same is not fully utilized. Reason for non-utilization of allocated quota is mainly due to under capacity of NTDC lines / Grids, 132 KV Transmission lines, power transformers and overloaded distribution system of PESCO. Besides these, forced load shedding is also carried out in PESCO. He stated that 400 to 500 MW remains un-utilized by PESCO and same is diverted to other DISCOs. In response to it CEO stated the reason for less drawl that additional load shedding is carried out on 11 KV feeders having line losses (Theft of electricity culture) and poor recovery in those areas. If quota is fully drawn, then relief in load shedding would have to be given to high loss feeders which resultantly will increase the losses of the company. **CEO**

requested that BoD/Ministry should take a policy decision in this respect to resolve the issue.

The effect of high capacity charges are passed on to consumers which is translated into high purchase price for consumers. This aspect was also supported by an analysis done by CPPA-G and shown on its website. CPPA-G had analyzed that power purchase price of PESCO was the highest amongst all the DISCOs. A comparative analysis of all DISCOs in terms of Purchase Price is reflected at Graph of Capacity Charges & Energy Charges. ***The graph shows that Power Purchase Price is highest for the consumers of PESCO among all DISCOs.***

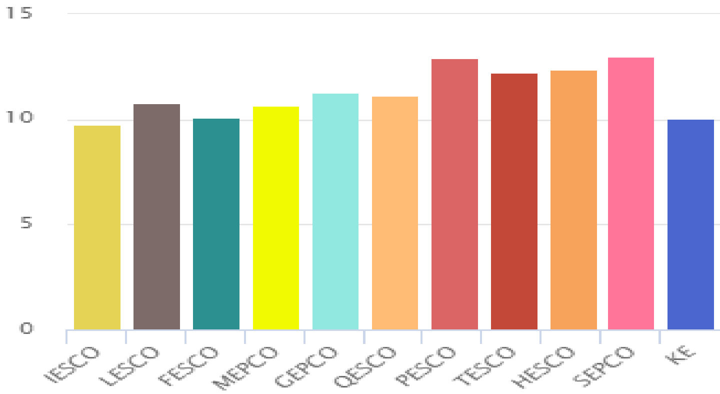


Fig. No. 38: Power Purchase Price by DISCOs (Source: CPPA-G; http://www.cppa.gov.pk/)

Management Reply: The management replied that PESCO couldn't draw /utilize full quota against the allocated power quota by NPCC Islamabad due to the reasons that PESCO has a vast distribution network, lengthy HT/LT lines in the scattered areas, often permanent faults occur on the Distribution Network, especially during snowfalls in the hilly areas. Similarly, due to Power system constraints, the Transmission & Distribution System becomes overloaded especially during hot summer season. Resultantly, less load is being drawn / utilized against the allocated quota. In addition to above, on the instructions of Ministry and in light of PESCO Board of Directors decision, scheduled load management is being implemented on the PESCO's 11kV Feeders according to its Aggregate Technical & Commercial (AT&C) Losses in consultation with PITC Lahore to minimize the electricity theft and motivate the consumers to regularize their illegal loads for reduction of load shedding on their respective 11kV Feeders and also save the Company from huge financial loss. This policy has drastically affected the per unit rate of the tariff in DISCO especially in PESCO where capacity payments are being paid without utilizing the power. The utilization of power according to the allotted quota would further deteriorate the losses position and increase in circular debt which is the main dilemma facing by the power sector in Pakistan.

Maximum capacity of NTDC network is being utilized through PESCO Network. However, the maximum evacuation of power from 220 kV Shahi Bagh is not possible due to Right of Way problems created by MNA Mr. Noor Alam Khan for re-conductoring of the existing 132 kV T/Lines from 220 kV Shahi bagh grid station.

PESCO has no control on the power purchase agreement made by the previous governments. The agreements were mainly made on the basis of "Pay or Take" mechanism where DISCO have to accept the allotted quota of capacity from the national grid and in case of refusal the capacity installed by the IPPs and other thermal generators needs to be paid for their investment. These PPAs should have been signed keeping in view the demand and growth in economy but unprecedented and unplanned procurement of capacity have led to the present increase in prices due to enormous capacity charges. Second major reason of capacity increase is the indexation of payment to IPPs in US dollars terms instead of local currency. The planners did not foresee the fragility of economy and dependence on US dollars which is the foreign exchange and government need to save the dollars for the economy and increase in dollar worth against the Pak rupee has drastically increased the capacity charges to be borne by DISCOs.

DAC in its meeting held on 17.08.2021, directed the management to take necessary steps to resolve the issue. Further progress was not intimated till the finalization of report.

Recommendation:

Action Required	Responsibility / Action to be taken by
i) Agreements resulting in negative fall out on some power stakeholders including distribution	GoP, CPPA-G

	companies in the current case are likely to become unsustainable in the future and a cause of financial complications for State Owned Enterprises. Since, PESCO is bearing high capacity payments, there is a need to review Power Purchase Agreements, so that interest of all the stack holders could be taken care of.	
ii)	There is need to rationalize Capacity Charges—shift from "Take or Pay" to "Take and Pay" regime.	NEPRA, CPPA-G GoP
iii)	There should be a pre-requisite criteria of energy demand on scientific basis like through Indicative Generation Capacity Expansion Plan (IGCEP).	PESCO, CPPA-G, NTDC
iv)	There is a need for upgradation of power infrastucture to improve bearing capacity and loading position. Since the power evacuation is one of major issue, PESCO/NTDC network reinforecement is required on urgent basis.	PESCO, NTDC
v)	There is a great need to explore cheapest sources of renewable energy including solar, wind and hydal etc.	GoP, PPIB, AEDB, CPPA-G

1.2.9 Non-release & Non-accountal of Tariff Differential amount of Provincial Government of KPK by Government of Pakistan – Rs.18.6 billion

As per IFRS (International Financial Reporting Standards) frame work, qualitative characteristic of financial statements to be reliable, the information in the financial statements must be complete within the bounds of materiality and cost. An omission can cause information to be false or miss leading and thus unreliable and deficient in term of its relevance.

PESCO has outstanding receivables from Government of KPK amounting Rs.18.6 billion on account of stay on tariff for the period September, 2008 to September, 2010. The stay order was issued by Peshawar High Court on the writ petition of provincial Government (KPK) and later on as decided in Energy Review Summit held on 27.07.2010 under the Chairmanship of Prime Minster of Pakistan, the Provincial Government (KPK) has withdrawn its writ petition on the condition that the tariff in all the provinces will be uniform and the tariff should be applied prospectively without recovering the retrospective impact from consumers and agreed to pay itself the difference of tariff. Although the provincial Government had agreed to pay the difference of tariff but had linked the payment with the markup on the arrears of the Net Hydel Profit to be received from the Federal Government.

Later on Government of KPK informed PESCO on 21.07.2017 that the Government of Pakistan & the Provincial Government of KPK signed an MOU and Rs. 70 Billion has been agreed upon as full and final settlement of Net Hydel Profit after reconciliation of mutual claims in the Power Sector. However, PESCO has not received any amount till date and the said amount is still outstanding. The above fact had been highlighted in GM (R&CO) PEPCO addressed to Joint Secretary (PF) for settlement of the long outstanding legitimate dues[82].

According to MoU signed by the Government of Pakistan and Government of KPK on dated 25.02.2016 duly endorsed by CCI in its meeting held on 29.02.2016, “A total amount of Rs. 70 billion has been agreed upon on account of arrears on uncapped NHP after reconciliation of mutual claims in the Power Section between the two Government s as full and final settlement”.

PESCO claims of Rs. 18.6 billion on account of tariff differential amount has not been provided by GoP to PESCO as per agreement between Government of Pakistan and Government of KPK. However, PESCO had neither received this amount from the Government of Pakistan till date nor disclosed the same in the financial statements.

Sr. No.	**Description**	**Amount (Rs. in billion)**
(A)	Principal amount from 2005-06 to 2011-12 (as per recommendation of Technical Committee)	45.00
(B)	Markup on non-implementation of Award of Rs.110 billion for late payment as per recommendation of Technical Committee)	56.590
(C)	**Total (A + B)**	**101.590**

[82] letter No. 1755-56 dated 17-12-2020

(D)	Principal amount of uncapping from 2012-13 to 2014-15 in line with Technical Committee recommendation	43.00
(E)	**Grand Total (C + D)**	**144.590**
(F)	Less Markup Account / (B) (Not agreed)	(56.590)
(G)	**Net Total (E) – (F)**	**88.00**
(H)	Less Adjustment of PESCO Claim	(18.00)
(I)	**Approved MoU Amount (G) – (H)**	**70.00**

Table No. 23: Non-release & Non-accountal of Tariff Differential amount of Provincial Government (Source: GM (R&CO) PEPCO letter No. 1755-56 dated 17.12.2020)

Management Reply: The management replied that it was categorically clarified by the Provincial Govt. that it had no concern with the issue as on mutual understanding the amount of Rs.18 billion had been adjusted against its exchequer and required to be released to PESCO accordingly. PESCO was still waiting to be apprised of the situation by the federal government.

DAC in its meeting held on 17.08.2021, directed the management to pursue the matter with Government of Pakistan vigorously. Further progress was not intimated till the finalization of report.

1.2.10 Understaffing of PESCO's employees

According to vacancy position statements (2010-11 to 2019-20), PESCO is understaffed by 54.45%. The working strength (BPS 1 to 16) as on February, 2020 was 15,175 employees against sanctioned strength of 27,868 employees.

The shortage of over half of the strength particularly technical and meter reading staff has adversely affected performance of PESCO regarding billing on Hand Held Unit (HHU), Bill Distribution, Transmissions & Transformer Maintenance and control over energy theft etc. It was analyzed that the shortage of staff contributed to non-achievement of recovery and line losses target.

PESCO Vacancy Position (2010-11 to 2019-20)

Year	BPS	Strength	Working	Vacant	%age of Vacancy
2010-11	Total 17 & Above	478	376	102	11
	Total 16 & Below	18644	16680	1964	
	G. Total	**19122**	**17056**	**2066**	
2011-12	Total 17 & Above	482	438	44	16
	Total 16 & Below	20372	16998	3374	
	G. Total	**20854**	**17436**	**3418**	
2012-13	Total 17 & Above	494	391	103	19
	Total 16 & Below	20642	16813	3829	

	G. Total	**20978**	**17060**	**3918**	
2013-14	Total 17 & Above	499	391	108	20
	Total 16 & Below	20744	16551	4193	
	G. Total	**21243**	**16942**	**4301**	
2014-15	Total 17 & Above	537	388	149	24
	Total 16 & Below	21233	16080	5153	
	G. Total	**21770**	**16468**	**5302**	
2015-16	Total 17 & Above	556	396	160	29
	Total 16 & Below	21921	15652	6269	
	G. Total	**22477**	**16048**	**6429**	
2016-17	Total 17 & Above	594	439	155	38
	Total 16 & Below	25088	15562	9526	
	G. Total	**25682**	**16001**	**9681**	
2017-18	Total 17 & Above	599	382	217	44
	Total 16 & Below	26736	14901	11835	
	G. Total	**27335**	**15283**	**12052**	
2018-19	Total 17 & Above	602	358	244	50
	Total 16 & Below	27868	13949	13919	
	G. Total	**28470**	**14307**	**14163**	
2019-20	Total 17 & Above	608	333	275	53
	Total 16 & Below	27868	13052	14816	
	G. Total	**28476**	**13385**	**15091**	

Table No. 24: PESCO Vacancy Position (Source: Vacancy Position Statements of PESCO, HR Department (2010-11 to 2019-20)

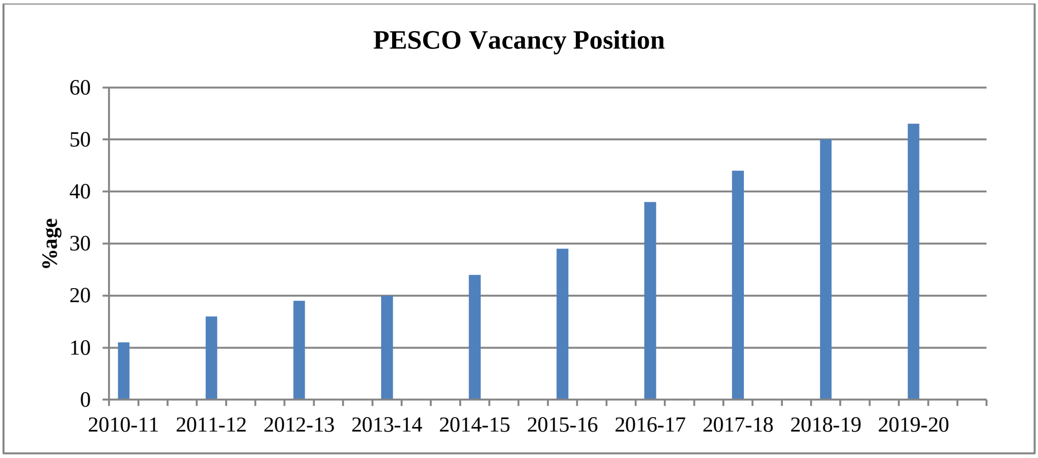


Fig. No. 39: PESCO Vacancy Position (Source: Vacancy Position Statements of PESCO, HR Department (2010-11 to 2019-20)

Cause and Effect Analysis: During discussion, it was noted that new recruitment has not been made since 2016. Staff retired during this decade has not been replaced by new appointments and posts remained vacant.

Management Reply: The management replied that point of under-staffing of PESCO is agreed because there is acute shortage of management, supervisory and subordinate staff in the company due to ban by the Federal Government on different occasions. In the wake of continued ban and strict direction of the Government, PESCO could not recruit the staff which was critically required for performance of important functions of bill distribution, transmission, transformer maintenance and control over energy theft.

DAC in its meeting held on 17.08.2021, directed the management to pursue the matter with the concerned authorities vigorously. Further progress was not intimated till the finalization of report.

Recommendations:

Action Required	By Whom
To address the issue of understaffing, the requisite recruitment should be made.	Power Division, BoD

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TOR-2: Analysis of Potential Red Flags, Miappropriation / Misuse of Assets

2.1. Potential Red Flags

2.1.1 Fake Billing against Disconnected Meters – Rs.595.45 million

During data analysis of monthly billing and collection of consumers, it was found that monthly units were being charged to the disconnected consumers from 2011-12 to 2019-20 and fake billing was being made. However, connections were disconnected later on, after implementation of Equipment Removal Orders (EROs). The data reflects that an amount of Rs.595.45 million have been charged to disconnected consumers during the audited period. The year wise detail is as under:

Year	No. of Disconnected Consumers	Units charged to Disconnected Consumers	Amount charged (Rs)
2019-20	27,841	4,817,654	80,149,370
2018-19	15,814	3,666,504	61,060,472
2017-18	16,374	5,072,205	82,021,633
2016-17	14,377	4,191,390	69,890,255
2015-16	13,104	6,133,744	107,684,860
2014-15	11,390	3,464,601	59,914,474
2013-14	7,662	5,407,943	81,530,837
2012-13	8,837	2,671,182	34,324,629
2011-12	5,694	1,635,570	18,869,675
2010-11	Data not provided		
Total	**121,093**	**37,060,793**	**595,446,205**

Table No. 25: Monthly Billing and Collection from Consumers (Source: Data Compiled from MIS Monthly Billing and Collection from Consumers)

Cause and Effect Analysis: ***Fake billing was being made to aforementioned consumers in order to inflate the monthly billing amounts. On monthly basis, units were being charged to disconnect consumers whose EROs had already been executed. This scenario indicates that fake billing was made that caused accumulation of receivables and concealment of line losses in PESCO.***

Internal Audit Department of PESCO has raised 170 No. observations[83] on this subject matter with financial impact of Rs.33.740 million from 2012-13 to 2019-20. However, the management had not addressed the issue so far.

[83] (Source: Internal Audit Reports on Connection Running on Site, Less Billing & Unauthorized Free Supply)

Red Flag: the examination of billing record reflected that fake billing amounting to Rs.595.446 million has been found out by current analysis ***(detail at Annexure-41)***. Moreover, Internal Audit Department has also issued 170 observations on the subject matter. Therefore, it is argued that this area constitutes one of the major areas under Red Flag which merits attention of the management.

Management Reply: The management replied that charging of units against the disconnected consumers in non-compliant areas is due to resorting by the disconnected consumers to direct hooking for stealing of electricity. Detection bills were raised against these consumers to account for the energy loss due to theft. In order to investigate the matter and to find out whether the proper procedure has been adopted or not an enquiry has been constituted under the direction of the PAC in PESCO, and is already being notified vide No. 1192-94/GM/(R&CO)/M (RO) dated June 01, 2021 to investigate the billing against disconnected consumers and any outcome will be shared with the audit as and when received.

DAC in its meeting held on 17.08.2021, directed the management to resolve the matter expeditiously. Further progress was not intimated till the finalization of report.

Recommendations:

Action Required		Responsibility / Action to be taken by
i)	FIRs may be lodged against illegal and disconnected consumers and departmental disciplinary action also be taken against field staff involved in theft of electricity.	S.Es, XENs, SDOs & LSs
ii)	The arrears of disconnected defaulters may be recovered after resolving the billing dispute, if any.	S.Es, DCM, XENs, SDOs & LSs

2.1.2 Red Flag - Non-existence of Mechanism of Clearing House Meetings for Settlement of Pension Receivables from WAPDA - Rs.1.88 billion

A clearing house acts as a mediator between any two entities or parties that are engaged in a financial transaction. Its main role is to ensure that the transaction goes smoothly between the parties.

In PESCO, an amount of Rs.2.61 billion was paid to the retired employees on behalf of WAPDA on account of pension. Reconciliation of pension receivables was made between PESCO & WAPDA as on 30.06.2019 and found that there was a difference of Rs.1.88 billion. The amount was outstanding for settlement of pension receivables; however, there was no clearing house mechanism in place for timely clearance/reconciliation of dues which resulted in accumulation of receivables within companies to the stated extent. ***Delay in timely reconciliation/clearance of such dues increased the risk of unauthorized / bogus payments under these heads.*** The detail is as under:

(Rs. in million)

Name of Entity	Balance as per PESCO Book	Balance as per WAPDA Book	Difference
Pension Receivables as on 30.06.2019			
WAPDA	2,612.349	736.000	1,876.349

Table No. 26: Pension Receivables from WAPDA (Source: Reconciliation Statements of Finance Directorate)

Cause and Effect Analysis: Pension payments are being made on manual system which has created an ***opportunity*** of fraud as per Cressey's Fraud Triangle Theory. The fraud was committed in various ways as narrated above. The payments are being made out of routine revenue while NEPRA allowed only the actual payment from the pension fund to be made to the pensioner by PESCO in its Tariff Determination for the respective Financial Year. No provision for post retirement benefits is allowed by NEPRA.

Pension fund has not been created by PESCO so far despite repeated directions from NEPRA. So far, the management has maintained a post-retirement benefit account instead of post-retirement fund whereas NEPRA emphasized that PESCO may transfer the already collected provision on account of post-retirement benefits into the Pension Fund.

This state of affairs reflects poor internal control and poor financial oversight that has already resulted into bogus payment of pension. This Red Flag needs special attention of the management so that the necessary preventive measures could be taken to prevent occurrence of fraud.

Management Reply: The management replied that the reimbursement claims are regularly being pursued, resultantly PESCO has received/adjusted Rs.145.42 million during the period w.e.f July, 2019 to April-2021. As per NEPRA's decision, pre-1998 pensioners up to June 30, 2014 have now been transferred to PESCO, WAPDA is responsible to make the payment of out-standing pension of Rs.1,043.746 million to PESCO, which is pending. WAPDA has communicated that the said amount will be adjusted against the WAPDA receivables from CPPA. It is further added that WAPDA has agreed to pay the outstanding amounts to PESCO regularly.

DAC in its meeting held on 17.08.2021, directed the management to get verified the record of recovery from audit within seven days and expedite the recovery of outstanding balance from WAPDA. Further progress was not intimated till the finalization of report.

Recommendations:

	Action required	Responsibility / Action to be taken by
i)	Since there was no proper check on the authenticity of the employees, therefore, there is a need to centralize the payments by creating pensionary fund account and introduce online system and develop data base of pensioners to minimize the chances of fraud.	Chief Executive Officer & Finance Director
ii)	There is a need to re-verify all the cases of other organization like WAPDA and other Entities and verify all the payees in order to ascertain authenticity.	Chief Executive Officer & Finance Director
iii)	There is a need to ensure the bio-metric verification, physical verification and bank	Chief Executive Officer & Finance Director

	reconciliation of all PDUs to ensure prompt and corrective payment which covers all the aspects i.e. maintaining same sequence of cash books, demands consolidated statements and lists of pensioners issued to bank for payment.	
iv)	For authenticity of legitimate pensioners, all demands should be duly checked by PDUs as per prescribed fund demanding procedure and these should be verified by the Internal Audit Department and then finalize the cases for the Pension Cell.	PDUs, Manager Internal Audit & AM (CS) Pension Cell

2.1.3 Unknown Whereabouts of Deposit Funds - Rs.6,306 million

PESCO holds the consumers deposits amounting to Rs.17,341 million as on June 30, 2020. Out of these funds, Rs.3,792 million were lying in banks and Rs.7,243 million are stuck up in work in progress causing a difference of Rs.6,306 million.

Hence, the amount unaccounted for is (Rs.6,306 million). NEPRA has advised PESCO not to utilize consumers deposit money, and directed the petitioner to provide rationale / justification for improper utilization of the money. However, no response has been provided in this regard so far. ***NEPRA has seriously noted PESCO's illogical and irrational justification of using consumer deposit money owing to cash shortfall, since the amount collected in this regard cannot be utilized for any other purpose***[84].

Detail of Consumers' Deposit

(Rs.in million)

Receipts Against Deposit Work Balance as on 30.06.2020 (A)		17,341
Deposit Accounts Bank Balance as on 30.06.2020	3,792	-
Deposit works in progress as on 30.06.2020 (B)	7,243	**11,035**
Balance of funds (C) C = (A – B)]		6,306

Table No. 27: Consumer's Deposit (Source: Financial Statement 2019-20 & Deposit Cash Book)

Consumer / Donor agencies deposited funds in PESCO's account for execution of works. These funds were required to be utilized in execution of

[84] Determination of NEPRA Tariff of PESCO No. NEPRA/TRF-511/PESCO-2019

consumer / donor works. However, these funds were misused by PESCO and therefore, works could not completed in time due to shortage of funds. NEPRA also pointed out that deposit funds were utilized by PESCO on its own will rather than to utilize these funds on specific works for which the deposit money were made by the consumers.

The Finance Director is required to meet out their expenses through its own source funds rather than utilization of deposit funds. Disciplinary action on utilization of deposit funds may be taken besides management needs to follow the budgetary control system on utilization of PESCO funds and consumer funds.

Management Reply: The management replied that PESCO is utilizing the funds of capital contribution and deposit work for the purpose it was received. The same has been contested before NEPRA in the review motion filed against its determination for FY 2018-19 & FY 2019-20. Wherein, NEPRA has only compared the receipt against work with the bank balances rather than considering the balance under the head Deposit WIP, Bank Balance & available stock. The facts have already been presented to the authority in hearing of the instant matter. The Authority principally agreed with PESCO stance and agreed to reconsider the matter in the next tariff petition to be filed by PESCO. Accordingly, PESCO resubmit the review motion as a part of PESCO Multi Year Tariff Petition for FY 2020-21 to FY 2024-25 dated 03-06-2021, however, the determination is still awaited. The reply was not tenable as Audit asked to consider both heads i.e. Deposit Works and Capital Contribution separately because cash books and ledgers of both heads are maintained separately by PESCO. If the total amount of available stock Rs.5,355 million is considered against the total amount Rs.6,306 million of Deposit Work funds even then a difference of Rs.951 million arise. Moreover, NEPRA has directed PESCO repeatedly to ensure proper tagging of assets so that costs incurred are properly classified as per their nature

DAC in its meeting held on 17.08.2021, directed the management to get verified the record in support of reply from audit within seven days. Further progress was not intimated till the finalization of report.

2.1.4 Less remittance of Debt Servicing Surcharges (DSS) to CPPA-G – Rs.2.32 billion

As per SRO No. 908(1)/2014 dated 3 October, 2014, DSS was levied and collected by PESCO on behalf of Government of Pakistan and is being settled against debt servicing of loans arranged upto June 2015. PESCO had collected an amount of Rs.15.145 billion against DSS from the consumers during the year 2015-16 to 2019-20 and remitted an amount of Rs.12.829 billion to CPPA-G. Thus an amount of Rs.2.316 billion was less remitted to CPPA-G showing irregular use of funds by PESCO towards other activity. Detail of Collection & Remittance of DSS is as under:

(Rs.in million)

Year	DSS Collection by PESCO	DSS Remittance to CPPA-G	Less Remittance
2015-16	2,525	2,383	142
2016-17	2,977	2,291	686
2017-18	3,178	3,221	(43)
2018-19	3,369	2,934	435
2019-20	3,096	2,000	1,096
Total	**15,145**	**12,829**	**2,316**

Table No. 28: Debt Servicing Surcharges (DSS) to CPPA-G (Source: CPPA-G Reconciliation Statement)

Cause and Effect Analysis: Improper maintenance of DSS Account due to lack of proper oversight mechanism by the management of PESCO cause delayed payment to CPPA-G and thereby delayed transfer to PHL. Hence, delayed remittance by PESCO result into award of penalty and thereby cause by loss to Company.

Management Reply: The management replied that all the collection is being remitted to CPPA-G after retaining the allowed DM either under the head of Revenue Collection or DSS. However, PESCO has increased its remittance in the DSS head, i.e. during the period of Dec-2020 to April-2021 DSS collection was Rs.1,291 million, while PESCO has remitted Rs.1,700 million to CPPA in DSS head. Accordingly, outstanding amount would be cleared in due course of time.

DAC in its meeting held on 17.08.2021, directed the management to get verified the record of amounts remitted to CPPA in DSS head from audit within seven days and expedite to clear the outstanding amount. Further progress was intimated till the finalization of report.

2.1.5 Non-remittance of Revenue by Collecting Bank Branches – Rs.213.84 million

As per service agreement with the bank, the same day remittance of collected amount may be ensured. However, it was observed on test check basis that when closing balance of CP-104[85] remains in positive figures, it means that collecting bank branches retained PESCO's revenue and did not transfer to PESCO's main account. It was further noted that collecting bank branches collected an amount of Rs.4,329.531 million during the month of June, 2020 whereas these bank branches already retained PESCO revenue of Rs.87.998 million. However, the banks remitted an amount of Rs.4,203.69 million to PESCO's main accounts and retained PESCO's revenue to the tune of Rs.213.839 million ***(Annexure-42)***.

It was also found that Revenue Office City Rural Division, Peshawar requested Zone Chief Zarai Taraqiati Bank Limited (ZTBL) in February, 2020 to remit PESCO revenue amounting to Rs.857,262, which increased to Rs.1.33 million at the end of June, 2020. It was revealed during discussion that ZTBL management took action against bank employees involved in the matter of less remittance and penalized them.

Cause and Effect Analysis: The opening balances of multiple banks at divisional level are presenting significant amounts despite clear instructions for transfers of funds to main accounts. Furthermore, any regular follow-up of ensuring timely remittance from banks is not coming forth from the record[86].

Management Reply: The management replied that PESCO is operating in KPK and dealing with 25 different banks with more than 2300 branches all over KPK (operated by field offices). However, the same (Rs.213.84 million) was cleared in the first week of July, 2020, Audit may verify. The reason for the same is that Bank Al-falah, Bank Al-Habib, Askari Bank, Meezan Bank, BOP, Habib Metro Bank,Faysal Bank,HBL,UBL,NBP,ABL,MCB and Standard Chartered Bank remit funds directly to CPPA-G. From other banks for which CPPA-G direct Account is not available, funds are remitted through Escrow A/c. In Escrow Account, pay order take 2-3 days to clear/credit in main account of PESCO. Further abnormal working environment was faced by banking sector as well as all other sectors

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[85] CP-104 Divisional Collection Cash Book

[86] Audit Report of M/s Zahid Jamal & Co, Chartered Accountants; September, 2020

including PESCO because of the pandemic Covid-19 and reduction in staff and reduced banking working hours and closure of branches also hampered the process. The reply was not tenable because complete supporting documents was not provided. However, management stated that all the amount has been recovered in July, 2020, whereas the statement of para contains non-escrow banks e.g. UBL, MCB, HBL, NBP, ABL etc. which is clear evidence of un-authentic reply.

DAC in its meeting held on 17.08.2021, directed the management to get verified the record in support of reply from audit within seven days. Further progress was not intimated till the finalization of report.

Recommendations:

	Action required	Responsibility / Action to be taken by
i)	The requisite reconciliation of revenue collection and remittances is required to be made among ROs, Banks, MIS & Banking Section of PESCO.	FD, R.Os, MIS and Concerned Bank
ii)	As per service agreement with the bank, the same day remittance of collected amount may be ensured.	FD, R.Os, MIS and Concerned Bank

2.1.6 Difference of Remittances in Revenue Collection Cash Book and Amount Remitted by Banks – Rs.23.21 million

According to Chapter-3 (3.2) of Financial & Accounting Policies and Procedures Manual, "i) Finance Director is responsible to oversee the overall accounting and financial aspects of DISCOs. ii) Assistant Manager (Customer Services) will oversee the activities carried out at the Revenue Office and to act as a liaison between the Revenue Office, MIS Department and the Finance Directorate. iii) Accounts Officer (Revenue Office) is responsible for review and verification of daily scrolls collected from the banks, reconciliation with banks through CP-48 and CP-49, preparation of different CP forms for submission to the MIS Department and maintenance of cash book".

a) The scrutiny of revenue collection cash book and divisional cash collection book (CP-104) on test check basis for the month of June, 2020 revealed that collecting bank branches and Post Offices under the jurisdiction of various Revenue Offices remitted an amount of Rs.10,562 million to PESCO's main account during the month of June, 2020. However, Collection Cash Book of banking section of PESCO showed the remitted amount as Rs.10,539 million causing a difference of Rs.23.209 million ***(Annexure-43)***.

b) Moreover, it was noticed that remitted amount showing in CP-41[87] and CP-104[88] prepared by Peshawar and Khyber Circles was reconciled but remitted amount showing in CP-41 prepared at regional level was not reconciled with CP-104. The above scenario indicates that the remitted amount of Rs.86.740 million showing in CP-41 prepared at Peshawar & Khyber Circles and CP-41 prepared at Regional level not reconciled. This indicates that PESCO' MIS are preparing two sets of records and the actual remitted amount has been misrepresented in Regional CP-41 ***(Annexure-43)***.

This scenario reflects poor oversight mechanism of the management on collection and remittance process. The poor financial governance is not only causing non-reconciliation of collected versus remitted amount but also indicating red flag of potential fraud.

Management Reply: The management replied that the amount of Rs.23.21 million was remained in the pipe line due to involving clearance of payment orders of private banks from state bank, silk bank. ZTBL, BOK, Summit bank, Sind bank, JS bank and GPO deposits their payments in favor of MCB Escrow account. The above mentioned amount was cleared in July, 2020. In second case, there was no difference among the figures of CP-41 as maintained by Peshawar and Khyber Circle and that of regional level.

DAC in its meeting held on 17.08.2021, directed the management to get verified the record in support of reply from audit within seven days. Further progress was not intimated till the finalization of report.

[87] CP-41, Billing and Collection Data of Consumer at Division Level (Management Report)
[88] CP-104, Divisional Collection Cash Book

2.1.7 Non-production of Record of Development Projects Financed by the ADB and PSDP – Rs.36.39 billion

According to the directives of the Public Accounts Committee issued on June 30, 2004, "to make available all information / record to Audit as and when required by them, otherwise, disciplinary action will be initiated against persons responsible for the delay under Section-14C (2&3) of the Auditor-General's Ordinance, 2001".

The record from office of the Chief Engineer (Development) PMU, PESCO was called thrice besides repeated verbal reminders. The requisition Nos. alongwith dates are mentioned below:

a) No. IP/Forensic Audit/PESCO/FY-2010-11/01 dated 04.03.2021
b) No. IP/Forensic Audit/PESCO/FY-2010-11/56 dated 13.03.2021
c) No. IP/Forensic Audit/PESCO/FY-2010-11/65 dated 30.04.2021

The record of under mentioned projects under ADB Loan and PSDP was not provided to Audit for examination. (Annexure-44)

(Rs. in million)

Sr. No.	Title of Project	Approved Capital Cost (As per PC-I)	Revised Cost (as per revised PC-I) / Revised Closing Date	Date of Completion (As per revised PC-I) Revised Closing Date	Completion Cost
1.	PESCO 6th STG[89]	7,123.3	0	-	8,190.9
2.	PDEP[90] Tranche-I (ADB)	3,948.3	2,063	-	2,063.0
3.	PDEP Tranche-II (ADB)	2,888.5	1,689	June, 2018	1,446.7
4.	PDEP Tranche-IIII (ADB)	2,305.8	0	June, 2018	2,367.2
5.	PDEP Tranche-IV (ADB)	2,749.4	0	June, 2018	2,335.6
6.	PESCO 7th STG	19,989.1	0	In progress	19,989.1
				TOTAL	**36,392.5**

Table No. 29: ADB Loan and PSDP (Source: Data Provided by PMU Directorate of PESCO)

[89] STG: Secondary Transmission and Grid
[90] PDEP: Power Distribution Enhancement Program

However, some systemic procurement issues have been found from the Minutes of BoD meetings therefore, keeping in view the limitation of record availability, the following issue is discussed to the extent of Minutes of BoD.

Management Reply: The management replied that all the supporting record/ files are available at the concerned offices i.e. PMU, PD (GSC) PESCO Peshawar and DM (Ware House) PESCO Peshawar for checking. However the record was not provided to the Forensic Audit Team at that time due to the fact that huge quantity of record and large size of supporting files was involved.

DAC in its meeting held on 17.08.2021, DAC showed the displeasure on the act of management. Further progress was not intimated till the finalization of report.

2.1.8 Non-reconciliation of Cash Remittance Data with CPPA-G – Rs.671.38 million

PESCO booked the receipt against bills from consumers as per IT data for MIS Directorate. The IT data is prepared based on scrolls received from conventional (commercial banks) channels and non-conventional (branchless banking, NADRA and GPO). Since all the commercial banks are online and 100% of the collection in the banks are transferred to CPPA-G overnight. In case of other bill collection channels, the funds are first collected within the banks and on the next day (sometimes with lag of one day), these collection units transfer the funds to the designated commercial banks from where the funds are received in CPPA overnight.

During the period 2008-09 to 2018-19, an amount of Rs.674,661.120 million was remitted by PESCO, whereas, CPPA (G) acknowledged Rs.675,332.50 million. The difference in amount is Rs.671.383 million. In order to streamline and exercise the control over the flow of funds by the collection and remittance channels, PESCO and CPPA-G are required to update their systems of accounting and reporting accordingly.

Total cumulative difference as per CPPA-G ledger	Rs.675,332,503,117
Less the amount actually received from PESCO	Rs.674,661,120,008
Net difference to be reconciled	**Rs.671,383,109**

Management Reply: The management replied that CPPA has advised our team to visit for reconciliation of financial year 2018-19 & 2019-20. PESCO team will visit CPPA-G office during July for Reconciliation.

DAC in its meeting held on 17.08.2021, directed the management to get reconcile the figures with CPPA(G) and verified the record from audit within seven days.

The reconciliation of the difference amount of Rs.671.383 million has been carried out with CPPA-G on August 24, 2021, as result of reconciliation of both CPPA-G and PESCO will account for their respective agreed amounts in their books of account. Further progress was not intimated till the finalization of report.

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2.2 Misappropriation / Misuse of Assets

2.2.1 Misappropriation of Cash – Rs.159.90 million

It has been found that there exists an amount of Rs.159.90 million in wrong cash posting / suspicious / double payments during the period of 2012-13 to 2019-20. This scenario indicates high risky areas or vulnerability on the part of the management of PESCO that are adding loss to the company. Although the Internal Audit has pointed out multiple observations (Audit Notes), however, the management did not take a serious note of these issues and thereby finalization of these Audit Notes is still pending. It is also worth mentioning that these Audit Notes are pending since 2012-13 and the management did not get these observations settled due to its slackness.

Sr. No.	Description	Year	Total Audit Notes (Observations)	Disputed Amount (Rs)
1.	Wrong Cash Posting / Suspicious / Double.	2012-13	21	41,080,979
		2013-14	7	626,666
		2014-15	10	1,139,302
		2015-16	3	56,563,755
		2016-17	7	54,232,395
		2017-18	4	3,132,717
		2018-19	20	2,155,812
		2019-20	7	974,257
		TOTAL	**79**	**159,905,883**

Table No. 30: Misappropriation of Cash (Source: Internal Audit Reports of PESCO)

Cause and Effect Analysis: The Department of Internal Audit PESCO as well as private auditor, identified multiple irregularities pertaining to wrong cash posting / suspicious / double payments. However, an amount of Rs.159.905 million against 79 Audit Notes is still disputed due to non-finalization of their status by the management. This state of affairs reflects that although Internal Audit Department is functional however, the management did not take serious note of the observation made by it.

Management Reply: The management replied that disputed/un-debited paras for cash misappropriation which can be rectified by providing appropriate staff in the Revenue offices. Due to shortage of staff the routine checking of audit notes has been badly affected and therefore remained unsettled.

DAC in its meeting held on 17.08.2021, directed the management to finalize the pending disputed audit paras. Further progress was not intimated till the finalization of report.

2.2.2 Theft / Misappropriation of Cash and Material – Rs.279.487 million

Detailed examination of the record reflects misappropriation of the cash and assets as reported in previous Audit Reports of DAGP. The year–wise breakup and their financial impact in terms of loss to the company / or Govt. exchequer is given below:

- Misappropriation of Cash (Electrification Funds) – Rs.17.00 million ***(Annexure-45)***
- Misappropriation of material - Rs.72.50 million ***(Annexure-46)***
- Misappropriation of line material - Rs.2.039 million ***(Annexure-47)***
- Loss due to confiscation of transformers / conductor by FIA / Police - Rs.8.02 million ***(Annexure-48)***
- Loss due to illegal retention of transformers – Rs.2.01 million ***(Annexure-49)***
- Loss due to unknown whereabouts of distribution transformers - Rs.1.19 million ***(Annexure-50)***
- Loss due to theft of electrical material and vehicles – Rs.176.728 million ***(Annexure-51)***

Summary of theft / misappropriation of cash and material

Sr. No.	**Subject**	**Amount (Rs. in million)**
1.	Misappropriation of Cash (Electrification Funds)	17.00
2.	Misappropriation of Electrical Material	262.487
	TOTAL	**279.487**

Table No. 31: Theft / Misappropriation of Cash (Source: Audit Reports of D.G. Audit Power)

Cause and Effect Analysis: The employees were not timely brought to accounts as per rules and regulation to discourage such activities. **The management could not create deterrence by imposing penalties on misappropriation / embezzlement of material. So far, 47 *inquiries regarding misappropriation / embezzlement have been completed wherein 11 have been given major penalty (23%) and 28 given minor penalty (59%). However, 8 inquiries (17%) against the alleged employees have been closed and employees have been exonerated.***

It has also been noted that despite penalizing officials, the misappropriation / embezzlement of material could not be curtailed. The reasons of failure of deterrence of disciplinary proceedings are the awarding of lowest level of penalties in major and minor categories.

Due to lack of system-based controls over issuance and consumption of material, the assets of the company were not properly safeguarded which resulted into theft / misappropriation of cash and electrical material.

Management Reply: The management replied that all the inquiries involving in embezzlement / misappropriation of material have been finalized on merit. The decision of the competent authority is based upon the facts and figures of the allegation level against the accused. The decision is taken after defense replies on LOE and show cause notices. Audit contended that reply is not tenable as no comments were offered against incidents of theft, misappropriation of cash and material as reported by audit.

DAC in its meeting held on 17.08.2021, directed the management to get verified the record in support of reply from audit within seven days. Further progress was not intimated till the finalization of report.

2.2.3 Misappropriation of Assets - 154 Transformers of various capacities

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

FIA raided and recovered the consumption record of 525 out of 679 transformers of various capacities hidden in a pocket store at 132 KV Grid Station in 2014. An inquiry was conducted by the management that revealed that the aforementioned transformers were stored by the concerned Line Superintendents for further utilization in approved schemes. However, whereabouts of 154 transformers have not been confirmed and verified so far.

The enquiry report recommended to carry out physical inspection of the subject transformers. It was observed that the Special Audit Report neither confirmed the existence of 154 transformers nor their availability. It was stated that either the actual transformers were replaced due to augmentation / damaging of transformers or were not actually installed by the operation staff.

In contradiction to the content of the report, the Internal Audit Department of PESCO gave its finding in summary report that there were Nil un-verified transformers and all of them stand verified.

Cause and Effect Analysis: The non-verification of existence of the valuable assets of 154 Nos Transformers caused mis-appropriation of assets. The non-verification of existence of the valuable assets of 154 Nos Transformers indicates, mis-appropriation of assets. The internal audit department instead of recovering the stolen material or penalizing the concerned staff tried to cover up the issue by mentioning that the said transformers were mismatched either due to replacing the damage or augmentation works. Moreover, no person was held responsible for the above irregularity.

Management Reply: The management replied that all the 679 No. T/F's including 154 No T/F's have been physically verified/ installed at site. 154 No. T/F's taken in observation by audit were found mismatched with the original T/F name plates due to very old i.e. 2014. The reason of non-matching of these T/F are either due to replacement of their damage or chain augmentation. Audit contended that authenticity of transformers at sites was not probed into properly as to whether these transformers were replaced against damage or chain augmentation before concluding the verification of transformers at sites.

DAC in its meeting held on 17.08.2021, directed the management to get verified the record in support of reply from audit within seven days. Further progress was not intimated till the finalization of report.

Recommendations:

	Action required	Responsibility / Action to be taken by
i)	The management needs to verify the existence of 154 transformers and take action against the delinquents as per SoPs.	D.G. (HR) & C.E (S&I)
ii)	Audit recommends that responsibility of 154 Nos. misappropriated / stolen transformers may be	D.G. (HR) & C.E (S&I)

fixed on the concerned staff as detailed in the inquiry report for deliberately misreporting the issue to the management of PESCO.	

2.2.4 Misuse of Consumers' Security Amount – Rs.3.47 million

According to NEPRA Tariff Determination for the Financial Year 2017-18, "The Petitioner has to provide rational / justification for improper utilization of the consumer security deposit and receipt against deposit work. The Petitioner is also being directed to restrain from unlawful utilization of receipts against deposit works and security deposits, failing which, the proceedings under the relevant law shall be initiated against the Petitioner."

On test check basis, it was observed from cash book (Meter Security) for the month of June, 2020 that an amount of Rs.3.466 million **(detailed below)** was transferred to Revenue Account, Capital Cost Account and General Banking Account (GBA). The said transactions were against NEPRA's directions which clearly states not to use meter security amount for any other purpose. Despite repeated direction of NEPRA to provide rational/justification for utilization of meter security amount, PESCO management neither provided any rational / justification to NEPRA nor avoided this unlawful utilization of consumer meter security.

Non adherence to NEPRA directions resulted into financial indiscipline in respect of Meter Security funds.

Statement showing the details of misuse of consumers' security amount for the month of June, 2020

Sr. No.	Description	Amount (Rs)
1	Transfer to Revenue Account	101,386
2	Transfer to Capital Cost Account	204,707
3	Transfer to Deposit Account	-
4	Transfer to GBA Account	28,908
5	Investment in TDR	-
6	With Holding Tax on Profit	3,117,047
7	Advance Tax on TDR Profit	14,144
8	Bank Charges	-
9	Bank to Bank	-
Total (Rs)		**3,466,192**

Table No. 32: Misuse of Consumers' Security Amount (Source: Bank Statement, Cash Book 2019-20)

Management Reply: The management replied that amount of Rs.101,386 wrongly debited by Bank again credited to Meter Security A/c on June 13, 2021 after reconciliation, As per policy of PEPCO, amount Rs.28,908 was Refunded to consumer after pre-audit. Moreover, With Holding Tax Rs.3,117,047 deducted as per rules on Profit earned and bank charges Rs.14,144 on Draft/TDR.

DAC in its meeting held on 17.08.2021, directed the management to get verified the record in support of reply from audit within seven days. Record has been verified by Audit.

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TOR-3: Misrepresentation, Errors / Omissions

3.1 Non-recognition of Supplemental Charges in Financial Statement – Rs.59.36 billion

As per IFRS (International Financial Reporting Standards) frame work, qualitative characteristic of financial statements to be reliable, the information in the financial statements must be complete within the bounds of materiality and cost. An omission can cause information to be false or miss leading and thus unreliable and deficient in term of its relevance.

Supplemental charges are delayed payment charges to be paid to Independent Power Producers (IPPs). The examination of ten years record reflects that CPPA-G has raised supplemental charges to PESCO at the tune of Rs.59.36 billion as on June 30, 2020. PESCO has neither paid this amount to CPPA-G nor recognized in its financial statement. However, PESCO had taken up the said matter with NEPRA who has not allowed the same to PESCO, rather directed PESCO to adjust the same against the late payment charges received from the consumers.

Due to non settlement of supplemental charges between PESCO and CPPA, Qualified opinion was given by the Commercial Auditors[91]. Hence, the financial statements of PESCO do not represent true and fair view of its financial strength to the stated extent in the aforementioned subject.

Management Reply: The management replied that PESCO could not book the costs (Supplemental Charges) which are not allowed as part of its tariff by the regulator. Since FY 2014-15, NEPRA has allowed only offsetting the Late Payment Charges (LPC) recovered from the consumers against the Late Payment Invoices of markup on delayed payments i.e supplemental charges raised by CPPA. The same is not enough to pay off the supplemental charges completely. Once NEPRA will allow the Supplemental Charges to PESCO, the same will be booked by PESCO in its books of accounts. PESCO has also contested the criteria for changing of Supplemental Charges is outstanding without any fault of PESCO and the same being part of the power purchase cost should be considered / accounted for while allocating the supplemental charges.

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[91] M/s Bakertilly (FY-2018-19 & 2019-20) and M/s Rafaqat Babar & Co. (FY-2017-18), Chartered Accountant Firms

DAC in its meeting held on 17.08.2021, directed the management to pursue the matter vigorously. Further progress was not intimated till the finalization of report.

3.2 Deliberate Misrepresentation of Liabilities towards NTDCL - Rs.3.46 billion

As per IFRS (International Financial Reporting Standards) frame work, qualitative characteristic of financial statements to be reliable, the information in the financial statements must be complete within the bounds of materiality and cost. An omission can cause information to be false or miss leading and thus unreliable and deficient in term of its relevance.

During scrutiny of the record, it was found that NTDC has to pay an amount of Rs.764.72 million to PESCO as per reconciliation statement of June, 2020. However, PESCO has to pay Rs.4,227.70 million to NTDCL. This showed that, PESCO has a liability towards NTDCL of Rs.3,462.99 million. Contrarily, PESCO has reflected receivable of Rs.600.63 million in financial statement (FY 2019-20) instead of liability against NTDCL. This showed that deliberate misrepresentation of liabilities towards NTDCL was made by PESCO.

The detail of reconciliation statement with NTDCL as on June 30, 2020 is placed at ***(Annexure-52)***.

Management Reply: The management replied that the issue is being pursued with the concerned offices in order to ascertain the veracity of the amounts for which details from CPPA is still waited. However, these credit and debit note will be adjusted once the necessary detail is received from CPPA (G) after necessary approval from competent authority.

DAC in its meeting held on 17.08.2021, directed the management to pursue the matter vigorously.

Audit verified the record relating to Credit Note amounting to Rs.4,196.20 million and Debit Note amounting to Rs.154.39 million in June, 2021. However, the current balance of PESCO Liability towards NTDCL is Rs.3,406.16 million.

3.3 Overstated Receivables against CPPA-G regarding non-cash Settlement of Subsidy for Industrial Support Package (ISP) Claims – Rs.3.07 billion

As per IFRS (International Financial Reporting Standards) frame work, qualitative characteristic of financial statements to be reliable, the information in the financial statements must be complete within the bounds of materiality and cost. An omission can cause information to be false or miss leading and thus unreliable and deficient in term of its relevance.

As per para-5 of the ECC Summary dated 25th June, 2019, "ISP claims of XWDISCOs payable by MoF as on May, 2019 be allowed as non-cash adjustment against Federal Government outstanding re-lent loan receivable as on 30.06.2018.

During scrutiny of the record, it was found that CPPA (G) has issued credit Advice (No. PPA-301/PESCO/31 dated 24.07.2019) amounting to Rs.3.07 billion for non-cash settlement of ISP claims to PESCO as per decision of ECC but the same was not accounted for in financial statement of PESCO. This showed that receivables against CPPA-G were booked overstated. Therefore, it concludes that the financial statement of PESCO does not reflect true and fair view of its financial health to the stated extent.

Management Reply: The management replied that PESCO has duly booked the full credit Advice No PPA-301/PESCO-31 dated 24.07.2019 amounting to Rs.7.64 billion against CPPA instead of Rs.3.07 billion issued concerning non-cash settlement of ISP claims to the Credit Advice.

DAC in its meeting held on 17.08.2021, directed the management to get reconcile the balance amounts with CPPA(G) and verified the record from audit within seven days. Further progress was not intimated till the finalization of report.

3.4 Small Power Producers (SPPs) Debit Notes issued by PESCO but not booked by CPPA-G – Rs.2.60 billion

As per IFRS (International Financial Reporting Standards) frame work, qualitative characteristic of financial statements to be reliable, the information in the financial statements must be complete within the bounds of materiality and cost. An omission can cause information to be false or miss leading and thus unreliable and deficient in term of its relevance.

During scrutiny of record, it was found that energy from Small Power Producers was procured by PESCO and payment was made to SPPs on behalf of CPPA-G. Accordingly, debit advices of Rs.5.43 billion for the period 2008-09 to 2017-18 were issued to CPPA-G. However, CPPA-G had accepted the debit advices of Rs.2.83 billion only, leaving the balance of Rs.2.60 billion un-settled. This disputed amount of Rs.2.60 billion has not been disclosed in Financial Statements as per International Financial Reporting Standards (IFRS). Hence, the financial statements of PESCO do not reflect true and fair view to the stated extent.

Management Reply: The management replied that PESCO and CPPA are sister concerns both owned by GOP. Out of total debit advice of 5.43 million debits amounting to Rs.2.83 billion has been accepted and the clarification regarding the remaining balance of Rs.2.60 billion has been provided which would be settled accordingly.

DAC in its meeting held on 17.08.2021, directed the management to get reconcile the balance amounts with CPPA(G) and verified the record from audit within seven days. Further progress was not intimated till the finalization of report.

3.5 Understatement of Liabilities on accounts of Markup against Loan Facility – Rs.2.54 billion

As per IFRS (International Financial Reporting Standards) frame work, qualitative characteristic of financial statements to be reliable, the information in the financial statements must be complete within the bounds of materiality and cost. An omission can cause information to be false or miss leading and thus unreliable and deficient in term of its relevance.

As per Economic Coordination Committee (ECC) decision dated 20.06.2017; the servicing of mark up, principal repayments and all other amounts become due and payable in respect of Syndicated Term Finance Facility (STFF) of Rs.4.1 billon and shall be responsibility of the respective DISCOs.

During scrutiny of record, it was found that debit advices[92] amounting to Rs.2.54 billion from the period 2017-18 to 2019-20 were raised by CPPA-G

[92] Debit Advice No.PPA-65/PESCO-04: dt. June-2018 No.PPA-169/PESCO-15:December-2018& June-2019

against Markup of STFF of Rs.41 billion. But the said amount has not been booked as liability in the financial statement of PESCO. This showed that liability against CPPA-G was understated in the financial statement of PESCO.

Management Reply: The management replied that debit advices raised by CPPA-G relating to Markup in respect of Syndicated Term Finance Facility of Rs.41 billion are under consideration and will be decided for recognition during FY 2020-21 after approval of BoD.

DAC in its meeting held on 17.08.2021, directed the management to resolve the matter expeditiously. Further progress was not intimated till the finalization of report.

3.6 Overstated Trade and Other Payables (Consumer Security Deposit) – Rs.1.95 billion

According to Consumer Service Manual 5.4, DISCOs shall maintain separate bank account for the security deposit in accordance with the provisions laid down under section 217 of the company Act. DISCO shall not utilize this amount for any of its purpose. The profit so received from this security account shall be mentioned in the tariff petition for passing on the benefit to the consumer.

During scrutiny of record, it was found that consumer's security balance of Rs.4.9 billion was reflecting as payable in the financial statement for the financial year 2019-20 whereas as per cash book, consumer security was Rs.2.95 billion. This difference on two accounts indicates that consumer security was overstated to the tune of Rs.1.95 billion in financial statement.

Balances of Consumer Security as on June 30, 2020

(Rs. in million)

As Per Financial Statement	**4,903.049**
As Per Cash Book	2,948.632
Difference	**1,954.417**

Table No. 33: Consumer Security (Source: Financial Statement & Cash Book of PESCO)

Management Reply: The management replied that a liability on account of Meter Security of Rs.357 Million was transferred to PESCO as a result of unbundling of WAPDA, whereas funds of Rs.2.930 million were transferred in the Meter Security bank account and the remaining amount was not transferred. Further, the

Officer Inland Revenue of FBR coercively took away funds of Rs.473.99 Million from PESCO's Meter Security Bank Account by attachment of bank accounts on different occasions. Moreover, as per the directives of PEPCO funds were transferred to PEPCO meter security account to meet the financial requirement of the system. Audit contended that the subject fund cannot be transferred/ utilized as per Consumer Service Manual.

DAC in its meeting held on 17.08.2021, directed the management to get verified the record of funds transferred to the Meter Security Bank Account and expedite to transfer the remaining amount. Further progress was not intimated till the finalization of report.

3.7 Non-reconciliation with CPPA-G on account of Cost of Purchase of Power – Rs.4.50 billion

As per IFRS (International Financial Reporting Standards) frame work, qualitative characteristic of financial statements to be reliable, the information in the financial statements must be complete within the bounds of materiality and cost. An omission can cause information to be false or miss leading and thus unreliable and deficient in term of its relevance.

During the period 2008-09 to 2015-16, CPPA-G issued the invoices amounting to Rs.758.562 billion on account of sale of power to PESCO. Whereas, PESCO recorded the cost of power as Rs.763.063 billion. Resultantly, an amount of Rs.4.501 billion was over booked on account of purchase of power by PESCO. It reflects poor fiscal governance of the entity.

(Rs. in billion)

Financial Year	Billing as per CPPA	Billing as per PESCO	Difference
Opening Balance	59.183	58.426	0.757
SPPs	0	0.334	(0.334)
Others	(0.014)	0.324	(0.338)
2008-09	61.823	61.601	0.222
2009-10	78.799	80.958	(2.158)
2010-11	90.170	91.183	(1.013)
2011-12	116.582	116.590	(0.008)
2012-13	122.086	122.147	(0.061)
2013-14	133.914	133.940	(0.025)
2015-16	96.016	97.556	(1.540)
Total	**758.562**	**763.063**	**(4.501)**

Table No. 34: Misrepresentation on account of Cost of Purchase of Power from CPPA-G (Source: Financial Statements of PESCO)

Management Reply: The management replied that booking of 13th invoices for the respective years needs a massive restatement of its books of accounts and will only be made with proper reconciliation of data with CPPA-G as it involves the tax adjustment with FBR. It was pertinent to mention here that since FY 2015-16 i.e after issuance of separate invoice to PESCO, there is no difference between PESCO and CPPA-G except for the classicization of UoSC of NTDC.

DAC in its meeting held on 17.08.2021, directed the management to get reconcile the figures with CPPA-G and verified the record from audit within seven days.

Out of Rs.4.501 billion an amount of Rs.4.254 billion has been adjusted and verified by Audit. However, remaining portion pertain to TESCO.

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TOR-4: Comments on Fairness of the Financial Statements

4.1 Understatement of Fixed Assets due to their Non- transfer in favor of PESCO as on June 30, 2020 - Rs.32.85 million

It has been noted that 02 Nos. pieces of land i.e 132 KV Havelian and 132 KV Gari Habibullah measuring 106 Kanals & 9 Marlas respectively were acquired by PESCO. The awarded book value of these lands was Rs.30.16 million. Whereas, an amount of Rs.1.20 million was recorded in asset register. Moreover, land i.e. 132 KV Nathiagali measuring 19 Kanals and 9 Marlas was recorded in asset register without value. This indicates that an amount of Rs.32.85 million was understated in asset register. It is also worth mentioning that these three pieces of lands measuring ***124 Kanals and 38 Marlas*** were not transferred in favour of PESCO yet. Detail is as under:

(Rs. in million)

Sr. No.	Name of Site / Location	Kanals	Marlas	Awarded Book Value	Value taken in Asset Register	Understated value of Asset
1.	132KV Havelian	47	10	10.763	0.479	10.283
2.	132 KV Gari Habibullah	58	p19	19.394	0.719	18.675
3.	132KV Nathiagali	19	9	3.895	-	3.895
Total		**124**	**38**	**34.052**	**1.198**	**32.853**

Table No. 35: Fixed Assets due to their Non-transfer in Favour of PESCO (Source: Asset Register & Report of Property Management)

The above situation shows poor fiscal indiscipline regarding non-transfer of assets and awarding them book / market value.

Management Reply: The management replied that as per applicable procedures, the value of land assets is booked after payment made to the land owners and transfer of title thereof, is under process.

DAC in its meeting held on 17.08.2021, directed the management to get verified the record in support of reply from audit within seven days. Further progress was not intimated till the finalization of report.

4.2 Liability of PESCO Parked in the Books of PHL

Govt. of Pakistan and Ministry of Energy, through Power Holding (Private) Limited completed the process of arranging Shariah Compliant Islamic

Finance Facility through issuance of Sukuk[93] amounting to Rs.400 billion to settle the Energy Sector Circular Debts of all DISCO's. During the years June 30, 2019 and June 30, 2020, Govt. of Pakistan issued Pakistan Energy Sukuks under Ijarah agreement for Rs.400 billion for the period of 10 years to the Banks, Mutual Funds, Security Broker and other Domestic Financial Institutions. For this purpose, PESCO land was treated as underlying assets. Under this arrangement, PESCO holds the title of these Assets as Trustee / Title Agent on behalf of Sukuk Certificate holders.

The complete record on the subject matter was not provided to Audit for examination. However, a Financial Statement[94] at ***Note No. 13.1.2*** noted that the legal documents executed by PESCO and the relevant counter parties reveal that the said assets have been leased out under an Ijarah agreement to GoP with an undertaking to resell the Assets to PESCO at the end of the Ijarah Term. Although the legal documents have contemplated the overall arrangement on the model of Sukuk Ijarah, the management of PESCO has exercised its judgment, as required under International Accounting Standards (IAS)-1, "Presentation of Financial Statement", that the said transaction was, in substance, a financing arrangement and therefore did not give rise to revenue on account of disposal of PESCO assets. The management also determined that PESCO could not derecognize the assets as the conditions to recognize revenue on sale of land have not satisfied. In view of the above, based on the substance over-form and the fact that proceeds of Sukuk Bonds had been retained by the PHL the repayment of Ijarah Sukuk and Ijarah rentals are the responsibility of the GoP. PESCO does not have to de-recognized the assets in its financial statements.

Audit noted that inadequate disclosure was given in the PESCO's financial statement by the charted accountant and liability of PESCO is parked in the books of PHL.

Management Reply: The management replied that as per Section 10 of *IAS 37 Provisions, Contingent Liabilities and Contingent Assets*: "Liability is a present obligation arising as a result of past events and settlement is expected to result in an outflow of resources (payment)"Govt. of Pakistan and Ministry of Energy through Power Holding (Private) Limited has arranged arranging Shariah

[93] As per Note-13.1.2 of the Financial Statement 2019-20 of PESCO
[94] Bakertilly, Chartered Accountant Firm

Compliant Islamic Finance Facility through Issuance of Sukuk amounting Rs. 400 billion to settle the Energy Sector Circular Debts of all DISCO's. Under the arrangement PESCO holds the title of these Assets as Trustee/Title Agent on behalf of Sukuk Certificate holders. PHL have only hypothecated the assets of PESCO for Sukuk Ijarah and there is no inflow or outflow of resources to PESCO. Therefore, accordingly to *IAS 37 Provisions, Contingent Liabilities and Contingent Assets,* the event cannot be recognized as liability in the books of PESCO.

DAC in its meeting held on 17.08.2021, directed the management to get verified the record in support of reply from audit within seven days. Further progress was not intimated till the finalization of report.

Conclusion: The above analyses of various instances of misrepresentation / misreporting reflect that accounting and reporting mechanism of PESCO is very weak. There are many events where management has overstated its receivables and understated its liabilities. Some of these issues are also highlights by the commercial auditors in audited Financial Statements.

Therefore, it is concluded that the financial statements of PESCO do not present true and fair view of the financial health of company and mislead the readers / stakeholders to the above stated extent. The misleading financial statements (to the above stated extent) also hinder policy makers to have fair view of the affairs of the entity. Therefore, a holistic policy on the going concerns (sustainability) is unlikely to be made on the basis of partial and / or misleading information.

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TOR-5: Fraud Due to Negligence and Fixing Responsibility

5.1 Fraud in Pension Fund – Rs.216.92 million

During scrutiny of the record of pension funds, the following observations have been reported and besides pointation of an External Auditor[95], no concrete measures come forth from the record of pension cell. This state of affairs not only reflects existence of high risk area (Red Flags) in pension fund but also lack of policy intervention / implementation by the management. Moreover, poor internal control mechanism provides an opportunity of fraud in the company. Some instances on this matter are analyzed below.

Instances of Fraud in Pension Fund

Sr. No.	Subject	Amount (Rs.in million)
1.	Payment made to non-existing employees	174.13
2.	Excess Payment to Pensioners	33.68
3.	Pensioner fund transferred to Imprest Account & Salary Transaction	9.11
	Total	**216.92**

Table No. 36: Fraud in Pension Fund (Source: Data compiled from Pension Fund Data, Assistant Manager, Corporate Accounts (Pension Cell) (July, 2014 to June, 2019)

i) Payments made to non-existing Employees – Rs.174.13 million

a) The review of record of Assistant Manager Customer Services, Kohat pertaining to bank statements and cheques showed that cash deposits and payments to private parties were made from pension disbursement account. Payments and cash deposits to private parties amount to Rs.120.09 million and Rs.25.63 million, respectively. Moreover, 55 ghost pensioners were also identified ***(Annexure-53)***.

b) The review of cash book indicates that cheques amounting to Rs.28.41 million AM (CS) Abbottabad have been issued to individuals other than original/legitimate pensioners ***(Annexure-53)***.

[95] M/s Muniff Zia-ud-Din & Co., Chartered Accountant (Audit of Pension fund 2014-2019)

ii) **Excess Payment to Pensioners – Rs.33.681 million**

a) While comparing bank statements and cash book for the period w.e.f. 1st July 2014 to 30 June 2019, it has been pointed out that cheques cleared in bank statements were recorded with different amounts than cash book. The net excess amount withdrawn as per bank statement compared with cash book is Rs.13,116,214/- (Rs.11,855,955 AM (CS) Kohat + Rs.1,260,259 XEN Urban Cantt., Peshawar) ***(Annexure-54)***.

b) Review of cash book indicates that some payments have been made to pensioners in- excess of original pension amounting to Rs.16,594,339/- AM(CS) Abbattabad ***(Annexure-55)***.

c) The review of cash book and bank statement identified that an amount of Rs.1.857 million was paid to an employee of office of the XEN Rural Abbottabad but due to non-availability of CNIC number the authenticity could not be determined ***(Annexure-56)***.

d) While verifying payment vouchers and pension payment bills, record was found missing and payments were made amounting to Rs.2,113,642 relating to XEN Rural Abbottabad. Further, by reviewing the cash book and scanning the bank statement, it was found that cheques have been issued to pensioners / beneficiaries after their death. However, due to non-availability of CNIC of pensioners / beneficiaries from the record, identification of such beneficiaries could not be ascertained. ***(Annexure-57)***

iii) **Pensioner Fund Transferred to Imprest & Salary Accounts – Rs.9.107 million**

Review of banks statements and copies of cheques indicate that cash withdrawals and transactions from pension funds to imprest and salary account was made amounting to Rs.3,491,116/- AM(CS) Kohat and Rs.5,616,440/- XEN Rural Abbottabad, respectively ***(Annexure-58)***.

Management Reply: The management replied that internal enquiry as well as high level Enquiry at Ministry & PEPCO level has also been conducted in the aforesaid pension fraud and accordingly disciplinary action has also been taken by the management against the officers and officials involved in the cases. Further, the management has also referred the fraud case in RO City Kohat and RO City Abbottabad to NAB & FIA respectively for further investigation and recoveries. The management has also recovered the excess Pension Fund withdrawn by XEN Cantt: Division Peshawar. Now, the internal Audit department has been made responsible for verification of each demand received from PDU. Accordingly, all demands are verified by Internal Audit and processed by Pension cell according to the procedures.

DAC in its meeting held on 17.08.2021, directed the management to get verified the record in support of reply from audit within seven days. Further progress was not intimated till the finalization of report.

5.2 Fraudulent Payment on Repair of Damaged Transformers – Rs.25.79 million

As per SOP regarding "Repair of Damaged Transformers by the Private Reclamation Workshops, at the time of distribution damaged transformer receipt from field formation, the Technical Committee of PESCO should check the damage transformer within 48 hrs, prepare Monitoring & Testing (M&T) test result and copy thereof, would be sent to the respective Reclamation Workshop alongwith the damaged transformer".

It was revealed from Deputy Manager Internal Audit Department vide letter No. DCAR/P/AN/437-38 dated 21.01.2020 that the following irregularities regarding fraudulent, excess, irregular and double payments were made to Private Reclamation Workshops. M&T Test Results of damaged transformers were prepared by Private Reclamation Workshops by themselves which were later on signed by the Technical Committee of PESCO. It not only violated the SOP but also facilitated, fake / excess payment amounting to Rs.25.79 million to private reclamation Workshops. As reported by the Manager Internal Audit, the said payment was made without M&T test results and fake inspection reports of damaged transformers caused fraudulent payment to stated extent. Besides the pointation of internal Audit, the management did not take disciplinary action against the persons responsible for this fraudulent payment. The name of formation responsible for this fraudulent payment alongwith the nature of loss committed by them is depicted in the ***Annexure-59***.

Cause and Effect Analysis: The above irregularities are caused due to failures at multiple levels. This state of affairs reflects that the failure of checks or internal control is not corrected at next level. Therefore, the Fake, Excess & Double / Irregular payments have been made to Private Reclamation Workshops.

Management Reply: The management replied that detail of pointed out amount is elaborated as an amount of Rs.0.025 million recovered, amount of Rs.1.738 million verified by internal Audit however, amount of Rs.0.462 million was excess taken by audit. Moreover, 23.568 million is under process for verification.

DAC in its meeting held on 17.08.2021, directed the management to get verified the record in support of reply from audit within seven days. Further progress was not intimated till the finalization of report.

Recommendations:

	Action required	Responsibility / Action to be taken by
i)	The management may ensure compliance to the SOPs in true letter and spirit.	Superintending Engineer, Regional Manager (M&T) & Drawing and Disbursing Officer
ii)	As per SOPs Technical Committee is responsible to proactively conduct test of damage transformers as per SOPs.	Technical Committee
iii)	The concerned DDOs of accounting units should not entertain the claims without fulfilling the due process as mentioned in the SOPs.	Concerned DDOs
iv)	The management may heed to the observations raised by of Internal Audit. By ignoring the findings of the Internal Audit, the management makes the utility and exercise of the Internal Audit, a futile practice. Therefore, it is strongly recommended that the Internal Audit Department should be strengthened by keeping it independent and adhering to the advice of Internal Audit.	BoD & Chief Executive Officer

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TOR-6: Internal Control Inefficiencies

The Internal Control Review of PESCO has been made on the basis of Committee of Sponsoring Organizations (COSO) Framework. The analysis is based on five core concepts of Control Environment, Risk Assessment, Control Activities, Information & Communication and Monitoring as illustrated below:

Fig. No. 40: Elements of COSO Framework (Source: COSO Framework)

Although irregularities of various kinds as discussed at previous sections, are manifestation of poor implementation of Internal Control or failure of one or other Internal Controls. However, some of the issues that are outcome of failure of Internal Control at multiple levels and ultimately result into leakage of resources and fraud have been selected at test check basis as discussed below:

6.1 Huge Refund to Consumers due to Revision of Wrong Reading / Detection Charges - Rs.1.81 billion

According to instructions issued by the Managing Director PEPCO vide letter dated December 01, 2010, ***"strict disciplinary action, without any exception, shall be taken against the officers and staff found involved in the overbilling".*** As per Memorandum of understanding (MOU) signed between Ministry of Water & Power and DISCOs, "adjustment / bill corrections will be rationalized / minimized to less than 0.01% of total billing".

In PESCO, an amount of Rs.1.811 billion was refunded to various consumers on account of wrong reading and thereby subsequent detection revised through adjustment notes. This scenario indicates that over billing was made to consumers in one month and same had to be refunded in following months on account of wrong reading. Moreover, detection bills were not charged as per detection policy and are revised on consumers' complaints. It was analyzed that the subject matter conceals the actual line losses and theft of energy. However, record does not reflect any action taken against the officers / officials involved in credit adjustments. ***(Detail is at Annexure-60)***

Ten years data illustrates that the irregular practice of overbilling has become an established norm in PESCO arising question about the credibility and accuracy of its business data. This state of affairs reflects weak internal controls at multiple levels.

Management Reply: The management replied that the amount of refund with and without units afforded to the consumers is due to wrong reading, slab benefits, credit in overbilling as well as revision of the detection charges. These credits are provided to the consumers as relief to save them from over charges and make correction. It should however, be noted that the relief provided is within the limits of the competency of the officers concerned and each case is individually scrutinized by internal audit. The credit cases also involved corrections due to clerical mistake, MIS data errors and incorrect data to MIS system due to oversight and non-checking of the output data owing to severe staff shortage. In case of required staff strength these mistakes/errors could have avoided and a positive impact would also lead to efficient services. Due to shortage of meter reading staff , reading is taken after six months in far flung scattered and hilly areas and thus when billed accumulatively , relief is provided in slabs and reading accordingly.

DAC in its meeting held on 17.08.2021, directed the management to get verified the record in support of reply from audit within seven days. Further progress was not intimated till the finalization of report.

6.2 Consumer's CNIC Numbers and Addresses are missing in Management Information System (MIS) - Rs.6.551 million

The analysis of consumer data reflected that CNIC numbers of 1.73 million consumers out of 3.80 million was missing in consumers' profile. Moreover, addresses of ***1,562 running consumers*** were also missing in the consumers' profile. In addition to that an amount of Rs.6.551 million against running consumers is appearing as arrears as reflected in figure below. This issue is result of failure of internal controls at multiple levels.

The standard procedure for applications of new connections was not followed. Partially filled forms including attested copies of CNIC as required were not made available by the consumers with forms / application but the same were entertained by SDOs. So the first lapse of internal control occurred here.

Risk assessment of the subject matter was not carried out. As the risk assessment in terms of impact of possible gaps in the subject matter was not carried out therefore, accepting and processing the partially filled forms resulted into incorporation of incomplete data into MIS system and thereby pilling up of receivables against persons having no data of CNIC. Had the MIS introduced / maintained in built controls, it would had become unlikely to punch partial data. So, this is a gap in developing and maintaining internal controls. In case of default, it is highly likely that the company would be unable to recover the arrears.

Control activities are actions that are carried out to ensure management's directives are implemented to mitigate risk. This case reflects failure of this check as well, because any preventative or detective activity was not carried out to ensure implementation of procedure regarding accepting applications and processes following after it. Had the staff at SDO Office, applied this control check, the cases of partial data would had been identified and rectified thereof.

Due to not conducting risk assessment of applications of new consumers, neither the information of partially completed forms was shared with the management (internal communication) nor was the same provided to the applicants (external communication). Hence, this check is not functional too.

The oversight mechanism is used to check whether controls are functional, dysfunctional, partially functional or not existing at all. In the subject matter, although the system of controls is in place but these are partial to non-functional status. So, this state of affairs reflects that neglecting one control actually leads to neglecting subsequent controls. ***(Annexure-61)***

Management Reply: The management replied that non-availability of CNIC data in Consumer's Master File is mainly due to shifting of consumers in computerized MIS system when the manual system was computerized in eighties; thus relates to old record. Similarly there was no mandatory check in filling CNIC number in application form for new connections at that time and hence skipping of CNIC was the main cause till 2017. In 2017 authority made it mandatory to fill up the application form for new connection with CNIC number and hence no new connection is being billed without CNIC after 2017. Due to shortage of staff in subdivision and RO, the updation of CNIC and mobile numbers in record is the major challenge we are facing in PESCO.

DAC in its meeting held on 17.08.2021, directed the management to make the updation of Consumer's CNIC Numbers and Addresses in Management Information System (MIS) and get verified from audit. Further progress was not intimated till the finalization of report.

6.3 Irregular Billing - Equipment Removal Orders (EROs) executed but meters are running at site - Rs.207.21 million

According to Para-3 of Authority's circular dated April 15, 1998, "disconnections will be effected through removal of meters, transformers, span or any other equipment to ensure that no possibility of loop hole is left for unauthorized use of energy during the period of disconnection. The equipment after having been removed from site was required to be returned to store".

Monthly billing data was analyzed on test check basis. Analysis revealed that EROs had been executed against 395 consumers but their meters are running at site. An arrear of Rs.207.207 million is also outstanding as on June 30, 2020.

During the scrutiny of record, it was found that consumption is being charged against consumers whose EROs were executed in MIS system but were not actually implemented in field. This state of affairs reflects internal control failure as electricity was supplied to the consumers against whom EROs were issued. Moreover, these consumers are continuously being billed without recovery of outstanding arrears. ***(Annexure-62)***

Monthly units were charged to disconnected consumers as well as to the consumers whose EROs had been executed. Fake billing was made to aforementioned consumers in order to inflate the monthly billing and collection. This scenario indicates that fake billing was made that caused accumulation of receivables. Fake billing also concealed the line losses of PESCO.

Internal Audit Department of PESCO has raised 170 observations[96] with financial impact of Rs.33.740 million from 2012-13 to 2019-20 on the subject matter. However, the management did not address the issue so far.

The management is required to disconnect all the running defaulters (CP-114) and ensure that no defaulter remains in running consumers category. The arrears of disconnected defaulters may be recovered after resolving the billing dispute, if any. FIRs may be lodged against illegal consumers and departmental disciplinary action may also be taken against field staff involved in theft of electricity and non-implementation of EROs.

Management Reply: The management replied that billing of units to consumers whose ERO is under process for execution is not billed and hence no irregular billing is made. These routine corrections can be made effectively by provision of staff in RO which will also improve the overall working. Audit contended that EROs were executed as per billing data of consumers but billing was made.

DAC in its meeting held on 17.08.2021, directed the management to get verified the record in support of reply from audit within seven days. Further progress was not intimated till the finalization of report.

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[96] (Source: Internal Audit Reports on Connection Running on Site, Less Billing & Unauthorized Free Supply)

6.4 Non-Deposit of Security Fee at the Time of Installation of Connections – Rs.775.951 million

According to Consumer Service Manual 5.4, DISCOs shall maintain separate bank account for the security deposit in accordance with the provisions laid down under section 217 of the company Act. A DISCO shall not utilize this amount for any of its purpose. The profit so received from this security account shall be mentioned in the tariff petition for passing on the benefit to the consumer.

The analysis of basic consumer data provided by the management showed that security amount from 560,106 consumers had not been recovered. Rate of consumers' security fee has been changing over the last ten years. Audit has estimated an amount of Rs.775.951 million recoverable from the consumers on account of security. ***(Annexure-63)***

The standard procedure of depositing security at the time of installation of new connections was not followed. The risk assessment in terms of impact of potential gap in the subject matter was also not carried out therefore, accepting and processing the consumers' applications resulted into pilling up of arrears. In case of default, it is highly likely that the company would be unable to recover the arrears.

This case reflects failures of internal control as any preventative or detective activity was not taken up to ensure implementation of procedure regarding accepting applications and processes following after it. Had the staff at SDO Office, applied the control check, the cases of non-submission of security fee would had been identified and rectified, thereof.

Due to not conducting risk assessment of applications of new consumers, neither the required information of non-submission of security fee was provided to the management (internal communication) nor was the same information provided to the applicants (external communication). Hence, this check is not functional too. So, this state of affairs reflects that neglecting one control actually leads to neglecting subsequent controls. ***(Annexure-63)***

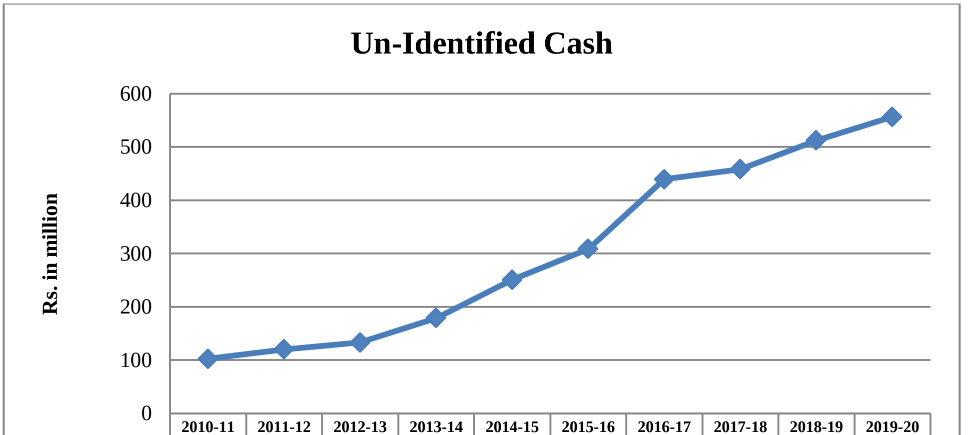
Management Reply: The management replied that non-availability of meter security is due to the reasons that shifting of consumer's data into MIS when the manual system was computerized and no previous data of the security was entered into the new system. Further, the amount of security recovered and deposited but not updated into the MIS system by the RO office as no staff member is available to complete the job due to acute shortage of staff. Moreover, in case of reconnection, the security is deposited at the new rates but the consumer record is not updated in the MIS system. The point of audit has been noted and recommendation made would be implemented.

DAC in its meeting held on 17.08.2021, directed the management to make the updation of Consumer's security amounts in Management Information System (MIS) and get verified from audit. Further progress was not intimated till the finalization of report.

6.5 Pilling up of Un-Identified Cash due to Poor Internal Control – Rs.556.25 million

PESCO collects receipts of electricity bills through various banking channels and post offices, whereas banks remit more cash to PESCO's main account without documentary proof (scrolls, stubs etc). In the absence of bank scrolls, it is not possible to know consumers' particulars that who submitted their bills in banks (or other collecting points) unless they provide proof of paid bills to PESCO.

The un-indentified cash, which was required to be adjusted against the respective consumers, increased from Rs.102.142 million to Rs.556.25 million (444.58%). This scenario indicates poor internal controls at multiple levels.



	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Series1	102.142	120.13	132.9	178.81	250.77	308.633	439.4	458.09	512.13	556.25

Fig. No. 41: Un-identified Cash (Source: CP-120-A (Un-identified Cash) Commercial Directorate, PESCO)

Management Reply: The management replied that inherent flaw and limitation of the MIS system entails that bill amount deposited in the banks in the jurisdiction of one computer center related to the other computer center falls into the un-identified transaction. Similarly the amount deposited in banks with the incorrect manual bill made by the field staff without confirming actual number also falls into the un-identified transaction. The introduction of the IBS oracle based database software in PESCO would remove this discrepancy and bill paid at any bank will be posted to its respective account number.

DAC in its meeting held on 17.08.2021, DAC directed the management to clear the un-identified amounts and verified from audit. Further progress was not intimated till the finalization of report.

6.6 Billing and Collection Discrepancies – Rs.2.16 billion

The record of billing and collection was examined on test check basis and following discrepancies have been noted:

i) During scrutiny of record over a period of ten years, it has been found that there are multiple forms of billing discrepancies as pointed out by office of the Internal Audit. Theses discrepancies include omission of Units, Arrears and Multiplying Factors. There are 59 Audit Notes (Observations) with financial implication of Rs.24.836 million, ***(Annexure-64)***.

ii) Moreover, 8 No. Audit Notes on connections, disconnected but running at site, less billing against street light and unauthorized free supply having financial value of Rs.1.232 million are disputed between the Management and Internal Audit, ***(Annexure-64)***.

iii) 17,473 Audit Notes amounting to Rs.2.131 billion regarding various issues on billing and collection were raised by Internal Audit, PESCO and lying outstanding since 2012-13. ***(Annexure-64)***.

Audit concluded that 17,540 billing and collection irregularities were pointed out by the Internal Audit Department. This huge number of observations reflect gross mismanagement and loose / absence of internal controls in matters of revenue of the company. However, it has also been observed that besides recurring observations over years, the management did

not take necessary control measures to address these discrepancies regarding the matter of billing and collection.

Cause and Effect Analysis: Although the department of Internal Audit PESCO identified multiple irregularities pertaining to billing and collection, however, an amount of Rs.2.157 billion against 17,540 Audit Notes is still disputed due to non-finalization of their status by the management. This state of affairs reflects that management is not taking serious note of observations made by the Internal Audit Department.

Management Reply: The management replied that billing and collection discrepancies pointed out by the audit are of minor nature and can be rectified with the provision of proper staff and human resource in PESCO. These discrepancies are the result of non-checking, non-monitoring and lack of auditing by the RO staff. These routine nature errors can be rectified by providing the required staff which will improve the overall working.

DAC in its meeting held on 17.08.2021, directed the management to get rectified the billing and collection discrepancies and verified from audit. Further progress was not intimated till the finalization of report.

6.7 Revenue, Financial & Procedural Irregularities

a) Revenue related Irregularities: Analysis of Internal Audit Reports on account of revenue of eight years (2012-13 to 2019-20) was done to examine, how the management responds to the observations raised by the Internal Audit Department.

Data reflects that an amount of Rs.7.60 billion was detected under various irregularities relating to billing & collection:

i) 3% amount of the total was dropped on the consensus of management & internal audit department.

ii) 61% of the total (i.e. Rs.4.68 billion) is an agreed amount to be recovered for the period of eight years.

iii) 36% of the total (i.e. Rs.2.78 billion) is the disputed amount between the Internal Audit Department and the management.

The above scenario reflects that the major part of the total amount objected (61%) is agreed but the same has not been recovered due to inefficiency of the management and lack of monitoring mechanism by the top management of PESCO. Moreover, over one third of amount of the total i.e. Rs.2.78 billion is still disputed over the period of eight years. This also reflects management's failure to decide the fate of audit observations made by Internal Audit Department. It also shows the lack of implementation of the existing control measures. ***(Annexure-65)***

To cap it all, the lack of internal controls or poor implementation of internal controls are adding to the difficulties of billing & revenue collection and subsequently resulting into losses to PESCO.

b) Financial Irregularities: The Internal Audit Department of PESCO has raised serious concerns on the Financial Irregularities of PESCO in its reports of Financial Year 2013-14 to 2019-20. Out of Rs.25.70 billion objected amounts on account of various types of financial irregularities including General & Admn. Expenses, Fixed Assets Management, Human Resource Management, Cash & Treasury Management, Taxation, Inventory & Material Management and Purchase and Payable. Such type of recurring irregularities indicate poor financial indiscipline, weak internal controls and lack of managerial oversight. Such irregularities are continuously draining the resources of PESCO overtime. ***(Annexure-66)***

The status of objected amount reflects that no serious action has been taken by the management at the pointation of Internal Audit and Total pending amounts reflect that 95.06% of the total detected amount pertaining to various cases is still unresolved.

c) Procedural Irregularities: The Internal Audit Department of PESCO has raised serious concerns on the Procedural Irregularities of PESCO in its reports of Financial Year 2013-14 to 2019-20. Out of Rs.33.31 billion objected amounts on account of various types of financial irregularities including General & Admn. Expenses, Fixed Assets Management, Human Resource Management, Cash & Treasury Management, Taxation, Inventory & Material Management and Purchase and Payable. Such type of recurring irregularities indicate procedural violations which are manifestation of weak internal controls, fiscal indiscipline and lack of managerial oversight. Such procedural irregularities are continuously creating room for leakage of resources and fraud. ***(Annexure-67)***

The status of objected amount reflects that no serious action has been taken by the management at the pointation of Internal Audit and total pending amounts reflect that 94.45% of the total disputed amount on account of procedural irregularities.

Management Reply: The management replied that disputed audit paras taken by audit in last ten years are needed to be verified for accuracy and thorough checking of record is required. Due to severe shortage of staff in Revenue Offices, these are pending for verification and would be debited after proper verification.

DAC in its meeting held on 17.08.2021, directed the management to resolve the pending disputed audit paras. Further progress was not intimated till the finalization of report.

Recommendation:

It has been analyzed that one or other(s) control measure of COSO Framework is / are missing in PESCO, it is therefore, recommended that the management may develop a vibrant system of Internal Control and implement the existing controls in line with the guidelines of COSO Framework.

The Analysis of Internal Control of PESCO reveals that "monitoring" of the business activities of PESCO needs special attention of the management. Monitoring procedures evaluate important controls over material risk to PESCO's objectives as illustrated in the figure below:

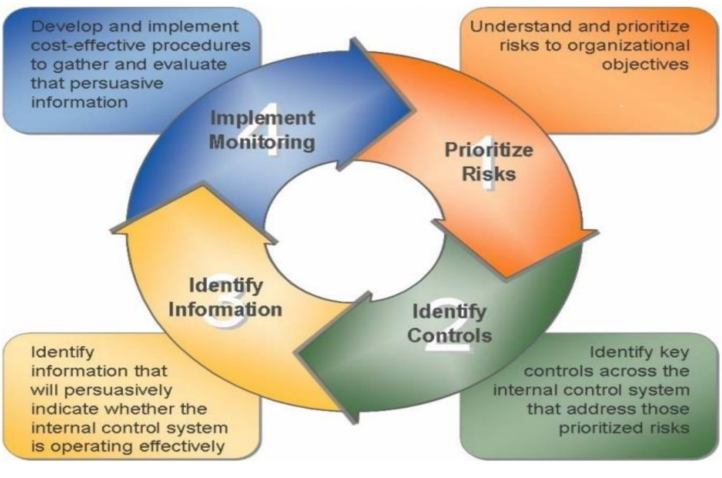


Fig. No. 42: Logical Monitoring Design Progression (Source: COSO Framework – Vol-III)

The modal emphasizes the importance of understanding risk and relationship of controls to risks as both are fundamental parts of COSO Framework[97]. The introduction and implementation of above control measures will reduce losses and would also enhance efficiency of the management to achieve its objectives.

[97] Source: Internal Control – integrated framework; guidance on monitoring internal control systems (Vol-III - application techniques).

SECTION-III

Conclusion & Recommendations

SECTION-III – CONCLUSION & RECOMMENDATIONS

Conclusion

- Major causes of losses in PESCO primarily includes theft of Electricity, weak Internal controls, non adherence to NEPRA directions, policy intervention of other power players and ineffective administrative and technical measures by management
- The piling up huge receivables was not controlled due to lack of policy implementation and ineffective administrative measures by PESCO.
- Poor oversight mechanism of the management resulted in stern problem of collection and remittance process that indicated red flag of potential fraud.
- Financial statements do not depict clear and fair view of the state of affairs of Company—Instances of window dressing were observed
- Significant balances pended with CPPA-G, NTDC&WAPDA reflected Weak reconciliation mechanism.
- Robust mechanism is needed to be put in place with maximum integration of all the department in PESCO without any delay. Staff working in Banking Section, Commercial Section and MIS Department needs to collaborate operational and financial data to minimize chances of Frauds and misappropriation.

Recommendations

- BoD is required to take necessary policy decisions in order to control theft of electricity, T&D losses and short fall of recovery as per NEPRA target and should avoid the external influence.
- Automation of Business Process through Enterprise Resource Planning (ERP) and Aerial Bundled Cables (ABC) and Advance metering Infrastructure (AMI).

- Since PESCO is bearing high capacity payments like other DISCOs, there is a need to review Power Purchase Agreements, so that interest of all the stake holders could be taken care of.
- Timely recovery of receivables from consumers so that the same may not transcend into dead defaulters and then actual write off.
- There is a need of policy formulation inclusive of all stakeholders to address the long standing issues like Warsak Dam, Shabqadar and other hard areas.
- The Govt. of Pakistan and the Govt. of AJ&K may develop a mechanism to resolve the long outstanding issue of receivables. Ministry of Finance and CPPA-G should develop a mechanism for recovery of wheeling charges from TESCO.
- The regulator may devise a mechanism to determine tariff timely so that unnecessary financial burden in terms of receivables could be managed right from its origin.
- The management needs to create and maintain separate pension fund in order to keep its financial discipline and accrue potential investment benefits thereof. Side by side data base of active pensioners needs to be reconciled to arrive at bogus pensioners.
- The requisite reconciliation of revenue collection and remittances is required to be made among Revenue Offices, Banks, MIS & Banking Section of PESCO and remittance of collected amount may be ensured without delay.
- Accounts reconciliation with CPPA-G and other entities.
- The management may develop a vibrant system of Internal Control and implement the existing controls.

ANNEXURE

(1 to 67)

ANNEXURE-1

OPERATIONAL REVIEW

Sr. No.	Consumer Category	Financial Year									
		2010-11	**2011-12**	**2012-13**	**2013-14**	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**
1.	Domestic	2281849	2361837	2447438	2523470	2602181	2703406	2805422	2908414	3029784	3193810
2.	Commercial	264582	271688	279479	289155	298739	309919	321802	337386	349985	362183
3.	Industrial	23460	28156	28907	29760	30344	31204	32023	29872	26582	26919
4	Bulk & Other	889	921	923	924	935	891	952	31056	42115	43131
5	Agriculture	26911	23190	23228	23441	23328	23371	23289	23083	22896	22968
6	Public Lighting	873	972	1012	1028	1040	1105	1088	1096	1083	1119
	TOTAL	**2598564**	**2686764**	**2780987**	**2867778**	**2956567**	**3069896**	**3184576**	**3330907**	**3472445**	**3650130**

Operational Review (Source: Data Provided by Commercial Directorate of PESCO)

ANNEXURE-2

DETAIL OF TOTAL EXPENDITURE FOR THE PERIOD 2010-11 TO 2019-20

(Rs. in million)

Financial Year	Total Expenditure								
	Cost of Electricity	**%age of Total Exp.**	**Operating Exp**	**%age of Total Exp.**	**Depreciation**	**%age of Total Exp.**	**Finance Cost**	**%age of Total Exp.**	**Total Expenditure**
2010-11	81,085.91	88.34	9,369.47	10.21	1,263.02	1.38	66.85	0.07	**91,785.25**
2011-12	106,473.61	80.34	24,590.50	18.56	1,457.21	1.10	3.21	0.00	**132,524.53**
2012-13	107,936.47	80.85	17,630.96	13.21	1,555.57	1.17	6,381.90	4.78	**133,504.90**
2013-14	118,565.46	81.22	16,767.32	11.49	1,773.26	1.21	8,869.43	6.08	**145,975.46**
2014-15	105,575.67	79.93	20,143.32	15.25	1,901.40	1.44	4,471.55	3.39	**132,091.94**
2015-16	86,580.28	73.54	25,973.78	22.06	2,008.74	1.71	3,162.57	2.69	**117,725.37**
2016-17	108,053.03	80.48	21,448.90	15.98	2,292.57	1.71	2,460.99	1.83	**134,255.49**
2017-18	142,941.66	85.45	21,360.42	12.77	2,644.20	1.58	335.24	0.20	**167,281.52**
2018-19	169,013.67	84.00	26,447.85	13.14	2,871.32	1.43	2,870.28	1.43	**201,203.12**
2019-20	199,594.29	87.12	25,651.16	11.20	3,026.26	1.32	842.2	0.37	**229,113.91**

Total Expenditure (Source: Financial Statements of PESCO)

ANNEXURE-3

DETAIL OF OPERATING EXPENSES FOR THE PERIOD 2010-11 TO 2019-20

(Rs. in million)

Description	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
Salaries, Wages & Other Benefits	18,836.68	18,546.82	15,252.69	13,621.40	17,634.38	11,707.74	9,629.77	10,108.09	7,949.89	6,346.30
Repairs and Maintenance	787.79	728.51	646.87	735.82	735.78	716.35	766.89	520.54	480.22	424.77
Rent, Rates & Taxes	53.93	199.12	45.50	41.37	80.61	47.41	32.81	58.61	66.22	40.32
Power, light & water	54.69	34.00	37.02	32.24	43.38	34.77	28.24	31.00	24.13	22.50
Postage & Telephone	32.70	45.04	44.15	36.10	21.30	19.64	18.17	17.67	16.34	17.36
Other Supplies & Other Expenses	342.53	214.04	145.23	163.56	151.63	115.55	77.93	54.93	53.40	45.68
Travelling & Transportation	403.16	390.83	360.06	348.41	346.61	326.14	312.01	287.51	249.67	238.55
Insurance Expenses	21.99	8.38	27.05	16.18	49.75	23.26	22.73	12.04	5.31	6.87
Electricity Bill Collection Charges	146.07	126.34	108.58	77.47	125.91	82.62	133.85	152.58	142.78	140.02
Legal & Professional Charges	30.19	18.77	29.55	30.97	41.34	35.38	22.83	12.09	15.77	11.26
Management fees & Other Charges	144.79	96.27	88.36	148.43	66.71	17.21	19.46	24.66	18.64	14.45
Auditor's Remuneration	1.08	3.47	2.61	0.80	1.43	2.22	0.90	0.90	0.80	0.40
NEPRA Fees & charges	32.10	26.63	24.26	21.55	21.22	19.43	16.40	14.63	12.93	10.65
Advertisement & Publicity	6.45	12.88	18.50	2.80	36.68	3.34	3.16	2.35	179.77	98.98
Provision for Doubtful Debts	4,734.06	5,979.03	4,511.06	6,090.32	6,600.16	6,975.99	5,668.01	6,316.49	15,276.39	1,890.64
Provision for Stores & Spares	4.41	-	-	62.20	-	-	-	-	-	-
Overhead charged by CPPA	-	-	-	-	2.68	2.35	1.33	-	87.29	-
Write-off long term advance	-	0.07	1.07	0.09	0.03	1.56	0.14	1.55	-	0.08
Director's fee	5.36	4.56	5.00	3.53	-	-	-	-	-	-
Miscellaneous Expenses	13.16	13.07	12.85	15.64	14.16	12.36	12.70	15.33	10.97	60.65
Total	**25,651.16**	**26,447.85**	**21,360.42**	**21,448.90**	**25,973.78**	**20,143.32**	**16,767.32**	**17,630.96**	**24,590.50**	**9,369.47**

Other Operating Expenses (Source: Financial Statements of PESCO)

ANNEXURE-4

DETAIL OF REVENUES FOR THE PERIOD 2010-11 TO 2019-20

(Rs. in billion)

Financial Year	Sales of Electricity	% Age of Total Revenue	Subsidy from Government	% age of Total Revenue	Other Income	% age of Total Revenue	Total Revenue
2010-11	44.920	60%	26.945	36%	3.273	4%	75.139
2011-12	53.293	62%	25.225	30%	6.788	8%	85.306
2012-13	60.151	60%	36.825	37%	3.283	3%	100.260
2013-14	69.628	63%	37.636	34%	3.427	3%	110.692
2014-15	82.889	71%	29.411	25%	3.728	3%	116.028
2015-16	73.292	70%	27.932	27%	3.772	4%	104.996
2016-17	78.471	69%	31.664	28%	4.284	4%	114.420
2017-18	87.312	69%	34.744	27%	4.996	4%	127.053
2018-19	107.567	63%	58.483	34%	5.803	3%	171.854
2019-20	127.504	59%	73.409	34%	13.720	6%	214.634
G. TOTAL	**785.027**	**64.32**	**382.274**	**31.32**	**53.074**	**4.34**	**1,220.382**

Revenues of PESCO (Source: Financial Statements of PESCO)

ANNEXURE-5

DETAIL OF OVERALL EXPENDITURE & REVENUES FOR THE PERIOD 2010-11 TO 2019-20

(Rs. in million)

Financial Year	Total Expenditure					Total Revenue				
	Cost of Electricity	Operating Exp	Depreciation	Finance Cost	Total Expenditure	Sales of Electricity	Subsidy	Rental	Other	Total Revenue
2010-11	81,085.91	9,369.47	1,263.02	66.85	**91,785.25**	44,920.70	26,945.29	120.57	3,152.57	**75,139.12**
2011-12	106,473.61	24,590.50	1,457.21	3.21	**132,524.53**	53,293.07	25,225.43	89.93	6,698.33	**85,306.77**
2012-13	107,936.47	17,630.96	1,555.57	6,381.90	**133,504.90**	60,151.51	36,825.69	58.30	3,225.15	**100,260.65**
2013-14	118,565.46	16,767.32	1,773.26	8,869.43	**145,975.46**	69,628.47	37,636.40	42.16	3,385.62	**110,692.66**
2014-15	105,575.67	20,143.32	1,901.40	4,471.55	**132,091.94**	82,889.11	29,411.12	45.91	3,682.19	**116,028.33**
2015-16	86,580.28	25,973.78	2,008.74	3,162.57	**117,725.37**	73,292.49	27,932.35	42.70	3,729.36	**104,996.91**
2016-17	108,053.03	21,448.90	2,292.57	2,460.99	**134,255.49**	78,471.84	31,664.23	43.97	4,240.30	**114,420.34**
2017-18	142,941.66	21,360.42	2,644.20	335.24	**167,281.52**	87,312.41	34,744.75	44.32	4,952.07	**127,053.55**
2018-19	169,013.67	26,447.85	2,871.32	2,870.28	**201,203.12**	107,567.24	58,483.59	45.90	5,757.34	**171,854.07**
2019-20	199,594.29	25,651.16	3,026.26	842.20	**229,113.91**	127,504.44	73,409.80	46.15	13,673.88	**214,634.26**

Overall Revenue Vs Expenditure of PESCO (Source: Financial Statements of PESCO)

ANNEXURE-6

GROSS PROFIT MARGIN RATIO

Gross Profit = Net Sales – Cost of Goods Sold
Gross Profit Margin = Gross Profit / Net Sales × 100

Sr. No.	Year	Gross Profit	Net Sales	Gross Profit Margin (%)
1	2010-11	(9,219,925,617)	71,865,984,178	-12.83%
2	2011-12	(27,955,106,757)	78,518,507,055	-35.60%
3	2012-13	(10,959,272,453)	96,977,200,235	-11.30%
4	2013-14	(11,300,587,143)	107,264,876,364	-10.54%
5	2014-15	6,724,566,986	112,300,234,732	5.99%
6	2015-16	14,644,571,040	101,224,848,719	14.47%
7	2016-17	2,083,043,782	110,136,074,057	1.89%
8	2017-18	(20,884,501,084)	122,057,160,244	-17.11%
9	2018-19	(2,962,845,613)	166,050,829,347	-1.78%
10	2019-20	1,319,945,324	200,914,239,538	0.66%

Gross Profit Margin Ratio (Source: Financial Statements of PESCO)

ANNEXURE-7

NET PROFIT MARGIN RATIO

NPM = (Net Profit / Net Sales) × 100

Sr. No.	F.Y	Net Profit / (Loss)	Net Sales	NPM
1.	2010-11	(16,086,605,374)	71,865,984,178	-22.38%
2.	2011-12	(46,530,313,255)	78,518,507,055	-59.26%
3.	2012-13	(32,506,988,224)	96,977,200,235	-33.52%
4.	2013-14	(34,403,599,419)	107,264,876,364	-32.07%
5.	2014-15	(15,106,026,585)	112,300,234,732	-13.45%
6.	2015-16	(11,644,794,892)	101,224,848,719	-11.50%
7.	2016-17	(19,371,936,707)	110,136,074,057	-17.59%
8.	2017-18	(39,920,844,571)	122,057,160,244	-32.71%
9.	2018-19	(29,263,296,099)	166,050,829,347	-17.62%
10.	2019-20	(14,622,475,534)	200,914,239,538	-7.28%

Net Profit Margin (Source: Financial Statements of PESCO)

ANNEXURE-8

RETURN ON ASSETS RATIO

ROA = Net Income / Total Assets

Sr. No.	Financial Year	Net Profit / (Loss)	Total Assets	Ratio
1.	2010-11	(16,086,605,374)	117,940,908,829	-13.64%
2.	2011-12	(46,530,313,255)	134,414,772,365	-34.62%
3.	2012-13	(32,506,988,224)	146,197,889,012	-22.23%
4.	2013-14	(34,403,599,419)	201,372,105,609	-17.08%
5.	2014-15	(15,106,026,585)	215,302,600,986	-7.02%
6.	2015-16	(11,644,794,892)	233,666,917,817	-4.98%
7.	2016-17	(19,371,936,707)	257,872,573,578	-7.51%
8	2017-18	(39,920,844,571)	253,104,089,569	-15.77%
9.	2018-19	(29,263,296,099)	292,486,501,158	-10.01%
10.	2019-20	(14,622,475,534)	330,553,216,021	-4.42%

Return on Assets Ratio (Source: Financial Statements of PESCO)

ANNEXURE-9

CURRENT RATIO

Current Ratio = Current Assets / Current Liabilities

(Rs. in million)

Year	Current		
	Assets	**Liabilities**	**Ratio**
2010-11	85,787.13	156,494.56	0.548
2011-12	99,121.83	214,615.10	0.462
2012-13	106,169.81	216,487.53	0.490
2013-14	157,092.96	126,346.92	1.243
2014-15	167,658.97	185,900.86	0.902
2015-16	180,451.99	215,858.39	0.836
2016-17	198,605.76	248,847.21	0.798
2017-18	185,136.12	299,929.52	0.617
2018-19	220,367.79	362,764.60	0.607
2019-20	255,588.95	417,852.15	0.612

Current Ratio (Source: Financial Statements of PESCO)

ANNEXURE-10

QUICK RATIO

Quick Ratio = Total Currents Assets – Inventory – Prepaid Expenses / Current Liabilities

Sr. No.	Financial Year	Current Assets	Inventory	Quick Assets	Current Liabilities	Ratio
1	2010-11	85,787,128,773	2,538,521,803	83,248,606,970	156,494,558,300	0.53
2	2011-12	99,121,835,205	3,036,976,810	96,084,858,395	214,615,102,754	0.45
3	2012-13	106,169,806,788	3,292,834,212	102,876,972,576	216,487,527,594	0.48
4	2013-14	157,092,963,997	3,704,632,476	153,388,331,521	126,346,917,651	1.21
5	2014-15	167,658,966,770	3,554,057,708	164,104,909,062	185,900,863,801	0.88
6	2015-16	180,451,989,142	6,239,362,983	174,212,626,159	215,858,392,631	0.81
7	2016-17	198,605,758,040	3,519,064,368	195,086,693,672	248,847,212,355	0.78
8	2017-18	185,136,120,444	3,186,327,786	181,949,792,658	299,929,517,214	0.61
9	2018-19	220,367,795,558	4,496,904,929	215,870,890,629	362,764,605,038	0.60
10	2019-20	255,588,952,440	5,354,955,142	250,233,997,298	417,852,152,601	0.60

Quick Ratio (Source: Financial Statements of PESCO)

ANNEXURE-11

DEBT RATIO

Debt Ratio = Total Debt / Total Assets

Sr. No.	Financial Year	Total Debt	Total Assets	Ratio
1	2010-11	179,593,643,871	117,940,908,829	1.52
2	2011-12	248,369,258,158	134,414,772,365	1.85
3	2012-13	293,288,269,760	146,197,889,012	2.01
4	2013-14	312,239,239,487	201,372,105,609	1.55
5	2014-15	340,308,931,679	215,302,600,986	1.58
6	2015-16	373,314,564,402	233,666,917,817	1.60
7	2016-17	409,179,079,650	257,872,573,578	1.59
8	2017-18	469,991,889,580	253,104,089,569	1.86
9	2018-19	554,232,558,925	292,486,501,158	1.89
10	2019-20	612,429,241,960	330,553,216,021	1.85

Debt Ratio (Source: Financial Statements of PESCO)

ANNEXURE-12

DEBTOR TURN OVER PERIOD

DTOP = Average Trade Debts / Average Accounts Receivable * 365

Financial year	Total Sales	Trade Debt		Average Trade Debt	Ratio	Days in a Year	Ratio (Days)
		Previous	Current				
2010-11	71,865,984,178	19,537,421,551	28,278,288,755	23,907,855,153	3.01	365	121
2011-12	78,518,507,055	28,278,288,755	24,766,057,310	26,522,173,033	2.96	365	123
2012-13	96,977,200,235	24,766,057,310	29,592,516,560	27,179,286,935	3.57	365	102
2013-14	107,264,876,364	29,592,516,560	37,316,019,956	33,454,268,258	3.21	365	114
2014-15	112,300,234,732	37,316,019,956	42,110,094,495	39,713,057,226	2.83	365	129
2015-16	101,224,848,719	42,110,094,495	47,029,885,774	44,569,990,135	2.27	365	161
2016-17	110,136,074,057	47,029,885,774	52,710,999,798	49,870,442,786	2.21	365	165
2017-18	122,057,160,244	52,710,999,798	60,999,543,643	56,855,271,721	2.15	365	170
2018-19	166,050,829,347	60,999,543,643	70,809,206,645	65,904,375,144	2.52	365	145
2019-20	200,914,239,538	70,809,206,645	86,348,889,699	78,579,048,172	2.56	365	143

Debtor Turnover Period (Source: Financial Statements of PESCO)

ANNEXURE-13

CREDITORS TURNOVER PERIOD

CTOP = Trade Payables / Cost of Electricity * 365

Financial Year	Cost of Electricity	Accounts Payables			Turnover Ratio	Days in a Year	Ratio (Days)
		Previous Year	Current Year	Average			
2010-11	81.085	140.809	156.308	148.559	0.546	365	669
2011-12	106.473	156.308	213.824	185.066	0.575	365	634
2012-13	107.936	213.824	213.402	213.613	0.505	365	722
2013-14	118.565	213.402	107.603	160.503	0.739	365	494
2014-15	105.575	107.603	160.575	134.089	0.787	365	464
2015-16	86.580	160.575	177.227	168.901	0.513	365	712
2016-17	108.053	177.227	210.792	194.010	0.557	365	655
2017-18	142.941	210.792	257.189	233.991	0.611	365	597
2018-19	169.013	257.189	354.530	305.859	0.553	365	661
2019-20	199.594	354.530	412.708	383.619	0.520	365	702

Creditors Turnover Period (Source: Financial Statements of PESCO)

ANNEXURE-14

ASSETS TURNOVER RATIO

ATO = Net Sales / Average Total Assets

Sr. No	Financial Year	Net Sales	Total Assets Opening	Total Assets Closing	Average Total Assets	Ratio
1	2010-11	44,920,697,186	114,536,198,696	117,940,908,829	116,238,553,763	0.39
2	2011-12	53,293,073,237	117,940,908,829	134,414,772,365	126,177,840,597	0.42
3	2012-13	60,151,514,350	134,414,772,365	146,197,889,012	140,306,330,689	0.43
4	2013-14	69,628,472,841	146,197,889,012	201,372,105,609	173,784,997,311	0.40
5	2014-15	82,889,111,276	201,372,105,609	215,302,600,986	208,337,353,298	0.40
6	2015-16	73,292,494,130	215,302,600,986	233,666,917,817	224,484,759,402	0.33
7	2016-17	78,471,841,054	233,666,917,817	257,872,573,578	245,769,745,698	0.32
8	2017-18	87,312,409,560	257,872,573,578	253,104,089,569	255,488,331,574	0.34
9	2018-19	107,567,241,820	253,104,089,569	292,486,501,158	272,795,295,364	0.39
10	2019-20	127,504,435,498	292,486,501,158	330,553,216,021	311,519,858,590	0.41

Assets Turnover Ratio (Source: Financial Statements of PESCO)

ANNEXURE-15

NET LOSS / ACCUMULATED LOSS

(Rs. in billion)

Sr. No.	Financial Year	Net Loss during the year	Net Profit / Loss after adjustment	Accumulated Loss as on June
1	2010-11	16.086	(16.09)	79.734
2	2011-12	46.53	(52.30)	132.036
3	2012-13	32.507	(16.28)	148.317
4	2013-14	34.404	19.37	128.949
5	2014-15	15.106	(14.14)	143.088
6	2015-16	14.641	(14.64)	157.729
7	2016-17	19.371	(19.37)	177.102
8	2017-18	39.921	(57.87)	234.969
9	2018-19	46.952	(46.95)	281.922
10	2019-20	20.129	(20.13)	302.052
	TOTAL	**285.647**	**238.40**	

(Accumulated / Combined Losses) (Source: Financial Statements of PESCO)

STATEMENT OF ACCUMULATED LOSSES OF PESCO FOR THE FINANCIAL YEAR 2010-11 TO 2019-20

(Rs. in million)

Description	Period	Accumulated Loss as per Audited Accounts	Inc./Dec in Acc. Loss
Balance as on	**30.06.2010**	**(63,648)**	
Loss for the Year	2010-11	(16,087)	(16,087)
Balance as on	**30.06.2011**	**(79,735)**	
Loss for the Year	2011-12	(46,530)	
Effect of Change in Policy (Recognition of cumulative net unrecognized actuarial loss for the year ended June 30, 2012		(5,771)	(52,302)
Balance as on	**30.06.2012**	**(132,037)**	
Loss for the Year	2012-13	(32,507)	
Effect of Change in Policy (Recognition of cumulative net unrecognized actuarial loss for the year ended June 30, 2013		(629)	(16,281)
Subsidy Effect		16,855	
Balance as on	**30.06.2013**	**(148,317)**	
Loss for the Year	2013-14	(34,404)	
Re-measurement of Staff Benefit Liability		(7,662)	
Prior Year Adjustment (Decrease in receivables from GoP)		(1,103)	
Grant in Aid/Subsidy		43,222	19,368
Prior Year Adjustment (Interest on Long term loans)		2,997	
Revised TDS (on account of late tariff notification)		16,317	

Balance as on	**30.06.2014**	**(128,949)**	
Loss for the Year	2014-15	(15,106)	
Prior Year Adjustment (Interest on Long term loans)		4,908	
Prior Year Adjustment (Interest on Long term loans)		(2,394)	(14,139)
Prior Year Adjustment (Cost of Electricity)		(1,547)	
Balance as on	**30.06.2015**	**(143,089)**	
Loss for the Year	2015-16	(14,641)	
Re-measurement of Staff Benefit Liability (Reversed)			(14,641)
Balance as on	**30.06.2016**	**(157,730)**	
Loss for the Year	2016-17	(19,372)	(19,372)
Balance as on	**30.06.2017**	**(177,102)**	
Prior Year Adjustment (due to reversal of markup)		7,713	
Loss for the Year	2017-18	(39,921)	(57,868)
Actuarial loss on Re-measurement of Staff Benefits		(25,660)	
Balance as on	**30.06.2018**	**(234,970)**	
Loss for the Year	2018-19	(46,952)	(46,952)
Balance as on	**30.06.2019**	**(281,923)**	
Loss for the Year	2019-20	(20,130)	(20,130)
Balance as on	**30.06.2020**	**(302,053)**	
		Total Loss	**(238,404)**

(Detail of Accumulated Loss) (Source: Financial Statements of PESCO)

ANNEXURE-16

Year wise break up of T&D losses allowed by NEPRA

Financial Year	Transmission Losses (%age)	11 KV Network Losses including Distribution Transformers Losses (%age)	LT Line Losses including service cable losses (%age)	Total Technical level of losses (AT&C Losses) (%age)	Margin for Law & Order (%age)	Total Allowed T&D Losses (%age)
2010-11	4.00	24.00		28.00	-	28.00
2011-12	4.00	24.00		28.00	-	28.00
2012-13	4.00	24.00		28.00	-	28.00
2013-14	3.64	-		15.00	5.00	20.00
2014-15	3.64	-		15.00	11.00	26.00
2015-16	3.64	12.99	4.31	20.94	11.00	31.95
2016-17	3.64	12.99	4.31	20.94	11.00	31.95
2017-18	3.64	12.99	4.31	20.94	11.00	31.95
2018-19	3.64	12.99	4.31	20.94	11.00	31.95
2019-20	3.64	12.99	4.31	20.94	11.00	31.95

Year Wise Break Up of T&D Losses Allowed y NEPRA (Source: NEPRA Tariff Petition 2010-11 to 2019-20)

ANNEXURE-17

a) Loading Position of 11 KV Feeders: The following table shows the overloading position of 11 KV feeders of PESCO.

Financial Year	Total No. of 11 KV Feeders	Total No. of Over-Loaded 11 KV Feeders (Above 80%)	Percentage of Total Over-Loaded 11 Feeders (Above 80%)
2014-15	1029	526	51.12
2015-16	907	396	43.66
2016-17	946	485	51.27
2018-19	1012	412	40.71
2018-19	1056	339	32.10
2019-20	1089	341	31.10

Loading Position of 11 KV Feeders (Source: NEPRA State of Industry Reports)

b) Loading Position of Power Transformers: The following table shows the overloading position of Power Transformers of PESCO.

Financial Year	Total No. of Power Transformers	Total No. of Over-Loaded Power Transformers (Above 80%)	Percentage of Total Over-Loaded Power Transformers (Above 80%)
2014-15	176	95	53.97
2015-16	220	124	56.36
2016-17	230	113	49.13
2018-19	236	125	52.97
2018-19	243	110	45.27
2019-20	239	86	35.98

Loading Position of Power Transformers (Source: NEPRA State of Industry Reports)

c) Loading Position of Distribution Transformers: The following table shows the over-loading position of Distribution Transformers of PESCO.

Financial Year	Total No. of Distribution Transformers	Total No. of Over-Loaded Distribution Transformers (Above 80%)	Percentage of Total Over-Loaded Distribution Transformers (Above 80%)
2014-15	75280	38792	51.53
2015-16	60,365	19,311	31.99

2016-17	72,078	21,033	29.18
2018-19	74,104	6,183	8.34
2018-19	76,126	4,070	5.35
2019-20	77,307	3,477	4.50

Loading Position of Distribution Transformers (Source: State of Industry Reports)

d) **Investment:** Despite heavy investment on the distribution system, PESCO did not achieve the required target of reducing T&D losses. The comparative statement of investment of all DISCOs is as under:

(Rs. in million)

DISCOs	Investment	2013-14	2014-15	2015-16	2016-17	2017-18
PESCO	**Allowed**	**6,549**	**7,962**	**7,622**	**8,366**	**9,610**
	Actual	**8,140**	**5,049**	**7,622**	**8,366**	**11,347**
TESCO	Allowed	542	613	1,013	971	770
	Actual	317	367	814	971	744
IESCO	Allowed	7,700	7,823	11,918	10,090	6,719
	Actual	4,483	4,827	5,195	5,313	6,716
GEPCO	Allowed	4,561	5,058	2,892	2,775	3,200
	Actual	5,005	2,147	2,892	2,775	4,243
LESCO	Allowed	8,247	8,247	10,826	19,781	21,459
	Actual	4,820	7,338	8,050	9,758	12,081
FESCO	Allowed	6,700	7,573	8,970	6,540	4,935
	Actual	4,205	3,285	6,621	8,033	3,502
MEPCO	Allowed	7,492	8,697	10,546	11,416	13,000
	Actual	7,748	8,503	10,008	11,416	12,924
HESCO	Allowed	3,895	4,993	3,067	4,729	5,500
	Actual	3,607	3,413	4,048	4,729	4,804
SEPCO	Allowed	1,515	2,497	1,671	977	3,400
	Actual	2,497	2,106	1,671	977	3,062
QESCO	Allowed	3,600	3,956	4,300	3,080	8,000
	Actual	3,301	4,145	7,115	3,080	4,748
Total	**Allowed**	**50,801**	**57,419**	**63,017**	**69,325**	**79,515**
	Actual	**44,123**	**41,180**	**54,036**	**55,418**	**62,280**

Investment (Source: State of Industry Report 2020, Page-46)

ANNEXURE-18

Reported Common Ways of Theft of Electricity: The record shows that theft of electricity is being done in PESCO's jurisdiction through following ways:-

- Direct Connections / Hooks / Kunda
- Meter Tempering
- Illegal installation of transformers
- Change of Polarity in meter

Snaps of Common Ways of Theft of Electricity (Source: Surveillance & Investigation Directorate, PESCO)

ANNEXURE-19

Year wise break up of T&D Losses (theft of electricity) along with its financial impact

FY	Target Fixed by NEPRA (in %age)	Actual Line Losses (in %age)	Excess (in %age)	Total Units Purchased (in million KWH)	Total Units Sold (in million KWH)	Unit Lost (in million KWH)	Unit lost (in excess) beyond NEPRA Target (in million KWH)	Rate per KWH (Rs.)	Financial Impact (Rs. in million)
A	**B**	**C**	**D = C – B**	**E**	**F**	**G = (E-F)**	**H = (E * D/100)**	**I**	**J = I * H**
2010-11	28.0	37.3	9.30	11,118.70	6,976.50	4,142.20	1,034.04	10.3	10,650.61
2011-12	28.0	36.0	8.00	11,029.90	7,061.50	3,968.40	882.39	11.12	9,812.18
2012-13	28.0	34.2	6.20	10,892.10	7,161.70	3,730.40	675.31	13.54	9,143.70
2013-14	20.0	33.9	13.90	11,300.80	7,471.30	3,829.50	1,570.81	14.36	22,556.83
2014-15	26.0	34.8	8.80	11,657.30	7,596.70	4,060.60	1,025.84	14.78	15,161.92
2015-16	31.95	34.1	2.15	11,802.70	7,782.90	4,019.80	253.76	13.01	3,301.42
2016-17	31.95	32.6	0.65	12,510.50	8,432.10	4,078.40	81.32	13.06	1,062.04
2017-18	31.95	38.1	6.15	14,220.30	8,795.50	5,424.80	874.55	13.88	12,138.75
2018-19	31.95	37.1	5.15	14,427.30	9,073.50	5,353.80	743.01	18.3	13,597.08
2019-20	31.95	38.9	6.95	14,791.90	9,043.10	5,748.80	1,028.04	22.22	22,843.05
			Total	**123,751.5**	**79,394.8**	**44,356.7**	**8,169.07**		**120,267.58**

Year wise break up of T&D Losses (theft of electricity) along with its financial impact (Source: CP-22A, Progress Report, Director Reports / Financial Statements, PESCO)

ANNEXURE-20

SLABS OF %AGE LOSSES OF 11 KV FEEDERS

Financial Year	Target Fixed by NEPRA (in %age)	Total Feeders	Negative Feeders (Excess units billed)	Total No. of Feeders Above %Age losses					
				00-10	10-20	20-30	30-40	40-50	50 and above
2010-11	28.0	682	90	83	75	108	**92**	**94**	**140**
2011-12	28.0	722	105	89	71	105	**112**	**83**	**157**
2012-13	28.0	756	97	101	74	115	**110**	**87**	**172**
2013-14	20.0	789	87	109	72	**118**	**124**	**103**	**176**
2014-15	26.0	843	106	105	78	111	**131**	**102**	**210**
2015-16	31.95	889	102	107	83	122	**135**	**130**	**210**
2016-17	31.95	939	128	114	85	120	**150**	**143**	**199**
2017-18	31.95	1012	93	162	91	99	**129**	**133**	**305**
2018-19	31.95	1056	128	154	75	113	**142**	**130**	**314**
2019-20	31.95	1089	91	105	98	107	**134**	**123**	**431**

Slabs of %age losses of 11 KV Feeders (Source: Progress Reports of Commercial Directorate, PESCO)
Bold Figures showing No. of Feeders incurring losses beyond NEPRA Target

ANNEXURE-21

AT&C LOSSES IN COMPLIANT & NON-COMPLIANT AREA

(Figures in millions)

Status	Units Received	Units Billed	Units Lost	%Age Losses	Billing (Pvt) (Rs. in million)	Collection (Pvt) (Rs. in million)	%Age Recovery	%Age CEI	Receivables (Pvt) (Rs. in million)
2014-15									
Compliant	8034.1	6024.4	2009.7	25.0	75638.9	73254.7	96.8	72.6	11179.1
%Share	71.2	79.3	54.6	-	82.3	89.5	-	-	15.6
Non-Compliant	3243.7	1572.3	1671.3	51.5	16260.3	8585.1	52.8	25.6	60460.0
%Share	28.8	20.7	45.4	-	17.7	10.5	-	-	84.4
Total	**11277.8**	**7596.7**	**3681.1**	**32.6**	**91899.2**	**81839.8**	**89.1**	**60.0**	**71639.1**
2015-16									
Compliant	8367.0	6295.9	2071.1	24.8	65676.4	63422.2	96.6	72.7	13533.4
%Share	73.9	80.9	58.6	-	81.5	88.9	-	-	16.7
Non-Compliant	2952.3	1487.0	1465.3	49.6	14928.7	7943.3	53.2	26.8	67407.5
%Share	26.1	19.1	41.4	-	18.5	11.1	-	-	83.3
Total	**11319.3**	**7782.9**	**3536.4**	**31.2**	**80605.1**	**71365.5**	**88.5**	**60.9**	**80940.8**
2016-17									
Compliant	8965.6	6852.9	2112.7	23.6	70674.0	68636.4	97.1	74.2	15534.6
%Share	73.9	81.3	57.2	-	82.2	88.3	-	-	17.6
Non-Compliant	3159.9	1579.2	1580.7	50.0	15349.6	9136.4	59.5	29.7	72605.6
%Share	26.1	18.7	42.8	-	17.8	11.7	-	-	82.4
Total	**12125.6**	**8432.1**	**3693.5**	**30.5**	**86023.6**	**77772.7**	**90.4**	**62.9**	**88140.1**
2017-18									
Compliant	9710.4	7121.8	2588.6	26.7	76740.7	75395.6	98.2	72.1	16366.9
%Share	70.2	81.0	51.4	-	81.7	87.4	-	-	17.1
Non-Compliant	4116.9	1673.7	2443.2	59.3	17231.3	10909.5	63.3	25.7	79454.2

%Share	29.8	19.0	48.6	-	18.3	12.6	-	-	82.9
Total	**13827.3**	**8795.5**	**5031.8**	**36.4**	**93972.0**	**86305.1**	**91.8**	**58.4**	**95821.1**
2018-19									
Compliant	9883.7	7306.8	2576.9	26.1	94056.4	92391.1	98.2	72.6	15812.4
%Share	70.2	80.5	51.4	-	81.9	87.0	-	-	15.1
Non-Compliant	4204.7	1766.8	2437.9	58.0	20780.0	13771.3	66.3	27.8	88782.2
%Share	29.8	19.5	48.6	-	18.1	13.0	-	-	84.9
Total	**14088.4**	**9073.5**	**5014.8**	**35.6**	**114836.4**	**106162.4**	**92.4**	**59.5**	**104594.5**
2019-20									
Compliant	9920.7	7220.2	2700.4	27.2	110523.9	103237.4	93.4	68.0	23105.7
%Share	68.5	79.8	49.7	-	81.9	86.8	-	-	19.2
Non-Compliant	4555.9	1822.8	2733.1	60.0	24447.2	15720.8	64.3	25.7	97363.9
%Share	31.5	20.2	50.3	-	18.1	13.2	-	-	80.8
Total	**14476.6**	**9043.1**	**5433.5**	**37.5**	**134971.1**	**118958.2**	**88.1**	**55.1**	**120469.6**

AT&C Losses in Compliant & Non-Compliant Area (Source: Data of Commercial Directorate, PESCO)

ANNEXURE-22

Analysis of Feeder wise losses in Compliant and Non-Compliant Areas regarding inclusion of new feeders in respective areas

Sr. No.	Financial Year	Non-Compliant Area		Compliant Area		Total No. of Feeders
		No. of Feeders Below 50% AT&C Loss	No. of Feeders Above 50% AT&C Loss	No. of Feeders Below 50% AT&C Loss	No. of Feeders Above 50% AT&C Loss	
1.	2014-15	43	239	450	110	842
2.	2015-16	45	260	480	104	889
3.	2016-17	48	267	499	125	939
4.	2017-18	55	276	526	155	1012
5.	2018-19	61	285	564	156	1066
6.	2019-20	59	294	583	163	1099

Analysis of Feeder Wise Losses in Compliant and Non-Compliant Areas (Source: Data of Commercial Directorate, PESCO)

Change in No. of Feeders with reference to Previous Year

Sr. No.	Financial Year	Total No. of Feeders	Change in No. of Feeders w.r.t Previous Year	Non-Compliant Area		Compliant Area	
				No. of Feeders Below 50% AT&C Loss	No. of Feeders Above 50% AT&C Loss	No. of Feeders Below 50% AT&C Loss	No. of Feeders Above 50% AT&C Loss
1.	2014-15	842	0	0	0	0	0
2.	2015-16	889	47	2	21	30	-6
3.	2016-17	939	50	3	7	19	21
4.	2017-18	1012	73	7	9	27	30
5.	2018-19	1066	54	6	9	38	1
6.	2019-20	1099	33	-2	9	19	7
		Total	257	16	**55**	133	**53**

Analysis of Change in Feeders w.r.t. Previous Year (Source: Data of Commercial Directorate, PESCO)

ANNEXURE-23

YEAR WISE STATUS OF WARSAK DAM FEEDERS

Financial Year	No of Feeders	No of Consumers	Load (KW)	Units			%age Loss	Billing	Collection	% age Recovery	% age AT&C Losses	Receivables (Million)	No. of Direct Hooks
				Received	Sold	Lost							
2010-11	7	21,292	40,896	176.40	79.93	96.47	54.69	563.67	481.02	85.34	61.33	278.93	6327
2011-12	8	21,411	36,598	157.64	70.12	87.52	55.52	646.74	492.67	76.18	66.11	424.76	6584
2012-13	8	21,341	36,913	148.12	63.57	84.55	57.08	676.79	460.98	68.10	70.80	614.23	6566
2013-14	8	22,056	33,465	121.58	52.28	69.30	57.00	573.11	433.81	75.70	67.50	659.38	6564
2014-15	8	22,278	33,780	119.68	50.76	68.92	57.59	629.47	453.23	72.00	69.46	828.72	7702
2015-16	10	28,170	41,530	129.50	55.06	74.44	57.48	612.00	432.90	70.74	69.90	1,036.61	7784
2016-17	10	29,068	44,375	130.10	59.81	70.29	54.03	622.92	439.91	70.62	67.52	1,104.36	7784
2017-18	11	36,937	57,894	188.00	70.46	117.54	62.52	805.07	605.30	75.19	71.82	1,328.71	7639
2018-19	11	39,692	63,757	187.39	70.53	116.86	62.36	982.14	800.80	81.54	69.31	1,517.37	6397
2019-20	11	43,368	72,240	191.58	76.59	114.99	60.02	1,165.89	861.54	73.90	70.46	**1,595.47**	6136

Year Wise Status of Warsak Dam Feeders (Source: Statements of Commercial Directorate of PESCO)

Warsak Dam Feeders Details for the period 2010-11 to 2019-20

Financial Years	Units Received (in million)	Units Sold (in million)	Total Units lost during the year (in million)	Line Losses Target allowed by NEPRA excluding T&T Losses (%age)	Unist allowed by NEPRA Target excluding T&T Loss	Units Lost due to Direct Hooks (in million)	Rate (Rs)	Financial Loss due to Direct Hooks (Rs. in million)
1	**2**	**3**	**4 = 2 – 3**	**5**	**6 = (2* 5 / 100)**	**7 = 4 -6**	**8**	**9**
2010-11	176.40	79.93	96.47	24.36	42.97	53.50	10.3	551.04
2011-12	157.64	70.12	87.52	24.36	38.40	49.12	11.12	546.20
2012-13	148.12	63.57	84.55	24.36	36.08	48.47	13.54	656.26

2013-14	121.58	52.28	69.30	16.36	19.89	49.41	14.36	709.52
2014-15	119.68	50.76	68.92	22.36	26.76	42.16	14.78	623.12
2015-16	129.50	55.06	74.44	28.31	36.66	37.78	13.01	491.50
2016-17	130.10	59.81	70.29	28.31	36.83	33.46	13.06	436.97
2017-18	188.00	70.46	117.54	28.31	53.22	64.32	13.88	892.72
2018-19	187.39	70.53	116.86	28.31	53.05	63.81	18.3	1,167.72
2019-20	191.58	76.59	114.99	28.31	54.24	60.75	22.22	1,349.95
Total Amount (Rs. in million)								**7,425.00**

Warsak Dam Details for the Period 2010-11 to 2019-20 (Source: Statements of Commercial Directorate of PESCO)

Survey Of Missing Meters In Warsak Dam Affected Areas

Sub Division		Feeder			Meter Exist at Site	Meter Missing at Site
Code	**Name**	**Code**	**Name**	**No. of Consumers**		
26161	Warsak-I	081903	Pir Bala	2880	2760	120
		034609	Scrap-I	2800	2720	80
26164	Warsak-II	081902	Pajagi	4983	4825	158
26162	Daud Zai	094201	Haryana New	3741	3741	0
		019317	Haryana-II	2933	2933	0
26163	Gulbela	094203	Takhtabad	3578	3578	0
		091319	Khazana-II	5755	5755	0
		091302	Daudzai	6070	6070	0
26166	Naguman	019312	Daudzai-II	4866	4866	0
		086508	Gulbela-II	2558	2558	0
		086503	Gulbela	3204	3204	0
TOTAL				**43368**	**43010**	**358**

Survey of Missing Meters in Warsak Dam Affected Areas (Source: Statements of Commercial Directorate of PESCO)

ANNEXURE-24

T&D LOSSES AND RECEIVABLE POSITION OF SHABQADAR AREA FOR THE FINANCIAL YEAR 2014-15 TO 2019-20

(Rs in million)

FY	Units received	Units Sold	Actual Unit Lost	Target Fixed by NEPRA excluding T&T Loss %age	Units Allowed by NEPRA Target Excluding T&T Losses	Unit Lost (excess beyond NEPRA Target)	Rate per kWh (Rs)	Financial Impact	Receivable
2014-15	246	98.61	148	22.36	55.01	92.99	14.78	1,374.46	1,624.70
2015-16	181	77.12	103.94	28.31	51.24	52.70	13.01	685.61	2,821.62
2016-17	187	85.83	102.12	28.31	52.94	49.18	13.06	642.29	4,380.28
2017-18	247	89.80	157.72	28.31	69.93	87.79	13.88	1,218.58	5,606.37
2018-19	219	89.54	130.43	28.31	62.00	68.43	18.3	1,252.29	6,461.47
2019-20	277	97.33	180.05	28.31	78.42	101.63	22.22	2,258.25	**10,126.17**
Total	**1357**	**538.23**	**822.26**		**369.54**	**452.72**		**7,431.48**	

T&D Losses and Receivable Position of Shabqadar Area (Source: Statements of Commercial Directorate of PESCO)

ANNEXURE-25

T&D Losses in other Hard Areas for the financial year 2014-15 to 2019-20*

(Rs. in million)

Financial Year	Units received	Units Sold	Actual Unit Lost	Target Fixed by NEPRA excluding T&T Loss %age	Units allowed by NEPRA target excluding T&T Losses	Unit Lost (excess beyond NEPRA Target)	Rate per kWh (Rs)	Financial Impact	Receivable
2014-15	3,246	1,511	1,735	22.36	725.81	1,009	14.78	14,915.89	48,184.47
2015-16	3,031	1,494	1,536	28.31	858.08	678	13.01	8,819.79	57,969.18
2016-17	3,082	1,528	1,533	28.31	872.51	660	13.06	8,625.94	51,851.1
2017-18	3,971	1,611	2,360	28.31	1,124.19	1,236	13.88	17,153.04	56,365.3
2018-19	3,830	1,532	2,297	28.31	1,084.27	1,213	18.3	22,192.90	63,847.2
2019-20	3,677	1,436	2,241	28.31	1,040.96	1,200	22.22	26,664.92	**66,965.68**
Total	**20,837**	**9,112**	**11,702**		**5,705.82**	**5,996**		**98,372.48**	

T&D Losses in other Hard Areas for the financial year 2014-15 to 2019-20
* (Data of year 2010-11 to 2013-14 was not provided) (Source: Compiled from the Data of Commercial Directorate of PESCO)

ANNEXURE-26

Details of Industrial and Bulk Supply Consumers who extended their load illegally

Sr. No	Consumer		Load			Tariff		Feeder		Amount (Approx: Rs)					Remarks
	Reference	**Name**	**San:**	**Con:**	**Diff**	**Curr :**	**Req :**	**Name**	**Total No. of Connc.**	**Capital Cost**	**Security**			**Total Amount**	
											Require	**Paid**	**Balance**		
1	24-26234-0005220	M/s Unisa Pvt Limited	495	640	145	B-2	B-3	(006801) Akora	2894	10,000,000	1,849,600	994,950	854,650	10,854,650	Independent Feeder
2	24-26442-0001735	M/s M. Afzal Steel Re-rolling	490	758	268	B-2	B-3	(063809) HIE-V	709	10,000,000	2,190,620	984,900	1,205,720	11,205,720	Independent Feeder
3	27-26842-0040802	M/s Pochard Ind (P) Ltd	420	760	340	B-2	B-3	(062705) Mixed Industrial	294	10,000,000	2,196,400	844,200	1,352,200	11,352,200	Independent Feeder
4	30-26216-0008300	M/s Prime Poly Tex	495	537	42	B-2	B-3	(007040) Express 4	379	10,000,000	1,551,930	994,950	556,980	10,556,980	Independent Feeder
5	30-26216-0009800	Paper Board and Chemicle	490	554	64	B-2	B-3	(007020) O.P Mill	96	10,000,000	1,601,060	984,900	616,160	10,616,160	Independent Feeder
6	30-26216-0023900	Deans Industries	476	804	328	B-2	B-3	(007020) O.P Mill	96	10,000,000	2,323,560	956,760	1,366,800	11,366,800	Independent Feeder
7	30-26216-0037000	M/s International Marketing Co	491	649	158	B-2	B-3	(007020) O.P Mill	96	10,000,000	1,875,610	986,910	888,700	10,888,700	Independent Feeder
8	30-26216-0049700	M/s Zamong Textile	490	896	406	B-2	B-3	(007020) O.P Mill	96	10,000,000	2,589,440	984,900	1,604,540	11,604,540	Independent Feeder
9	30-26216-0051700	M/s Zamong Textile	485	659	174	B-2	B-3	(007040) Express 4	379	10,000,000	1,904,510	974,850	929,660	10,929,660	Independent Feeder
10	30-26414-0000980	Neelum Paper	496	608	112	B-2	B-3	(063805) Hattar-II	183	10,000,000	1,757,120	996,960	760,160	10,760,160	Independent Feeder
11	30-26414-0000982	Zahid Steel Mills	492	826	334	B-2	B-3	(063805) Hattar-II	183	10,000,000	2,387,140	988,920	1,398,220	11,398,220	Independent Feeder
12	30-26414-0000983	Neelum Paper	461	716	255	B-2	B-3	(063805) Hattar-II	183	10,000,000	2,069,240	926,610	1,142,630	11,142,630	Independent Feeder
13	30-26414-0002240	M/s Neelum Paper Mills	480	742	262	B-2	B-3	(063805) Hattar-II	183	10,000,000	2,144,380	964,800	1,179,580	11,179,580	Independent Feeder
14	30-26442-	M/s Nobile	490	531	41	B-2	B-3	(063801)	628	10,000,000	1,534,590	984,900	549,690	10,549,690	Independe

	0002701	Steel Mills						Hattar-I							nt Feeder
15	30-26652-1732502	Jan Flour Mill	383	599	216	B-2	B-3	(009817) Mir Sahib Khan	820	10,000,000	1,731,110	769,830	961,280	10,961,280	Independent Feeder
16	30-26234-0005200	Unisa Pharma	500	640	140	B-2	B-3	(006801) Akora	2894	10,000,000	1,849,600	1,005,000	844,600	10,844,600	Independent Feeder
17	24-26442-0139718	M/s Kartas Papers & Board	978	1440	462	B-3	B-3	(063809) HIE-V	709	10,000,000	4,161,600	2,826,420	1,335,180	11,335,180	Independent Feeder
18	27-26842-0040803	M/s Nizam Re-rolling Steel Mill	750	976	226	B-3	B-3	(021104) F-1 (H.S. Mill)	112	10,000,000	2,820,640	2,167,500	653,140	10,653,140	Independent Feeder
19	30-26216-0007800	M/s Olampia Paper Mill	1250	1310	60	B-3	B-3	(007020) O.P Mill	96	10,000,000	3,785,900	3,612,500	173,400	10,173,400	Independent Feeder
20	30-26216-0036600	M/s Kundi Paper Mill	900	1480	580	B-3	B-3	(007016) Omroc	327	10,000,000	4,277,200	2,601,000	1,676,200	11,676,200	Independent Feeder
21	30-26442-0001910	M/s Farid Steel Casting	990	1192	202	B-3	B-3	(063809) HIE-V	709	10,000,000	3,444,880	2,861,100	583,780	10,583,780	Independent Feeder
22	3026442-0000900	M/s Shezan International	694	702	8	B-3	B-3	(063828) H.I.E-6	69	10,000,000	2,028,780	2,005,660	23,120	10,023,120	Independent Feeder
23	30-26131-0012800	Air AHQ	155	1395	1240	C-2	C-2	(016208) Sunehri Masjid	2342	10,000,000	2,901,600	322,400	2,579,200	12,579,200	Independent Feeder
24	30-26512-0000312	M/s Sheer Steel Furnace	4970	5232	262	B-3	B-4	(086804) Sher Steel Mill	1	20,000,000	18,625,920	14,363,300	4,262,620	24,262,620	Independent Grid
25	30-26442-0001601	M/s Mustehkam Steel	4950	5064	114	B-3	B-4	(063821) Mustehkam	1	20,000,000	18,027,840	14,305,500	3,722,340	23,722,340	Independent Grid
Total (Rs)										**270,000,000**	**91,630,270**	**60,409,720**	**31,220,550**	**301,220,550**	

Industrial & Bulk Supply Consumers (MIS Data)

ANNEXURE-27

DETAIL OF WORKS IN PROGRESS

Sr. No.	Name of Office / No. of Works	Category of Works	Material (Rs)	Labour (Rs)	Overhead (Rs)	Contract (Rs)	Total Cost (Rs)
1.	PD Construction & Operation *(Total No. of Pending Works 3142)*	Capital WIP	8,557,761	203,629	65,605,516	3,810,915	78,177,821.00
2.		DOP WIP	588,820,537	7,042,676	73,708,279	13,232,894	682,804,386.00
3.		Renovation / Augmentation WIP	2,785,916,726	15,881,354	267,807,797	63,182,604	3,132,788,481.00
4.		Deposit WIP	4,077,179,433	20,766,628	610,950,380.68	317,834,816	5,026,731,257.68
5.		PWP WIP	207,460,082	-	38,269,828	17,962,343	263,692,253.00
6.		Workshop	14,969,405	-	60,442,782	5,759,742	81,171,929.00
7.		ADB Loan	170,540,910	-	-	-	170,540,910.00
8.	PD GSC *(No. of works and their year wise detail was not provided)*	Deposit WIP	451,928,777	9,298,140	122,634,722	278,078,008	861,939,647
9.		7th STG Grid Station	903,196,503	9,052	312,462,083	485,710,849	1,701,378,487
10.		7th STG Transmission Line	603,513,402	-	275,184,008	342,350,005	1,221,047,415
11.		ADB Loan	2,458,783,867	-	1,560,458,558	144,055,691	4,163,298,116
		TOTAL	**12,270,867,403**	**53,201,479**	**3,387,523,953.68**	**1,671,977,867**	**17,383,570,703**

Abstract of Work in Progress (Source: Project Director (C&O) & PD GSC, PESCO)

ANNEXURE-28

DISCREPANCIES POINTED OUT IN SPECIAL AUDIT REPORT BY INTERNAL AUDIT DEPARTMENT OF PESCO AND RECOMMENDATIONS OF INQUIRY COMMITTEE AND DAGP

Sr. No.	Formation	Subject	Recommendation of Inquiry Committee	Recommendation by DAGP
1	**Charsadda (upto 04/2016) & Peshawar**	**Fake daily Progress intimated by the Police Officer / Officials – Rs. 672.518 million** The procedure as in vogue in the PESCO, from the very beginning for the defaulters of PESCO outstanding, an output monthly was issued from the PCC as per CP-114 & 112. The staff of D&R Section (LS & recovery teams) of each Sub Division collected the amount and the feedback was given through his division / circle of each month. All the recovery made by from the defaulters by the PESCO Sub Division Staff (D&R) Section of each Sub Division were daily asked by the Police Staff from the Sub Division & the same were intimated in his own progress even on the same date joint raid were not scheduled for the Sub Division. Resultantly, fake progress submitted to CEO office by SHO incharge of police station in his daily progress sheet for Rs 672.518 million.	i) Proper watch / look after of the utilization of the manpower be delegated to responsible officer of PESCO to achieve the maximum goals positively. ii) Take action against responsible officers / officials as per SoP. iii) Proper mechanism should be devised for stoppage of such practice.	i) Since Police Officials / Officers of Charsadda & Peshawar Division committed fraud by misreporting daily progress, responsibility may be fixed against them. ii) Commercial Directorate failed to coordinate with Operation Directorate in ascertaining the validity of recovery progress shared by Police Staff to CEO, therefore, responsibility may also be fixed against Chief Commercial Officers concerned. iii) Special Audit may also be conducted in rest of the formations for a period of last ten years on the subject matter and responsibilities may be fixed accordingly. iv) Management may ensure compliance of the agreement made with Police Department as well as

				with its subordinate commercial offices so that such instances of frauds may be avoided in future.
2	Charsadda and Peshawar	**Undue benefits & Misusing of Powers by Police Officer / Officials – Rs.3.389 million** Undue benefits to Police Officer / Officials on account of Pay & allowances, TA/DA, Medical, Free Units, Consumer found defaulter's and undue credit etc.	i) Necessary action be taken against Mr. Nasir (LS) and SDO Urban Charsadda Sub Division who withdrawn Rs.10,000 (refunded to culprits, Mr. Prevez Ahmed, A/C No. 07-26145-8880413-01) ii) Loss may be recovered from the officers / officials of PESCO revenue offices and the concerned PESCO Police personnel as mentioned above otherwise the same may be recovered from the delinquents who facilitate by paying such a huge undue benefit to the Police Officer / Officials. iii) Strict disciplinary action may also be taken against the PESCO officers / officials and Police personnel as well. iv) In the light of above facts the decision of the hiring of Police may be reviewed and take action in the best interest of PESCO as well as the services of Mr. Naseer ASI is no more required and may be repatriated / detached from PESCO immediately.	i) Special Audit may also be conducted in rest of the formations for a period of last ten years on the subject matter and responsibilities / recoveries may be fixed / made, accordingly. ii) Rotation policy may be introduced among officials / officers of PESCO Police stations. Any Officer/official posted at a certain station for more than three years may be immediately transferred to another station. iii) Performance Evaluation reports of police officials/officers since their hiring may be evaluated and those found performing below par may be immediately repatriated. iv) Management may ensure compliance of the agreement made with Police Department so that instances of misuse of powers may be avoided in future.

3	Charsadda	Non-adjustment of un-identified cash – Rs. 71.336 million **As per commercial procedure, the amount received from the consumer in any head of account should be adjusted in the upcoming months against the actual consumers. An amount of Rs 71.336 million was recovered from the stealer of electricity using direct hooks under (888) under the jurisdiction of Police Station Charsada (Mardan I & II Swabi I &II alongwith Charsada & Shabqadder Division) and bill were issued in the name of consumer without account number. As such the amount of Rs 71.337 million were lying as unidentified (CP 107) which are not properly posted against actual (888) account of the consumer**	**i) Proper action is requested to regularize all such cases throughout in PESCO as per SoP, on the basis of six month analysis as observed.** **ii) Disciplinary action against the officers / officials concerned may be initiated.** **iii) Asst. Manager (CS) Charsadda, Shabqadar, Mardan-I, Mardan-II, Swabi-I, Swabi-II & Takht Bhai Divisions may be directed to post such a huge amount / units to the consumers as per irregularity as point out.**	**According to Accounting Manual, RNR-10 & 11, Assistant Managers (CS) are responsible for adjustment of un-identified cash. Internal Audit has examined the matter for a period of six month only in Peshawar and Charsadda.** **Forensic Audit recommends that:** **i) Disciplinary action may be initiated against all AM(CS) involved for non-posting of un-identified cash against consumers.** **ii) The same exercise may be conducted for at least ten years for all Operation Circles of PESCO.**
4	**Charsada**	**Non-remittances / transfer of amount from the Govt. Treasury at Charsadda to PESCO's main account – Rs.38.20 million** The maximum cases of misuse of electricity (caught red handed) by the joint raids conducted by PESCO Police & staff of concerned SDO were presented in the Court of Civil Judge, Charsadda. Total amount of Rs 38.209 million as collected by the court was not yet transferred to the main account of PESCO, Peshawar.	i) Disciplinary action may be initiated against officers and officials responsible for not taking interest in the PESCO's work and incurred heavy losses, and non-recovery of the assessed amounts due to non-pursuance of such cases properly in court of law nor intimated the actual position to high ups of PESCO	i) The scope of special audit may be extended to the rest of operation circles of PESCO because there is high probability of occurrences of such instances there, too. ii) The Management may ensure recovery made through litigation from Government Treasury to PESCO's main account.

5	**Peshawar & Charsada**	**Minus Balance running against Theft Code of PESCO (888) – Rs.28.88 million** As per Commercial Procedure the amount received from consumer in any head of account should be adjusted in the upcoming months against the actual consumers within a month. Similarly if the amount posted in record the proper units of the same consumer were Debits / Adjusted to complete the transaction. Various Account No. in overall PESCO accounts, an amount of Rs 24.77 million is running in minus against universal theft code No. (888). The consumer paid their electricity bill as per account No. under (888) allotted to them and the same fed to PCC by the concerned revenue office. The amount posted against consumer account No. through his paid bill, but the debit adjustment (amount / units) were not fed to PCC and the same is running under minus balance. The proper debit adjustment / units were not made against the consumer to adjust the payment by the concerned SDO / Revenue Offices. Resultantly, heavy amount to the tune of Rs.28.88 million brought forward in minus each month.	It is suggested that all the amounts as recovered from the consumer (888) Account No. be overhauled through Commercial Directorate and Fed / Process the CP-136-D of the (888) consumer for proper billing and posted the amount of the consumer through CP-139 as per SoP within a month under the supervision of Commercial Directorate. In case of failure then disciplinary action may be recommended by Commercial Directorate against the delinquents of all responsible.	According to Para 1.3 of the commercial procedure, "Revenue Officer and Assistant mangers are responsible for: i) implementing in conjunction with the XEN, the commercial policy laid down from time to time laid down by the authority through the Company ii) Efficient Billing and Collection Procedure". Therefore, the relevant R.O and XEN failed to perform their duties on the subject matter may be held responsible for gross negligence.
6	**Peshawar**	**Non-posting of the amount collected from the Theft Code (888); Direct Hooks culprits – Rs. 8,289.994 million** As per rules / procedure, the amount of the consumer recovered in advance who utilizing the direct hooks & caught red handed by the joint raid / teams alongwith NIC, Photocopy of the neighbor electricity bill be posted to PESCO Account Consumer.	i) Such a huge amount of Rs.8289.994 million under direct hooks (888) assessed / debited be posted immediately against the actual consumer but not later than one month in order to safeguard the recovered amount from misusing through malpractice as committing in Revenue Offices pointed out recently.	According to Para 1.3 of the Commercial Procedure, "Revenue Officer and Assistant mangers are responsible for: i) implementing in conjunction with the XEN, the commercial policy laid down from time to time laid down by the authority through the Company ii) Efficient

		An amount of Rs.8.29 billion were not properly posted against 87345 consumer of Direct Hooks Consumer, regarding the misuse of electricity energy and caught red handed by the joint teams of police, Sub Division, Divisional and Circle Office.	ii) Strict disciplinary action may also be initiated against the officers / officials responsible for such negligence and failed to fulfill their obligation within the stipulated period on monitoring and recommendations of Commercial Directorate.	Billing and Collection Procedure". Moreover, as per Consumer Service Manual issued by NEPRA (9.1.1), "In case of direct hooks/theft by unregistered consumers, information of such offense is provided to the police in writing by the concerned officer (not below Grade 17) of DISCO or by an officer of an equivalent grade. Therefore, the relevant R.O and XEN failed to perform their duties on the subject matter and may be held responsible for gross negligence.
7	**Peshawar & Charsadda**	**Unjustified / suspicious payment; refund without approval; amount adjusted without paid bill; culprits released without payments; cutting / over writing; less payment in bill Police Stations – Rs.16.566 million** The observation was taken only exemplary cases. The overall PESCO record were required to be checked in details for factual position of actual loss occurred with the same behavior of the PESCO staff as well as by the police.	i) Strict disciplinary action may be initiated against the PESCO's officers / officials who facilitated the police personnel and committed other irregularities and effect recovery from them. ii) ROs may be directed to adopt foolproof method to avoid such occurrence of irregularities in future. iii) Sub Committee may be constituted for determining Account No. wise names of officials involved in subject irregularities.	i) Special Audit may also be conducted in rest of the formations for a period of at least last ten years on the subject matter. ii) Cases of misappropriation or fraudulent payments and wrong adjustments etc may be worked out. iii) Disciplinary action may also be taken against officers / officials besides recovery of fraudulent payments, reconciling wrong adjustments and others as per SOP. iv) Rotation policy may also be

				introduced among officials / officers of PESCO Police stations and PESCO's operation staff so that cartel of police and PESCO's staff could be broken. v) It is recommended that any Officer / official of above mentioned organizations posted at a certain station for more than three years may be immediately transferred to another station.
8	**Charsadda and Peshawar**	**Non-return of removed material from the site of consumer utilizing direct hooks – Rs.1.911 million** The material removed from the direct hooks consumers (PVC, T/Formers of various capacity, conductor, poles etc) were not properly taken / recorded in the main record / register by the staff of PESCO nor by the police station concerned. The uncounted i.e. 5 or 7 meter of each consumer as shown in the FIR alongwith the transformer (various capacity (fully damaged) laying in the police station were also not returned to store for amounting to Rs.1.911 million. The joint raids of police / PESCO staff disconnected / removed the material but it was not understood that the transformer removed from the consumer which were in working condition become damaged after removed. The record as well as the material at police station were checked & found that un-counted PVC (in shape of scrap) were found exist. The police staff were inquired	i) At least the removed T/Fs of various capacities lying in PESCO Police Station Charsadda / Peshawar and other costly material i.e. pole, conductor etc immediately be returned to PESCO field store before rusting of these material otherwise the cost may be recovered from the delinquents. ii) Proper mechanism for the matter be adopted to regularize / return the material to PESCO.	i) As per Consumer Service Manual issued by NEPRA (9.1.2), "The removed material shall be preserved as a proof of theft i.e. the case property and the same shall be produced before the court during the trial. After conclusion of the legal proceedings the material so removed shall be retained by DISCO". The return of removed material is the responsibility of SDO/field staff which was not fulfilled in the instant case, therefore, responsibility may be fixed against them beside taking necessary measures of return the material to store. ii) The scope of special audit may

		regarding the material return and further process, they told that all the material shown in the FIR were stored in the custody of the police station for the proper witness if the court called. Further the members attend the various Sub-Divisional officers but un-fortunately they have no any consumer wise & date wise detail register to confirm the removed material quantity of each consumers PVC and units / Nos. /details of T/Former, pole etc.		also be extended to the rest of operation circles of PESCO because there is high probability of occurrences of such instances there, too.
9	**Peshawa& Charsada**	**Non-pursuance of Commercial Procedures in the Collection** Commercial procedure were not pursued and the Authority instruction regarding the recovery of direct connection, recovery of misuse of (888) consumer as well as outstanding of running / disconnected defaulter consumers. The proper watch /control were not yet shown exercised in the matter and maximum period/Human Resources (The KPK police as well as staff involved in the joint raid wasted) &financial loss were shown occurred but neither the practice were stopped nor any changed were recorded in the recovery/losses position of PESCO, the fiancial loss were increasing day by day.	i) All the officer / official should be directed to strictly follow the PESCO orders / instructions as laid down in the Commercial Procedure. ii) The services of PESCO should be utilized efficiently and effectively by strict controlling their activities and vigorous pursuance of court cases.	i) According to Para 1.3 of the Commercial Procedure, "Revenue Officer and Assistant mangers are responsible for: i) implementing in conjunction with the XEN, the commercial policy laid down from time to time laid down by the authority through the Company ii) Efficient Billing and Collection Procedure". The above mentioned officers did not comply with Commercial Procedures in the instant mater; therefore, they may be sensitized to strictly follow Commercial Procedures.

Inquiry Report of Police Stations (Source: Compiled from Inquiry Committee Report of PESCO)

ANNEXURE-29

CHANGE IN LOAD SHEDDING SCHEDULE

Range of AT&C Losses	Category (AT&C Losses)	Approved by BoD of PESCO (in Dec, 2012)	Provided by PITC (in Dec, 2017)	Load Management Schedule (July, 2018)	Load Management Schedule (12/2019 to 12/2020
		No. of interruptions Hours (Load Shedding)			
Up to 10%	I	0	0	0	0
10.1% - 20%	II	0	2	2	0
20.1% - 30%	III	0	2	4	2
30.1% - 40%	IV	0	4	6	4
40.1% - 50%	V	8	6	8	8
50.1% - 60%		10	6	8	
60.1% - 70%	VI	12	8	10	12
70.1%- 80%		14	8	10	
80.1% &Above	VII	16	12	16	16

No. of Interruptions Hours (Load Shedding) (Source: Power Dispatch Centre, PESCO)

ANNEXURE-30

AT&C BASED LOAD SHEDDING PROGRAM CHANGED WITHOUT APPROVAL OF BOD

Sr. No.	AT&C	Category	Approved by BoD PESCO (in Dec, 2012)	Aug. to Sep. 2013	Jun. to Sept. 2014	Aug. to Sept. 2015	Oct. to Dec. 2015	Dec. 2017 to Jun. 2018	July to Dec. 2018	Jan. to Feb. 2019	Jan. to Apr. 2019	May, 2019	Jun., 2019 to Feb., 2020	Mar., to Apr. 2020	May, 2020	Jun., 2020
1.	40.1% - 50%	V	8 to 10 Hrs	N/A	6 to 8 Hrs	6 to 10 Hrs	4 to 8 Hrs	6 Hrs	8 Hrs	N/A	6 to 8 Hrs	5 Hrs	8 Hrs	4 Hrs	6 Hrs	8 Hrs
2.	50.1% - 60%															
3.	60.1% - 70%	VI	12 to 14 Hrs	11 to 13 Hrs	7 to 10 Hrs	N/A	N/A	8 to 10 Hrs		N/A	6 to 11 Hrs					
4.	70.1% - 80%															
5.	80.1% & Above	VII	16 Hrs	14 to 15 Hrs	7 to 12 Hrs	N/A	N/A	12 Hrs	N/A	12 Hrs	N/A	8 Hrs	N/A	7 to 13 Hrs		

AT&C based load shedding program (Source: Power Dispatch Centre Data, PESCO)

ANNEXURE-31

Cost Analysis of Repaired Transformers April, 2019 to March, 2021

Capacity of transformer (KVA)	Damaged transformers			Total No. of transformers Repaired *(After waiving of AT&C Policy)* during 04/2019 to 03/2021	Cost / Unit (on 40% of New Item)	Total Cost (Rs. in million)
	(Before Waiving of AT&C Policy)	(After Waiving of AT&C Policy)				
	04/2018 to 03/2019	04/2019 to 03/2020	04/2020 to 03/2021			
1	**2**	**3**	**4**	**5 = 3 + 4**	**6**	**7**
25 KVA	153	530	572	1102	129,499 x 40% = 51,799	1102 x Rs.51,799 = 570.614
50 KVA	1053	3347	3515	6862	179,900 x 40% = 71,960	6862 x Rs.71,960 = 493.789
100 KVA	1078	3143	3157	6300	275,700 x 40% = 110,280	6300 x Rs.110,280 = 694.764
200 KVA	613	1512	1462	2974	460,000 x 40% = 184,000	2974 x Rs.184,000 = 547.216
TOTAL	**2897**	**8532**	**8706**	**17238**		**2,306.383**
					Rs. in billion	**2.306**

Cost Analysis of Repaired Transformers (Source: Data compiled from Operational Directorate)

ANNEXURE-32

OVERALL RECEIVABLE OF PESCO

(Rs. in million)

Description	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Federal Govt. including AJK & subsidy	3,233.29	4,902.99	6,573.19	9,312.99	12,218.19	13,865.46	16,277.42	20,254.42	26,415.03	29,616.58
Provincial Govt. including subsidy	415.10	702.09	355.61	588.55	311.10	-94.42	155.53	114.86	834.20	1,436.74
Govt. Receivable - (A)	**3,648.39**	**5,605.08**	**6,928.79**	**9,901.54**	**12,529.29**	**13,771.05**	**16,432.95**	**20,369.28**	**27,249.23**	**31,053.32**
Running Consumers (Pvt.) – I	**14,971.59**	**20,159.08**	**25,299.31**	**30,222.68**	**37,594.99**	**43,488.58**	**49,242.12**	**53,000.21**	**57,865.44**	**57,751.28**
Disconnected Consumers (Pvt.)-II	17,166.15	21,079.89	25,485.38	28,560.41	31,232.49	34,415.18	37,138.94	40,767.31	43,865.71	54,983.24
Total Private (B = I + II)	**32,137.75**	**41,238.96**	**50,784.70**	**58,783.09**	**68,827.49**	**77,903.76**	**86,381.06**	**93,767.52**	**101,731.15**	**112,734.53**
C). Total Receivable (A + B)	**35,786.14**	**46,844.04**	**57,713.49**	**68,684.63**	**81,356.77**	**91,674.81**	**102,814.01**	**114,136.80**	**128,980.38**	**143,787.85**
Spillover [1]	**1,841.77**	**1,753.44**	**1,934.41**	**2,478.02**	**2,213.88**	**2,513.67**	**2,896.05**	**3,319.27**	**3,843.96**	**3,985.26**
Unpaid Debt [2]	**0.76**	**0.52**	**5.87**	**0.99**	**0.09**	**1.74**	**0.54**	**52.00**	**109.42**	**87.28**
Deferred Amount [3]	240.078	306.21	299.95	271.51	822.87	353.82	557.46	647.53	766.85	5,643.81
Agency Balance Pvt.[4]	363.79	432.08	431.98	429.40	604.18	1,047.56	2,531.37	3,687.58	10,654.16	4,765.30
D). Total	**2,446.41**	**2,492.25**	**2,672.21**	**3,179.92**	**3,641.03**	**3,916.78**	**5,985.42**	**7,706.38**	**15,374.39**	**14,481.64**
E). Credit Balance of Consumers (-) [5]	369.34	168.13	194.59	238.10	578.99	544.51	1,210.74	1,506.55	1,344.50	1,425.83
Total (C + D – E)	**37,863.20**	**49,168.16**	**60,191.11**	**71,626.45**	**84,418.81**	**95,047.08**	**107,588.69**	**120,336.63**	**143,010.28**	**156,843.66**
Un-Identified Cash (-) [6]	102.142	120.13	132.90	178.81	250.77	308.633	439.40	458.09	512.13	556.25
GRAND TOTAL	**37,761.06**	**49,048.03**	**60,058.22**	**71,447.64**	**84,168.04**	**94,738.45**	**107,149.29**	**119,878.54**	**142,498.15**	**156,287.40**

Overall Receivables of PESCO Source: Commercial Procedure (CP)-120-A (Energy Debtors Report) as on June 30, 2020; Commercial Directorate

1. *Billing amount receivable to next month*
2. *Amount due against installment of consumer*
3. *Set-a-side Amount by Department and Court (Litigation cases)*
4. *Subsidy Amount*
5. *Credit Adjustment given to Consumers due to segregation, wrong, overbilling etc*
6. *Cash not posted to concerned consumers*

(Contd.)

CATEGORY-WISE RECEIVABLES

(Rs. in million)

Category	06/2011	06/2012	06/2013	06/2014	06/2015	06/2016	06/2017	06/2018	06/2019	06/2020
Government Consumers										
F/Govt.	625.71	398.12	-61.30	114.28	113.93	-130.68	-174.25	-204.70	403.84	900.10
A/Bodies	330.73	371.75	314.78	576.61	390.62	230.19	-55.73	139.34	181.31	294.26
L/Bodies	23.84	24.71	24.79	17.24	17.33	16.29	-38.29	-1.09	0.88	13.32
Total F/G	**980.28**	**794.58**	**278.27**	**708.13**	**521.88**	**115.80**	**-268.27**	**-66.45**	**586.03**	**1207.68**
AJ&K	2253.01	4108.41	6294.93	8604.86	11696.33	13749.65	16449.82	20208.90	25690.22	28283.55
Prov. Govt.	415.10	702.09	355.60	588.55	311.11	-94.42	-56.90	-242.76	378.91	988.49
Total Govt.	**3648.39**	**5605.08**	**6928.80**	**9901.54**	**12529.32**	**13771.03**	**16124.65**	**19899.69**	**26655.16**	**30479.72**
Private Consumers										
Domestic	31275.92	39985.21	49415.87	57131.52	66138.92	74906.31	82462.51	90135.66	98583.54	111998.81
Commercial	1150.29	1430.65	1620.60	1957.02	2345.35	2757.98	3258.47	3264.48	3601.91	3794.64
Agricultural	655.83	898.85	1076.07	1238.16	1585.36	1864.06	1471.19	1489.42	1493.63	1522.77
Industrial	939.90	1115.16	1069.62	1331.41	1726.97	1651.31	1345.48	1314.72	1294.76	3538.51
Others	192.85	133.20	80.14	66.79	92.89	96.37	86.72	75.50	132.95	170.23
Un-identified	-102.14	-120.15	-132.93	-178.85	-250.77	-308.66	-439.40	-458.35	-512.39	-556.50
Total Pvt.	**34112.66**	**43442.92**	**53129.38**	**61546.05**	**71638.75**	**80967.36**	**88184.95**	**95821.44**	**104594.41**	**120468.44**
*TOTAL	**37761.06**	**49048.00**	**60058.18**	**71447.58**	**84168.05**	**94738.40**	**104309.57**	**115721.12**	**131249.57**	**150948.17**

*****These amounts are without subsidy

Category Wise Receivables Source: Commercial Procedure (CP)-120-A (Energy Debtors Report) as on June 30, 2020; Commercial Directorate

ANNEXURE-33

SHORTFALL OF RECOVERY

(Rs. in million)

Financial Year	Total Billing	Total Collection	Shortfall	%age of Recovery
2010-11	52,427.71	43,104.91	9,322.80	82.2
2011-12	64,354.25	53,079.76	11,274.50	82.5
2012-13	71,749.20	60,699.74	11,049.46	84.6
2013-14	82,921.38	71,537.20	11,384.17	86.3
2014-15	105,932.80	93,258.30	12,674.50	88.0
2015-16	91,534.69	81,118.77	10,415.93	88.6
2016-17	98,673.92	87,901.19	10,772.73	89.1
2017-18	109,271.14	97,851.56	11,419.58	89.5
2018-19	135,417.98	120,003.04	15,414.94	88.6
2019-20	160,627.34	140,798.28	19,829.06	87.7
Total	**972,910.41**	**849,352.75**	**123,557.67**	

Short recovery against Billing, (Source: Commercial Directorate, PESCO)

ANNEXURE-34

SHORT RECOVERY AGAINST DETECTION CHARGES

Sr. No.	Financial Year	No. of Detection Bill	Units Charged (M. kWh)	Amount Charged (million)	Amount recovered (million)	Recovery Ratio (in %age)
1.	2010-11	494,809	539.4	3,711.4	420.6	11.33
2.	2011-12	462,831	509.6	4,186.3	306.6	7.32
3.	2012-13	454,256	475.1	4,322.6	609.7	14.10
4.	2013-14	349,972	359.7	3,723.3	356	9.56
5.	2014-15	358,090	354.4	3,782.9	662.1	17.50
6.	2015-16	296,531	284.1	3,199.1	394.8	12.34
7.	2016-17	523,420	405.2	3,911.9	535.7	13.69
8.	2017-18	554,535	470.4	4,711.3	1015	21.54
9.	2018-19	398,855	389.8	4,257.5	1,601.6	37.62
10.	2019-20	283,739	264.1	3,878.7	877	22.61
	TOTAL	**4,177,038**	**4,051.8**	**39,685**	**6,779.1**	

Short recovery against Detection Charges, (Source: Data compiled from Commercial Directorate, PESCO)

ANNEXURE-35

Year wise closing position of EROs issued and its implementation and outstanding status

Sr. No.	Financial Year	Private		Govt.		Total	
		No. of EROs	Amount (in million)	No. of EROs	Amount (in million)	No of EROs.	Amount (in million)
1.	2010-11	208,899	14,215.71	3,259	1,443.11	212,158	15,658.82
2.	2011-12	268,085	19,501.03	3,507	1,497.53	271,592	20,998.55
3.	2012-13	297,898	24,633.85	2,880	1,288.11	300,778	25,921.96
4.	2013-14	311,489	29,161.00	5,201	1,649.62	316,690	30,810.62
5.	2014-15	354,689	36,254.53	4,998	1,819.58	359,687	38,074.11
6.	2015-16	377,961	41,794.62	4,723	1,578.48	382,684	43,373.10
7.	2016-17	405,194	47,471.32	3,892	1,438.18	409,089	48,909.50
8.	2017-18	398,917	51,520.03	4,192	3,637.23	403,109	55,157.26
9.	2018-19	400,923	56,101.49	5,156	5,234.52	406,079	61,336.02
10.	2019-20	517,696	55,995.59	13,514	30,657.93	531,210	86,653.52

Year Wise Position of EROs, (Source: Progress report of Commercial Directorate, PESCO)

ANNEXURE-36

DEFERRED AMOUNT BY DEPARTMENT AND COURT

Sr. No.	Financial Year	Deferred Amount (Rs. in million)		
		Department	**Court**	**Total**
1.	2010-11	159.266	144.714	303.981
2.	2011-12	115.088	205.267	320.355
3.	2012-13	127.277	189.77	317.054
4.	2013-14	136.465	154.517	290.982
5.	2014-15	143.377	698.270	841.647
6.	2015-16	23.305	343.059	366.364
7.	2016-17	11.179	557.919	569.098
8.	2017-18	2.073	657.010	659.084
9.	2018-19	136.238	642.105	778.343
10.	2019-20	3,967.776	1,702.170	5,669.946

Deferred Amounts by Department and Court (Source: Progress report of Commercial Directorate, PESCO)

ANNEXURE-37

SUMMARY OF THE SUBSIDIES (2010-11 TO 2019-20)

(Rs. in million)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Opening Balance (TDS)	29,236	13,629	23,368	32,867	47,885	50,471	49,843	55,495	23,741	49,858
Subsidy Claim during the year	26,945	25,225	36,826	37,636	29,411	27,912	31,647	34,730	58,477	74,166
Subsidy received during the year	42,552	15,487	44,093	38,935	26,825	28,540	23,847	65,237	35,755	61,037
Receivables	(15,607)	9,739	9,499	15,018	2,586	(629)	7,800	(30,507)	22,723	12,871
Closing Balance	13,629	23,368	16,100	31,568	50,471	49,843	57,642	27,135	49,858	62,987

Summary of the Subsidies (Source: Finance Directorate, PESCO)

ANNEXURE-38

Details of Provision of staff retirement Benefits (Non-cash adjustment item) During the period 2014-15 to 2019-20

(Rs. in Billion)

Sr. No.	Financial Year	Cash Paid	Non-Cash Adjustment[98]	Total
1.	2014-15	1.42	2.46	3.88
2.	2015-16	2.48	6.98	9.46
3.	2016-17	2.93	1.46	4.39
4.	2017-18	4.11	1.30	5.41
5.	2018-19	4.94	3.24	8.18
6.	2019-20	5.55	3.06	8.61
	Total	**21.43**	**18.50**	**39.93**

Provision of Staff retirement Benefits (Source: Financial Statements of PESCO)

[98] Book adjustments that does not involve cash

ANNEXURE-39

STATEMENT SHOWING THE DETAIL OF EXCESS OVER HEAD CHARGED AGAINST OWN SOURCE & FOREIGN AIDED LOAN WORKS DURING THE FY 2010-11 TO 2019-20

Sr No	Description of Project	Material	Labour	Overhead	Contract	Total Cost	Capitalization Month	Overhead Charges in %	%Excess overhead charges (above 20%)	Excess overhead charges (Rs.)
1	132 KV T/L KOHAT HANGU	12617658	0	15617904	13364197	41,599,759	06.2012	123.78	103.78	13,094,372
2	132 KV GS PEZU	347259	0	258300	11284354	11,889,913	06.2019	74.38	54.38	188,848
3	132 KV GS BAND KURAI	368749	0	257973	34640	661,362	6.2011	69.96	49.96	184,223
4	132 KV GS MANSEHRA	3122782		1905104	1527235	6,555,121	06.2017	61.01	41.01	1,280,548
5	132 KV GS CHITRAL	2737070	0	1220587	150000	4,107,657	06.2012	44.59	24.59	673,173
6	132 KV T/L HUSSAI DAGGAR	91626352	0	39500529	31581149	162,708,030	06.2012	43.11	23.11	21,175,259
7	132 KV GS/ T/L MARDAN DHOBIAN TO HUSSAI DOBIAN	2321456		978142	7386756	10,686,354	06.2019	42.13	22.13	513,851
8	132 KV GS BATTAL	3977169		1625020	27074340	32,676,529	06.2017	40.86	20.86	829,586
9	132 KV GS THALL	576886		219949	6193065	6,989,900	06.2019	38.13	18.13	104,572
10	132 KV GS TANK	10478048		3785524	1153940	15,417,512	06.2019	36.13	16.13	1,689,914
11	132 KV GS NSR CITY (CAP)	3817222	0	1371831	0	5,189,053	06.2012	35.94	15.94	608,387
12	132 KV GS REHMAN BABA	49053522	0	17307296	1361071	67,721,889	06.2019	35.28	15.28	7,496,592
13	132 KV GS PESHAWAR CITY (CAP)	11061475		3856457	272818	15,190,750	06.2012	34.86	14.86	1,644,162
14	132 KV GS KATLANG (CAP)	1690504		586066	75993	2,352,563	06.2012	34.67	14.67	247,965
15	132 KV GS THAKOT	766679	0	264572	40636862	1,668,113	06.2012	34.51	14.51	111,236
16	132 KV GS GADOON AMAZAI	17816715		6094938	1019232	24,930,885	06.2015	34.21	14.21	2,531,595
17	132 KV GS PROVA D I KHAN	33374159	0	11016338	7888313	52,278,810	6.2011	33.01	13.01	4,341,506
18	132 KV GS SWABI	96149146	0	31585229	3187511	130,921,886	06.2019	32.85	12.85	12,355,400
19	66 KV GS DARBAND	8623270	0	2821654	280000	11,724,924	06.2012	32.72	12.72	1,097,000

20	132 KV GS MASNEHRA CHUNT CAP	10819414	0	3443088	0	14,262,503	6.2011	31.82	11.82	1,279,205
21	132 KV GS HAVELIAN	2640617		835172	0	3,475,789	06.2014	31.63	11.63	307,049
22	132 KV GS SWAT (SWAT)	12759730		3959766	961853	17,681,349	06.2012	31.03	11.03	1,407,820
23	132 KV GS JEHANGIRA	41464072		12752869	5072673	59,289,614	06.2019	30.76	10.76	4,460,055
24	132 KC GS SWABI	44084448		13475586	3991485	61,551,519	06.2014	30.57	10.57	4,658,696
25	132 KV GS NOWSHERA UNDUSTRIAL	40521964		11649404	0	52,171,368	06.2017	28.75	8.75	3,545,011
26	132 KV GS DHOBIAN	57241157		15917673	76757962	149,916,792	06.2014	27.81	7.81	4,469,442
27	132 KV GS GADOON AMAZAI	22043519	0	6080264	6653283	34,777,066	06.2019	27.58	7.58	1,671,560
28	132 KV KHAWAZAKHELA CAP BANK	1898987	0	508995	0	2,407,982	06.2011	26.80	6.80	129,198
29	132 KV GS SAKHI CHASHMA CAPICITOR BANK	3659852	0	980850	63573	4,704,275	06.2011	26.80	6.80	248,880
30	132 KV GS HAYATABAD CAP BANK	2257416	0	604985	74318	2,936,719	06.2011	26.80	6.80	153,502
31	132 KV GS SARAI NBOURANG CAPICITOR	2260285	0	605730	97074	2,963,089	06.2011	26.80	6.80	153,673
32	132 KV GS TARBELA CAP BANK	1830953	0	490629	0	2,321,582	06.2011	26.80	6.80	124,438
33	132 KV GS NOWSHERA INDUSTRIAL CAM BANK	1882529	0	504424	0	2,386,953	06.2011	26.80	6.80	127,918
34	132 KV GS USSAI CAP BANK	4086367	0	1094880	0	5,181,247	06.2011	26.79	6.79	277,607
35	132 KV GS BALAKOT	39027379		10452120	0	49,479,499	06.2017	26.78	6.78	2,646,644
36	132 KV GS PEZU	44399101		11765969	13639191	69,804,261	06.2014	26.50	6.50	2,886,149
37	132 KV GS KARAK	1762400	0	462200	8678102	10,902,702	06.2019	26.23	6.23	109,720
38	132 KV GS MATTANI	12354909		3150415	3039891	18,545,215	06.2014	25.50	5.50	679,433
39	132 KV GS OGHI	13969609	79849	3484562	2864540	20,398,560	06.2015	24.94	4.94	690,640
40	132 KV SARAI NOURANG	28679766		6821438	329750	35,830,954	06.2011	23.78	3.78	1,085,485
41	132 KV GS HANGU	72115366		16940953	5980760	95,037,079	06.2013	23.49	3.49	2,517,880
42	132 KV GS LACHI	39347359		8715169	0	48,062,528	06.2014	22.15	2.15	845,697
	Total	**851832268**	**79849**	**275026933**	**282675931**	**1409614982**				**104,643,891**

Excess Over Head Charged Against Own Source & Foreign Aided Loan Works (Source: PESCO GSC Directorate)

ANNEXURE-40

Details of Civil Work Orders issued on Post Bid Reduced Higher Rates for the period 07/2019 to 6/2020

Sr. No	Work Order		Name of Work	Amount (Rs)			
	No	Date		BOQ	Work Order	Difference	Per(%)
1	2484-88	20/3/2019	Special repair of D-Type Quarter No.6 at Peshawar	442,953	628,993	186,040	42.00%
2	2670-74	15/4/2019	Rehabilitation of SDO Office at Nathiagali	1,585,696	2,774,968	1,189,272	75.00%
3	2983-86	13/3/2018	Re-construciton of Tilted Boundry Wall and Drain line	4,564,458	6,367,419	1,802,961	39.50%
4	2075-79	14/02/2019	Rehabilitation of Bunglow No.22 at Peshawar	775,963	1,109,627	333,664	43.00%
5	2499-2504	21/3/2019	Construction of 1 No Room at Bannu	606,849	879,931	273,082	45.00%
6	1308-12	15/11/2018	Rehabilitation of Bunglow No.1 at Peshawar	1,078,721	1,504,816	426,095	39.50%
7	1558-62	18/12/2018	Renovation/rehabilitation of Cat-II Bunglow No.2	952,865	1,334,011	381,146	40.00%
8	2477-81	20/3/2019	Rehabilitation of Bunglow No.25 at Peshawar	629,073	906,809	277,736	44.15%
9	891-95	27/09/2019	Construction of XEN/SDO/RO Office at Azizabad Manshera	36,311,041	49,873,215	13,562,174	37.35%
10	919-22	30/09/2019	Rehabilitation of Bath Room of SDO/RO Office at Peshawar	1,689,907	2,450,365	760,458	45.00%
11	122-26	14/10/2019	Construction of Multi Sotrey Office at Pabbi Nowshera	21,244,251	30,938,915	9,694,664	45.63%
12	1483-86	9/12/2019	Special Repair of DG Pro Room No.320 at Peshawar	173,367	240,963	67,596	38.99%
13	1489-92	9/12/2019	Special Repair of Room No.102/104 of DG (HR) at Peshawar	139,292	201,277	61,985	44.50%
14	356-59	28/2/2020	Special Repair of Damages Boundry Wall cat-II Mardan	255,958	399,294	143,336	56.00%
15	362-65	28/2/2020	Filling of Office Building Lawn Mardan	293,755	455,320	161,565	55.00%
16	381-84	28/2/2020	Drilling Bore & Water Supply Scheme at Cat-II Peshawar	352,807	497,457	144,650	41.00%
17	392-95	3/3/2020	Special Repair of Room No.440 & 442 at Peshawar	311,613	483,000	171,387	55.00%
18	406-9	2/3/2020	Special Repair of Bunglow No.14 at Peshawar	339,925	499,689	159,764	47.00%
19	1310-13	19/11/2019	Special Repair of Room No.311 of MMM Peshawar	228,873	336,443	107,570	47.00%
20	320-24	2/8/2019	Special Repair of Cat-II Bunglow at Abbottabad	1,011,473	1,542,838	531,365	52.53%

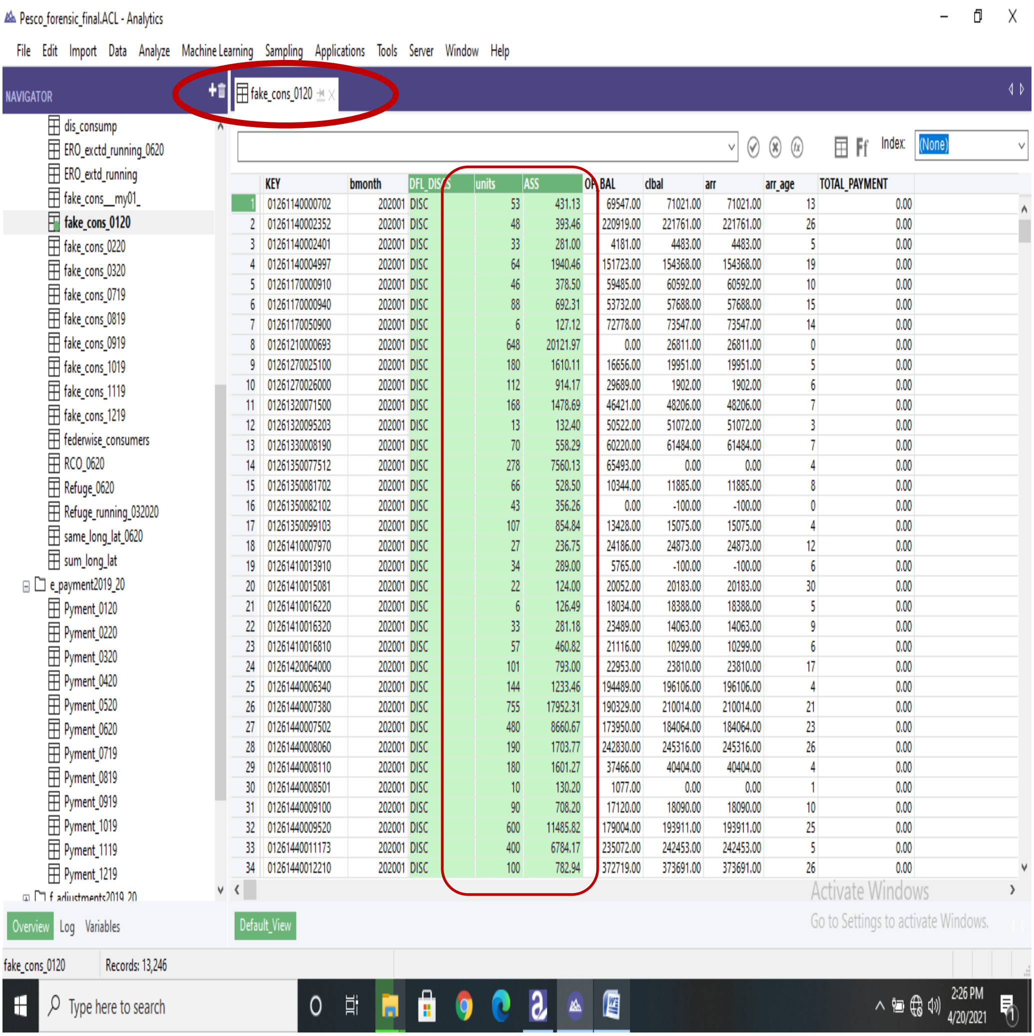
21	325-28	2/8/2019	Rehabilitation of Bunglow No.18 at Peshawar	872,654	1,247,895	375,241	43.00%
22	517-22	4/9/2019	Rehabilitation/Renovation of RTC Colony Charsadda	2,571,863	3,664,905	1,093,042	42.50%
23	535-38	12/9/2019	Rehabilitation/Renovation of SDO at Peshawar	1,158,900	1,680,405	521,505	45.00%
24	539-42	12/9/2019	Special Repair of C-Type Bunglow ast Swabi	1,375,777	1,994,877	619,100	45.00%
25	543-46	12/9/2019	Special Repair of Sewerage System at Hangu	1,964,071	2,808,622	844,551	43.00%
26	819-22	18/9/2019	Rehabilitation/Renovation of Cat-III Bunglow at Peshawar	524,431	759,901	235,470	44.90%
27	811-14	18/9/2019	Construction of XEN/SDO/RO Office at Timergara	35,339,945	50,214,528	14,874,583	42.09%
28	1316-19	19/11/2019	Special Repair of Room No.163 at Peshawar	186,740	282,644	95,904	51.36%
29	1347-50	22/11/2019	Special Repair of Sewerage System at Abbottabad	170,208	238,291	68,083	40.00%
30	1383-86	28/11/2019	Special Repair of Partition and Cupboard at Room N.322, 324	90,804	125,854	35,050	38.60%
31	1395-99	2/12/2019	Special Repair of Room No.424, 426, 428 & 430 at Peshawar	350,776	491,086	140,310	40.00%
32	1403-7	3/12/2019	Conversion of Redimadmt space into Ladies Wash room	295,525	413,735	118,210	40.00%
33	1435-38	9/12/2019	Special Repair of Room No.123 at Peshawar	124,585	180,648	56,063	45.00%
34	1441-44	9/12/2019	Special Repair of Room No.127 at Peshawar	191,459	276,658	85,199	44.50%
35	1447-50	9/12/2019	Special Repair of Room No.114 at Peshawar	212,326	307,236	94,910	44.70%
36	1453-56	9/12/2019	Rehabilitation of War Room and Bath Rooms at Peshawar	301,580	437,291	135,711	45.00%
37	1459-62	9/12/2019	Construction of Underground Water Reservoir at Peshawar	365,839	499,736	133,897	36.60%
38	1465-68	9/12/2019	Construction of Sewerage line at Peshawar	163,907	237,337	73,430	44.80%
39	1471-74	9/12/2019	Rehabilitation of Customer Crises Cell at Peshawar	204,372	294,296	89,924	44.00%
40	1477-80	9/12/2019	Rehabilitation of Room No.1 at Peshawar	175,963	255,146	79,183	45.00%
41	587-90	10/4/2020	Construction of Sewerage line at Peshawar	1,382,095	1,976,396	594,301	43.00%
42	929-37	8/6/2020	Construction of 4 No Rooms at Charsadda	5,165,298	8,414,270	3,248,972	62.90%
43	986-89	16/6/2020	Construction of XEN/SDO/RO office at Takht Bhai	33,558,500	54,693,643	21,135,143	62.98%
44	306-10	2/8/2019	Rehabilitation of Cat-II Bunglow at Peshawar	958,260	1,370,312	412,052	43.00%
45	311-14	2/8/2019	Rehabilitation/Renovation of Bunglow No.11 at Peshawar	572,179	812,494	240,315	42.00%
46	315-19	2/8/2019	Rehabilitation/Renovation of Bunglow No.12 at Peshawar	587,447	906,568	319,121	54.32%
47	1036-40	15/10/2019	Construction of XEN/SDO/RO office at Nowshera	21,709,219	31,002,936	9,293,717	42.81%
48	1091-95	23/10/2019	Construction of Colony at Abbottabad	23,916,330	34,183,610	10,267,280	42.93%

49	1120-24	25/10/2019	Rehabilitation/Renovation of Cat-III Bunglow at Kohat	726,087	1,052,826	326,739	45.00%
50	1179-83	4/11/2019	Construction of XEN/SDO/RO office at Buner	34,649,939	49,234,098	14,584,159	42.09%
51	552-55	3/4/2020	Special Repair of Bunglow No.15 at Peshawar	374,564	499,855	125,291	33.45%
			Total (Rs)	**243,230,483**	**353,983,448**	**110,752,965**	

Detail of Civil Works (Source: Work Order XEN Civil PESCO)

ANNEXURE-41

Fake Billing against Disconnected Meters



	KEY	bmonth	DFL_DISS	units	ASS	OP_BAL	clbal	arr	arr_age	TOTAL_PAYMENT
1	01261140000702	202001	DISC	53	431.13	69547.00	71021.00	71021.00	13	0.00
2	01261140002352	202001	DISC	48	393.46	220919.00	221761.00	221761.00	26	0.00
3	01261140002401	202001	DISC	33	281.00	4181.00	4483.00	4483.00	5	0.00
4	01261140004997	202001	DISC	64	1940.46	151723.00	154368.00	154368.00	19	0.00
5	01261170000910	202001	DISC	46	378.50	59485.00	60592.00	60592.00	10	0.00
6	01261170000940	202001	DISC	88	692.31	53732.00	57688.00	57688.00	15	0.00
7	01261170050900	202001	DISC	6	127.12	72778.00	73547.00	73547.00	14	0.00
8	01261210000693	202001	DISC	648	20121.97	0.00	26811.00	26811.00	0	0.00
9	01261270025100	202001	DISC	180	1610.11	16656.00	19951.00	19951.00	5	0.00
10	01261270026000	202001	DISC	112	914.17	29689.00	1902.00	1902.00	6	0.00
11	01261320071500	202001	DISC	168	1478.69	46421.00	48206.00	48206.00	7	0.00
12	01261320095203	202001	DISC	13	132.40	50522.00	51072.00	51072.00	3	0.00
13	01261330008190	202001	DISC	70	558.29	60220.00	61484.00	61484.00	7	0.00
14	01261350077512	202001	DISC	278	7560.13	65493.00	0.00	0.00	4	0.00
15	01261350081702	202001	DISC	66	528.50	10344.00	11885.00	11885.00	8	0.00
16	01261350082102	202001	DISC	43	356.26	0.00	-100.00	-100.00	0	0.00
17	01261350099103	202001	DISC	107	854.84	13428.00	15075.00	15075.00	4	0.00
18	01261410007970	202001	DISC	27	236.75	24186.00	24873.00	24873.00	12	0.00
19	01261410013910	202001	DISC	34	289.00	5765.00	-100.00	-100.00	6	0.00
20	01261410015081	202001	DISC	22	124.00	20052.00	20183.00	20183.00	30	0.00
21	01261410016220	202001	DISC	6	126.49	18034.00	18388.00	18388.00	5	0.00
22	01261410016320	202001	DISC	33	281.18	23489.00	14063.00	14063.00	9	0.00
23	01261410016810	202001	DISC	57	460.82	21116.00	10299.00	10299.00	6	0.00
24	01261420064000	202001	DISC	101	793.00	22953.00	23810.00	23810.00	17	0.00
25	01261440006340	202001	DISC	144	1233.46	194489.00	196106.00	196106.00	4	0.00
26	01261440007380	202001	DISC	755	17952.31	190329.00	210014.00	210014.00	21	0.00
27	01261440007502	202001	DISC	480	8660.67	173950.00	184064.00	184064.00	23	0.00
28	01261440008060	202001	DISC	190	1703.77	242830.00	245316.00	245316.00	26	0.00
29	01261440008110	202001	DISC	180	1601.27	37466.00	40404.00	40404.00	4	0.00
30	01261440008501	202001	DISC	10	130.20	1077.00	0.00	0.00	1	0.00
31	01261440009100	202001	DISC	90	708.20	17120.00	18090.00	18090.00	10	0.00
32	01261440009520	202001	DISC	600	11485.82	179004.00	193911.00	193911.00	25	0.00
33	01261440011173	202001	DISC	400	6784.17	235072.00	242453.00	242453.00	5	0.00
34	01261440012210	202001	DISC	100	782.94	372719.00	373691.00	373691.00	26	0.00

Monthly Billing and Collections from Consumers (Source: Snapshot of Analysis done by Audit Command Language (ACL)

ANNEXURE-42

DETAILS OF AMOUNT RETAINED BY BANKS IN RESPECT OF PESCO

Sr. No	Division Code	Division Name	Bank	Opening Balance	Collection	Remittances	Closing Balance
1	2611	City Rural	Al-Habib	161,187	6,985,323	7,051,885	94,625
2	2611	City Rural	Faisal	22,271	5,487,342	5,487,345	22,268
3	2611	City Rural	JS Bank	29,298	3,020,502	3,042,608	7,192
4	2611	City Rural	ZTBL	1,229,166	9,297,937	9,193,232	1,333,871
5	2611	City Rural	Bank Islami	-	648,376	637,552	10,824
6	2611	City Rural	Summit	64,920	1,559,361	1,559,588	64,693
7	2611	City Rural	Sindh Bank	31,861	12,975,464	12,975,407	31,918
8	2613	Cantt	UBL	(4,944,783)	50,999,179	45,975,757	78,639
9	2613	Cantt	First Woman	41	-	-	41
10	2613	Cantt	SME Bank	10,170	-	-	10,170
11	2613	Cantt	Al-Barka	18,585	1,143,717	1,156,325	5,977
12	2613	Cantt	Bank Islami	126,931	1,921,335	1,931,966	116,300
13	2613	Cantt	Dawood Islamic	14,696	-	-	14,696
14	2614	Charsadda	HBL	-	4,076,952	4,075,444	1,508
15	2614	Charsadda	NBP	(50,183)	11,058,871	10,880,471	128,217
16	2615	Shabqadar	ABL	115,744	14,590,346	14,590,346	115,744
17	2615	Shabqadar	HBL	32,579	1,244,361	1,241,025	35,915
18	2615	Shabqadar	Al-Falah	1,187	2,822,282	2,822,282	1,187
19	2616	Rural	HBL	187,498	49,196,324	49,094,494	289,328
20	2616	Rural	UBL	224,869	40,243,004	40,228,940	238,933
21	2616	Rural	Al-Habib	5,521	10,456,856	7,890,873	2,571,504
22	2616	Rural	BoK	18,033	3,771,071	3,771,071	18,033

23	2621	Khyber	ABL	(479,262)	271,868,689	270,633,097	756,330
24	2621	Khyber	BoP	1,489,732	9,026,036	9,026,636	1,489,132
25	2621	Khyber	Union Bank	86,360	-	-	86,360
26	2621	Khyber	Al-Falah	2,274,159	10,929,393	10,929,394	2,274,158
27	2621	Khyber	Al-Habib	(501,273)	52,164,284	50,928,107	734,904
28	2621	Khyber	Askari	2,378,697	12,776,247	12,487,221	2,667,723
29	2621	Khyber	Faisal	3,109,358	4,511,892	4,992,149	2,629,101
30	2621	Khyber	Post Office	6,145,928	39,042,308	39,096,418	6,091,818
31	2621	Khyber	Dubai Islamic	69,297	2,648,056	2,648,056	69,297
32	2621	Khyber	HMP	60,010	10,809	10,809	60,010
33	2621	Khyber	Bank Islami	120,916	451,513	451,513	120,916
34	2622	NSR City No.2	HBL	(46,025)	12,248,833	12,020,108	182,700
35	2622	NSR City No.2	Al-Falah	295,862	-	-	295,862
36	2622	NSR City No.2	Askari	649,523	81,415	81,415	649,523
37	2622	NSR City No.2	Metropolitan	143,512	-	-	143,512
38	2622	NSR City No.2	HMP	425,331	-	-	425,331
39	2622	NSR City No.2	Sindh Bank	348,639	-	-	348,639
40	2623	NSR Cantt No.1	NBP	863,517	2,765,982	3,465,699	163,800
41	2623	NSR Cantt No.1	UBL	2,269,076	61,985,196	61,975,038	2,279,234
42	2623	NSR Cantt No.1	BoP	(230,602)	47,739,967	47,249,951	259,414
43	2623	NSR Cantt No.1	BoK	1,238,623	17,836,491	17,909,069	1,166,045
44	2623	NSR Cantt No.1	Faisal	63,700	5,757,540	5,754,871	66,369
45	2623	NSR Cantt No.1	Post Office	7,255,300	76,416,544	81,137,170	2,534,674
46	2623	NSR Cantt No.1	Meezan	649,236	1,893,983	1,893,983	649,236
47	2623	NSR Cantt No.1	Al-Barka	(474,832)	490,652	-	15,820
48	2623	NSR Cantt No.1	JS Bank	72,123	2,231,866	2,231,866	72,123
49	2623	NSR Cantt No.1	Bank Islami	366,968	349,480	349,480	366,968
50	2624	Kohat	ABL	(17,915)	52,339,952	52,322,009	28

51	2624	Kohat	UBL	(6,831)	18,973,657	18,965,571	1,255
52	2624	Kohat	Al-Habib	(30)	2,846,418	2,809,471	36,917
53	2624	Kohat	Post Office	(65,033)	126,413,983	125,975,407	373,543
54	2625	Hangu	UBL	(66,673)	12,949,340	12,749,567	133,100
55	2625	Hangu	Al-Falah	76	2,211,950	2,211,985	41
56	2625	Hangu	Post Office	278,621	28,358,852	27,674,681	962,792
57	2626	Kohat Rural	HBL	-	6,317,527	6,277,106	40,421
58	2631	Mardan-1	ABL	(3,944,046)	114,302,638	110,104,469	254,123
59	2631	Mardan-1	Al-Habib	653,715	3,762,821	3,762,821	653,715
60	2631	Mardan-1	BoK	651,416	23,221,993	23,280,347	593,062
61	2631	Mardan-1	Post Office	2,037,481	138,269,928	139,678,959	628,450
62	2631	Mardan-1	Soneri Bank	3,663	475,119	475,319	3,463
63	2631	Mardan-1	ZTBL	769,894	1,904,495	1,955,810	718,579
64	2631	Mardan-1	Bank Islami	31,878	209,375	209,375	31,878
65	2631	Mardan-1	Sindh Bank	36,843	455,099	451,579	40,363
66	2632	Mardan-2	HBL	9,885	18,379,293	18,369,103	20,075
67	2632	Mardan-2	NBP	59,034	32,474,199	32,248,108	285,125
68	2632	Mardan-2	ZTBL	(3,817)	679,444	667,587	8,040
69	2635	Takht Bhai	HBL	63,483	14,002,708	14,051,447	14,744
70	2635	Takht Bhai	MCB	101,089	4,024,235	3,727,090	398,234
71	2635	Takht Bhai	UBL	72,517	22,885,847	22,916,195	42,169
72	2635	Takht Bhai	Post Office	(68,006)	55,731,775	55,296,351	367,418
73	2681	Swabi-1	Askari	32,981	3,994,139	4,016,139	10,981
74	2681	Swabi-1	Post Office	396,514	14,405,476	14,747,427	54,563
75	2681	Swabi-1	Soneri Bank	6,288	1,504,180	1,502,180	8,288
76	2681	Swabi-1	Tameer	-	38,478,700	26,848,395	11,630,305
77	2883	Swabi-2	ABL	5,246	25,190,315	25,193,231	2,330
78	2883	Swabi-2	HBL	(28,806)	10,122,468	10,019,359	74,303

79	2883	Swabi-2	Post Office	115,728	11,889,868	10,976,725	1,028,871
80	2884	Topi	HBL	120,679	46,508,126	46,614,976	13,829
81	2884	Topi	Post Office	161,999	3,518,444	3,638,935	41,508
82	2641	Haripur City	HBL	(223,437)	48,052,708	32,998,423	14,830,848
83	2641	Haripur City	UBL	1,058,471	326,119,296	325,812,534	1,365,233
84	2641	Haripur City	BoP	3,838	2,947,039	2,947,039	3,838
85	2641	Haripur City	Al-Falah	93,681	14,700,163	14,186,818	607,026
86	2641	Haripur City	Al-Habib	79,607	29,345,971	29,355,887	69,691
87	2641	Haripur City	BoK	145,433	3,442,766	3,442,757	145,442
88	2641	Haripur City	Faisal	5,911	920,320	865,809	60,422
89	2641	Haripur City	Post Office	2,998,601	63,211,029	63,367,442	2,842,188
90	2641	Haripur City	Meezan	1,157,236	9,622,855	9,692,721	1,087,370
91	2641	Haripur City	My Bank	(2,174)	1,079,237	1,075,335	1,728
92	2641	Haripur City	HMP	33,792	1,847,284	1,847,398	33,678
93	2641	Haripur City	Tameer	273,433	19,402,219	19,402,219	273,433
94	2641	Haripur City	Dawood Islamic	55,444	2,610,553	2,610,788	55,209
95	2642	Abbottabad	ABL	22,899	20,364,779	19,922,697	464,981
96	2642	Abbottabad	NBP	2,838,049	61,018,857	57,027,164	6,829,742
97	2642	Abbottabad	UBL	400,609	11,547,200	11,497,699	450,110
98	2642	Abbottabad	BoK	683,284	1,928,347	1,878,828	732,803
99	2642	Abbottabad	Post Office	3,056,529	47,447,841	47,446,143	3,058,227
100	2642	Abbottabad	Meezan	2,377,865	1,822,419	1,822,949	2,377,335
101	2642	Abbottabad	Tameer	935,875	16,583,317	16,305,060	1,214,132
102	2644	Haripur Rural	ABL	1,686,558	25,844,680	26,553,566	977,672
103	2644	Haripur Rural	HBL	2,370,504	10,072,045	8,884,131	3,558,418
104	2644	Haripur Rural	UBL	370,861	27,482,026	27,488,615	364,272
105	2644	Haripur Rural	Al-Falah	46,088	1,179,189	1,178,989	46,288
106	2644	Haripur Rural	Al-Habib	(11,650)	267,882,049	267,857,866	12,533

107	2644	Haripur Rural	BoK	1,852	137,077,341	137,077,341	1,852
108	2644	Haripur Rural	Post Office	1,822,437	32,934,756	33,179,962	1,577,231
109	2644	Haripur Rural	Tameer	2,243,632	14,326,397	14,326,397	2,243,632
110	2647	Jinnahabad	ABL	5,451,644	44,771,194	21,561,163	28,661,675
111	2647	Jinnahabad	HBL	34,185	5,474,160	5,480,012	28,333
112	2647	Jinnahabad	MCB	388,601	9,331,609	9,514,416	205,794
113	2647	Jinnahabad	UBL	900,883	11,079,404	11,677,515	302,772
114	2647	Jinnahabad	First Woman	28,612	258,686	(40,922)	328,220
115	2647	Jinnahabad	Al-Habib	183,228	1,526,823	1,526,823	183,228
116	2647	Jinnahabad	Askari	408,099	8,554,038	8,436,770	525,367
117	2647	Jinnahabad	BoK	126,005	5,068,396	4,850,704	343,697
118	2647	Jinnahabad	Faisal	290,280	3,033,302	3,033,302	290,280
119	2647	Jinnahabad	Post Office	7,388,942	22,998,905	23,477,978	6,909,869
120	2647	Jinnahabad	Dubai Islamic	112,701	2,107,234	2,186,953	32,982
121	2647	Jinnahabad	My Bank	153,420	507,190	507,190	153,420
122	2647	Jinnahabad	Tameer	(17,155)	15,709,833	13,611,833	2,080,845
123	2647	Jinnahabad	Dawood Islamic	24,289	555,704	555,697	24,296
124	2647	Jinnahabad	Sindh Bank	49,114	724,382	724,382	49,114
125	2671	Mansehra City-1	NBP	306,743	140,138,753	140,359,256	86,240
126	2671	Mansehra City-1	Al-Falah	6,443	331,525	331,525	6,443
127	2671	Mansehra City-1	Post Office	3,059,415	54,247,762	54,749,202	2,557,975
128	2673	Mansehra Rural	ABL	-	3,985,044	3,958,042	27,002
129	2673	Mansehra Rural	NBP	(461)	6,254,992	6,178,813	75,718
130	2673	Mansehra Rural	Askari	198,196	37,942	37,942	198,196
131	2673	Mansehra Rural	Post Office	3,738,185	26,389,066	26,976,328	3,150,923
132	2673	Mansehra Rural	Tameer	-	15,838,726	15,819,374	19,352
133	2674	Mansehra City-2	MCB	695	1,418,980	1,394,368	25,307
134	2674	Mansehra City-2	Post Office	825,786	4,867,815	4,901,830	791,771

135	2674	Mansehra City-2	Tameer	-	12,082,128	12,057,257	24,871
136	2651	Dargai	ABL	99	32,995,886	32,807,321	188,664
137	2651	Dargai	MCB	16,135	7,322,358	7,254,086	84,407
138	2651	Dargai	UBL	7,570	38,582,816	38,342,273	248,113
139	2651	Dargai	Al-Falah	-	43,761	23,861	19,900
140	2651	Dargai	Askari	(43,388)	231,945	183,020	5,537
141	2651	Dargai	Post Office	(6,953,683)	30,517,585	21,721,209	1,842,693
142	2651	Dargai	Al-Barka	23,296	-	-	23,296
143	2651	Dargai	Tameer	-	75,066,640	74,274,524	792,116
144	2651	Dargai	Bank Islami	1,185	333,372	332,245	2,312
145	2652	Swat	ABL	(2,222)	28,244,995	26,279,600	1,963,173
146	2652	Swat	MCB	(24,236)	15,718,190	13,848,049	1,845,905
147	2652	Swat	NBP	620,620	53,168,863	51,676,891	2,112,592
148	2652	Swat	UBL	1,756	80,352,193	78,564,479	1,789,470
149	2652	Swat	BoP	9,056	5,129,135	5,109,794	28,397
150	2652	Swat	Al-Habib	66,569	987,207	969,076	84,700
151	2652	Swat	Askari	(110)	3,363,678	3,346,859	16,709
152	2652	Swat	BoK	17,497	12,657,534	11,889,356	785,675
153	2652	Swat	Post Office	(14,998)	11,572,801	11,010,661	547,142
154	2652	Swat	Metropolitan	14	1,874,931	1,773,325	101,620
155	2652	Swat	JS Bank	(2)	2,275,223	1,844,580	430,641
156	2652	Swat	ZTBL	-	635,443	635,416	27
157	2652	Swat	Tameer	-	86,567,263	85,498,130	1,069,133
158	2652	Swat	Bank Islami	(2,120)	602,855	572,190	28,545
159	2653	Timergara	ABL	691,071	26,805,556	25,649,313	1,847,314
160	2653	Timergara	HBL	(601,701)	18,946,040	14,771,391	3,572,948
161	2653	Timergara	MCB	9	1,150,068	1,136,468	13,609
162	2653	Timergara	NBP	1,179,351	21,089,816	13,272,228	8,996,939

163	2653	Timergara	UBL	159,902	67,796,872	66,175,297	1,781,477
164	2653	Timergara	Al-Falah	59,234	147,855	82,074	125,015
165	2653	Timergara	Al-Habib	306,203	271,021	122,618	454,606
166	2653	Timergara	BoK	60,226	210,650	210,650	60,226
167	2653	Timergara	Post Office	2,146,738	25,939,108	18,152,201	9,933,645
168	2653	Timergara	Metropolitan	(641)	812,482	62,632	749,209
169	2653	Timergara	Al-Barka	-	326,992	60,765	266,227
170	2653	Timergara	Dubai Islamic	-	15,244	-	15,244
171	2653	Timergara	ZTBL	6,772	-	-	6,772
172	2653	Timergara	Tameer	-	51,373,794	50,588,626	785,168
173	2653	Timergara	Bank Islami	(18,928)	59,931	19,111	21,892
174	2653	Timergara	Dawood Islamic	68,270	28,075	28,075	68,270
175	2654	Bunir	MCB	(1,120,622)	7,904,599	6,678,055	105,922
176	2654	Bunir	NBP	1,225,548	34,770,678	33,019,166	2,977,060
177	2654	Bunir	UBL	1,357,261	21,279,196	20,989,814	1,646,643
178	2654	Bunir	Bolan Bank	12,259	1,626,553	1,626,553	12,259
179	2654	Bunir	Al-Habib	1,002,054	10,533,015	11,260,741	274,328
180	2654	Bunir	BoK	6,285	731,107	731,107	6,285
181	2654	Bunir	Faisal	22,085	-	-	22,085
182	2654	Bunir	ZTBL	9,996	-	-	9,996
183	2654	Bunir	Tameer	(208,792)	18,642,272	18,360,190	73,290
184	2655	Dir	ABL	273,161	12,104,836	12,023,463	354,534
185	2655	Dir	HBL	(338,655)	3,528,608	2,859,374	330,579
186	2655	Dir	MCB	1,216,846	712,665	1,251,162	678,349
187	2655	Dir	Al-Falah	151,258	1,559,777	1,559,777	151,258
188	2655	Dir	Al-Habib	82,911	126,918	88,206	121,623
189	2655	Dir	BoK	1,670,017	3,497,751	3,496,331	1,671,437
190	2655	Dir	Soneri Bank	95,161	-	-	95,161

191	2655	Dir	Metropolitan	171,769	95,896	95,896	171,769
192	2655	Dir	ZTBL	36,720	-	-	36,720
193	2655	Dir	Tameer	-	16,860,955	16,580,356	280,599
194	2655	Dir	Bank Islami	117,997	46,665	43,711	120,951
195	2655	Dir	Dawood Islamic	21,198	23,013	23,013	21,198
196	2656	Swat-2	HBL	444,383	5,663,023	5,705,227	402,179
197	2656	Swat-2	NBP	(348,329)	4,308,001	3,646,216	313,456
198	2656	Swat-2	UBL	(23,111)	33,798,326	33,329,697	445,518
199	2656	Swat-2	Al-Falah	2,083	57,683	57,683	2,083
200	2656	Swat-2	Al-Habib	7	80,683	80,683	7
201	2656	Swat-2	Metropolitan	107,939	1,518,961	1,478,451	148,449
202	2656	Swat-2	Tameer	-	35,549,315	34,800,852	748,463
203	2656	Swat-2	Bank Islami	95,418	252,851	252,851	95,418
204	2661	Bannu-1	BoK	33,498	1,941,596	1,974,918	176
205	2662	Lakki	BoK	31,034	2,248,515	67,555	2,211,994
206	2662	Lakki	Tameer	-	12,621,484	12,581,484	40,000
207	2663	D. I Khan	HBL	37,820	12,688,138	12,631,325	94,633
208	2663	D. I Khan	BoP	2,479	1,180,238	1,113,816	68,901
209	2663	D. I Khan	Al-Habib	(13,000)	684,367	667,867	3,500
210	2663	D. I Khan	Bank Islami	-	222,598	220,790	1,808
211	2664	Tank	HBL	85,657	73,321	119,243	39,735
212	2664	Tank	MCB	19,686	180,032	179,932	19,786
213	2664	Tank	NBP	2,433,282	7,766,321	-	10,199,603
214	2664	Tank	Al-Habib	124,815	101,138	101,138	124,815
215	2664	Tank	BoK	1,142,799	681,064	56,767	1,767,096
216	2664	Tank	Tameer	1,705,617	3,757,967	5,419,452	44,132
217	2665	Karak	ABL	(13,438)	5,018,067	4,998,075	6,554
218	2665	Karak	NBP	222,394	10,895,226	10,832,229	285,391

219	2666	D. I Khan Rural	UBL	(5,603)	4,678,583	4,584,438	88,542
220	2666	D. I Khan Rural	BoP	(104)	1,549,338	1,515,739	33,495
221	2666	D. I Khan Rural	BoK	-	1,213,470	1,210,468	3,002
222	2666	D. I Khan Rural	Post Office	2,794,904	43,904,183	44,551,531	2,147,556
	26	**PESCO**	**Total**	**87,998,646**	**4,329,531,590**	**4,203,690,451**	**213,839,785**

Detail of Non-remittance of Revenue by Collecting Bank Branches (Source: CP, 48, CP-104)

ANNEXURE-43

(A) Revenue Office wise Collection and Remittances Data for the month of June, 2020

Sr. No	Revenue Office		Opening Balance (Rs)	Collection (Rs)	Remittances (Rs)	Closing Balance (Rs)	Collection Cash Book (Rs)	Difference (Rs)
	Code	Name						
1	2611	City Rural	4,799,580	413,457,424	438,672,974	(20,415,970)	430,990,028	7,682,946
2	2612	City	(24,884,065)	381,003,740	375,417,610	(19,297,935)	374,369,203	1,048,407
3	2613	Cantt	28,502	1,170,097,349	1,209,636,825	(39,510,974)	1,183,135,517	26,501,308
4	2614	Charsadda	616,489	182,644,059	183,585,579	(325,031)	183,575,545	10,034
5	2615	Shabqadar	396,702	73,226,952	75,824,807	(2,201,153)	74,710,579	1,114,228
6	2616	Rural	(62,633)	357,627,284	366,214,934	(8,650,283)	359,254,354	6,960,580
7	2621	Khyber	(40,068,153)	719,252,647	763,501,088	(84,316,594)	733,871,681	29,629,407
8	2622	NSR City No.2	(36,402,637)	387,493,127	399,834,690	(48,744,200)	400,741,711	(907,021)
9	2623	NSR Cantt No.1	17,660,262	577,731,696	595,992,393	(600,435)	596,887,584	(895,191)
10	2624	Kohat	1,093,647	421,804,063	423,827,065	(929,355)	416,894,778	6,932,287
11	2625	Hangu	1,454,895	92,877,050	93,308,495	1,023,450	88,581,472	4,727,023
12	2626	Kohat Rural	-	35,443,102	35,402,681	40,421	35,405,501	(2,820)
13	2631	Mardan-1	(5,073,093)	568,856,321	570,333,796	(6,550,568)	570,231,139	102,657
14	2632	Mardan-2	11,286	224,569,460	225,181,027	(600,281)	225,507,788	(326,761)
15	2635	Takht Bhai	(1,879,253)	163,262,339	161,626,725	(243,639)	163,623,143	(1,996,418)
16	2681	Swabi-1	(271,923)	131,962,709	130,023,073	1,667,713	130,935,895	(912,822)
17	2682	Razar	264,335	90,603,988	100,690,204	(9,821,881)	107,767,239	(7,077,035)
18	2883	Swabi-2	(6,253,962)	110,659,827	117,486,006	(13,080,141)	118,167,634	(681,628)
19	2884	Topi	(185,961)	217,681,441	219,216,397	(1,720,917)	229,005,540	(9,789,143)
20	2641	Haripur City	(18,110,828)	678,705,838	683,329,497	(22,734,487)	668,574,062	14,755,435
21	2642	Abbottabad	6,787,552	172,194,524	167,580,846	11,401,230	187,052,670	(19,471,824)

22	2644	Haripur Rural	8,252,620	696,632,013	710,789,302	(5,904,669)	711,969,042	(1,179,740)
23	2647	Jinnahabad	13,556,808	158,082,910	142,725,710	28,914,008	159,362,279	(16,636,569)
24	2671	Mansehra City-1	3,446,034	305,519,259	307,627,084	1,338,209	307,352,201	274,883
25	2673	Mansehra Rural	3,934,045	60,788,979	61,388,960	3,334,064	61,439,621	(50,661)
26	2674	Mansehra City-2	812,710	40,033,048	40,465,257	380,501	40,498,312	(33,055)
27	2651	Dargai	(7,728,723)	351,608,236	341,892,402	1,987,111	350,027,141	(8,134,739)
28	2652	Swat	646,792	334,384,921	324,661,211	10,370,502	324,759,074	(97,863)
29	2653	Timergara	4,009,959	215,048,229	190,791,932	28,266,256	210,908,752	(20,116,820)
30	2654	Bunir	5,711,111	179,476,446	187,331,639	(2,144,082)	172,918,518	14,413,121
31	2655	Dir	(19,235,742)	82,126,358	81,752,705	(18,862,089)	81,516,203	236,502
32	2656	Swat-2	(4,337,907)	115,249,042	111,988,313	(1,077,178)	114,198,585	(2,210,272)
33	2661	Bannu-1	2,230,037	152,375,749	155,833,288	(1,227,502)	155,823,970	9,318
34	2662	Lakki	(927,911)	110,163,488	110,983,324	(1,747,747)	113,164,785	(2,181,461)
35	2663	D. I Khan	2,081,977	172,696,327	176,763,533	(1,985,229)	176,671,067	92,466
36	2664	Tank	6,906,598	28,935,491	24,441,110	11,400,979	23,046,508	1,394,602
37	2665	Karak	(50,709)	40,266,724	40,202,399	13,616	40,289,697	(87,298)
38	2666	D. I Khan Rural	2,539,958	179,377,848	181,768,581	149,225	181,615,696	152,885
39	2667	Bannu-2	223,138	32,458,100	33,911,994	(1,230,756)	33,951,181	(39,187)
	26	**PESCO**	**(78,008,463)**	**10,426,378,108**	**10,562,005,456**	**(213,635,811)**	**10,538,795,695**	**23,209,761**

Difference of Remittances in Revenue Collection Cash Book and Amount Remitted by Banks (CP48, 49 & 104)

(B) Details of differences in remittances shown CP-41

Sr. No	Revenue Office		CP-104	Pesh & Khyber CP-41	Regional CP-41	Difference of Both CP-41
	Code	Name				
1	2611	City Rural	438,672,974	438,672,974	438,257,004	415,970
2	2612	City	375,417,610	375,417,610	375,455,756	(38,146)
3	2613	Cantt	1,209,636,825	1,209,636,825	1,209,741,826	(105,001)

4	2614	Charsadda	183,585,579	183,585,579	183,588,345	(2,766)
5	2615	Shabqadar	75,824,807	75,824,807	75,828,143	(3,336)
6	2616	Rural	366,214,934	366,214,934	366,234,310	(19,376)
7	2621	Khyber	763,501,088	763,501,088	676,900,163	86,600,925
8	2622	NSR City No.2	399,834,690	399,834,690	399,843,915	(9,225)
9	2623	NSR Cantt No.1	595,992,393	595,992,393	596,020,339	(27,946)
10	2624	Kohat	423,827,065	423,827,065	423,866,460	(39,395)
11	2625	Hangu	93,308,495	93,308,495	93,291,667	16,828
12	2626	Kohat Rural	35,402,681	35,402,681	35,450,407	(47,726)
Total			**4,961,219,141**	**4,961,219,141**	**4,874,478,335**	**86,740,806**

Difference of Remittances in Revenue Collection Cash Book and Amount Remitted by Banks (CP48, 49 & 104)

ANNEXURE-44

Following record was not produced to Audit for examination:

i) Yearly Funds allocation of foreign aided loan and its utilization/disbursement alongwith status of repayment of principal, interest and commitment charges from the period 2010-11 to 2019-20 alongwith correspondence Files.

ii) Loan wise physical and financial status of projects.

iii) Loan wise status of procurement of material and its utilization.

iv) Project completion report i.e. PC-IV of each Loan.

v) Project evaluation reports of loans and own source works.

vi) Year wise completion status of projects and handed over to GSO for operation from 2010-11 to 2019-20.

vii) Year wise status of under progress works from 2010-11 to 2019-20.

viii) Yearly Receipts and disbursement of foreign aided loans for the period 2010-11 to 2019-20.

ix) Tender, POs, Work order files regarding Foreign Loans and own source Funded Projects

x) Inventory/ Stock Ledger of warehouse regarding material of Foreign aided loans and Own source.

xi) Allocation of material File.

xii) Detail of pending EOT/ LD cases of own source and foreign aided loans alongwith correspondence files.

xiii) PC-I & IV of 6^{th} STG & 7^{th} STG alongwith correspondence files of projects completed and under process.

ANNEXURE-45

1.4.1 Misappropriation of Cash (Electrification Funds) – Rs.17.00 million

In PESCO, PSDP funds amounting to Rs.17 million were transferred to Project Director (Construction) PESCO for installation of thirty two (32) distribution transformers and one hundred (100) poles. On the complaints of occurrence of massive embezzlement in electrification works, one of the Senator requested investigation agencies / PESCO to dig out the factual position. The departmental inquiry committee was constituted during February, 2015 but the inquiry was not concluded.

(Draft Para No. 629/2015-16 AR Para No. 16.4.1)

<u>ANNEXURE – 46</u>

Mis-appropriation of material - Rs.6.02 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In Project Director (CO) PESCO, material worth Rs.6.02 million against five (05) works was mis-appropriated by the Line superintendents which caused loss to the company. Penalties of recovery of such amount were imposed under E&D rules by the Competent Authority but implementation of penalties was not forthcoming from record.

Non-adherence to Authority's instructions resulted in mis-appropriation of material worth Rs.6.02 million during the financial year 2018-19.

The matter was taken up with the management in July, 2019 and reported to the Ministry in November, 2019. The management replied that the matter had been taken up by the Project Director (CO) for taking appropriate action against the official regarding recovery of material.

The DAC in its meeting held on December 31, 2019 directed the management to submit the revised reply and expedite action against official concerned.

Audit recommends that the management needs to implement DAC's decision.

(Draft Para No. 630/2019-20)

Loss due to misappropriation of material - Rs.39.39 million

According to the instructions issued by WAPDA dated July 17, 1982, "all losses, whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

During audit of PESCO for the year 2011-12, it was revealed that material of BOQ items drawn was found missing/not installed at site against thirty nine (39) works orders. Thus, the material amounting to Rs.39.39 million was misappropriated. Non-implementation of rules for safeguarding the assets of the Company resulted in loss due to misappropriation of material worth Rs.39.39 million.

The matter was taken up with the management from Aug' to Sep' 2012 and reported to the Ministry in Oct' and Dec' 2012. In a meeting held on Dec' 21, 2012, the management replied that joint inspection would be carried out with the M/s Barqaab and final reply would be submitted to Audit. Further progress was not intimated till the finalization of this report.

Audit requires inquiry in the matter besides fixing responsibility.

(Draft Para No. 111/2013 & 391/2013)

Loss due to misappropriation of material - Rs.27.09 million

According to the instructions issued by WAPDA dated July 17, 1982, "all losses, whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In PESCO, electrical material comprising distribution transformers, energy meters and other allied material valuing Rs.27.09 million was not utilized at sites / returned to stores. Hence, the electrical material was misappropriated. No departmental action was taken to get the material installed / returned to stores. This resulted in loss of Rs.27.094 million due to misappropriation of material upto 2012-13.

The matter was taken up with the management during April, 2012 to October, 2013 and reported to Ministry in October and November, 2013. The management replied that departmental and legal action was in process to decide the fate of loss. The majority of cases had been finalized.

DAC directed in its meeting held on December 4-5, 2013 to produce relevant record relating to finalized cases and expedite the action in remaining cases as per guidelines issued by the department.

Audit recommends to investigate the matter for fixing the responsibility besides making good the loss.

(Draft Para No. 213, 216, 342, 376, 397 & 491/2013-14)

ANNEXURE-47

Misappropriation of line material - Rs.2.039 million

According to the instructions issued by WAPDA dated July 17, 1982, "All losses, whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In GSC Circle (PESCO), line material amounting to Rs.2.039 million was misappropriated during construction of 132-KV transmission line from Saidu Sharif to Khawaza Khela and Madyan transmission line as evident from letter dated January 18, 2011, available in the file. Neither legal nor departmental action was taken to fix the responsibility and recover the loss.

Non-implementation of rules to safeguard assets of the Company resulted in misappropriation of Rs.2.039 million.

The matter was taken up with the management in August, 2011 and reported to the Ministry on October 13, 2011. The management replied that the recovery of Rs.36,758 had been effected from the pension of Ex-Line Superintendent-I, administrative action against other two (2) Ex-Line Superintendent-II was under way and recovery from these officials recommended by the Inquiry Committee was also in process. Audit stressed upon recovery from the persons held responsible and production of record.

DAC in its meeting held from December 19-26, 2011 directed the management to provide record of recovered amount, expedite the action for recovery of the amount of Rs.1.773 million, finalize the legal and administrative action against the persons held responsible and submit inquiry reports to Audit along with comments of the Principal Accounting Officer.

Audit recommends that directives of the DAC may be implemented.

(Draft Para No. 135/2012)

ANNEXURE-48

(PDP-802/2016-17 & 1588/2017-18 of AR Para No. 17.4.25 & 15.3.9)

17.4.25 Loss due to confiscation of transformers by FIA - Rs.6.75 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In PESCO, seventy four (74) irrepairable / un-recorded transformers of different capacities valuing Rs.6.75 million were lying in Reclamation Workshop Noshera under the custody of FIA. These transformers were confiscated by FIA since long and were lying in workshop without any record. The management neither got the transformers released from FIA nor taken any departmental action for un-recorded transformers.

Non-adherence to Authority's instruction resulted in loss of Rs.6.75 million due to confiscation of transformers from FIA up to the financial year 2015-16.

The matter was taken up with management in September, 2016 and reported to the Ministry in November, 2016. The management replied that the Assistant Director FIA had been requested for shifting of transformers. Further progress was not reported till finalization of the report.

The DAC in its meeting held on January 24, 2017 directed the management to pursue the matter with FIA vigorously.

Audit recommends that the management to investigate the matter for fixing responsibility besides ensuring receipt of transformers from FIA.

(DP-802/2016-17)

15.3.9 Loss due to confiscation of conductor by Police – Rs.1.27 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In Construction Circle PESCO Peshawar, LT conductor valuing Rs.1.27 million was confiscated by the Tarnol Police. The Deputy Director (S&I) PESCO was nominated as inquiry officer on February 27, 2017 to ascertain the ownership and fix responsibility but no action was taken so far.

Non-adherence to Authority's instructions resulted in loss of Rs.1.27 million due to confiscation of conductor by Police during the Financial Year 2016-17.

The matter was taken up with the management in September, 2017 and reported to the Ministry in December, 2017. The management replied that inquiry was under process.

The DAC in its meeting held on January 15-17, 2018 directed the management to provide the findings of the Inquiry Committee within 15 days for examination in Audit. Further progress was not reported till finalization of the report.

Audit recommends that the management needs to implement DAC's directives besides fixing responsibility.

(DP No.1588/2017-18)

ANNEXURE-49

(Draft Para No. 374/2015-16 of AR Para No. 16.4.9)

16.4.9 Loss due to illegal retention of transformers – Rs.2.01 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In Operation Circle Khyber PESCO, nine (9) healthy removed transformers valuing Rs.2.01 million remained under custody of a political party (ANP) in area of sub-division Pabbi-I & III and Pir Pai. Illegal retention of these transformers resulted in loss / misappropriation.

Non-adherence to instructions resulted in loss due to illegal retention of transformers valuing Rs.2.01 million up to the financial year 2015-16.

The matter was taken up with the management during September, 2015 and reported to the Ministry during December, 2015. The management stated that reply was under preparation.

The DAC in its meeting held on January 20, 2016 directed the management to submit detailed reply with justification within a week and also referred the matter to PAC for decision. Further progress was not reported till finalization of the report.

Audit recommends that the matter needs to be investigated for fixing responsibility upon the persons at fault besides ensuring the return of healthy dismantled material to store.

(Draft Para No. 374/2015-16)

<u>ANNEXURE-50</u>

(DP-785/2016-17 of AR Para No. 7.4.30)

17.4.30 Loss due to unknown whereabouts of distribution transformers - Rs.1.19 million

According to Section-III (1) of WAPDA Guidelines for Enforcing Responsibility for Losses due to Fraud, Theft or Negligence of Individuals, 1982 (amended up to June 01, 2001), "all losses whether of public money or of stores, shall be subjected to preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and the amount involved".

In Operation Circle PESCO Bannu, seven (07) distribution transformers worth Rs.1.19 million installed at different sites were removed and placed in the custody of SHO, WAPDA Police Station Bannu. Later on, the said transformers were handed over to Mr. Jahangir LS-1 but whereabouts of the transformers was not known for which no action was taken against the official.

Non-adherence to Authority's instructions resulted in loss of Rs.1.19 million due to unknown whereabouts of distribution transformers up to the financial year 2015-16.

The matter was taken up with the management in July, 2016 and reported to the Ministry in November, 2016. The management replied that the matter would be investigated. Further progress was not reported till finalization of the report.

The DAC in its meeting held on January 24, 2017 directed the management to expedite the inquiry proceedings.

Audit recommends that the management needs to investigate the matter for fixing responsibility against person at fault besides ensuring return of distribution transformers.

(DP-785/2016-17)

ANNEXURE-51

Detail of Draft Paras on accounts of Theft of Electrical Material and Vehicles

Audit Report	AR Para No.	PDP No.	Amount
2011-12	15.4.19	132/2012 & 140/2012	27.128
2012-13	15.4.3	77, 122, 140, 171, 222, 282 & 350/2013	32.31
2014-15	4.1.1	84, 99, 102, 106, 114, 115, 134 & 204/2014-15	42.87
2015-16	4.1.3	168, 170 & 560/2015-16	13.77
2016-17	4.1.2	76, 114, 428, 443, 580, 620 & 1406/2016-17	25.00
2017-18	2.1.3	426, 601, 1167 & 1587/2017-18	15.67
2018-19	2.1.43	764, 838, 1004, 1128 & 1315/2018-19	12.51
2019-20	2.1.15	215, 631, 788/2019-20	7.47
Total (Rs in million)			**176.728**

Theft of Electrical Material and Vehicles

ANNEXURE-52

Accounts Reconciliation Statement as on June 30, 2020
Name of Company: NTDCL & PESCO

Balance as per PESCO Books "Receivable"				**Dr**	**600,626,077.81**
Add:		**Recon. Source**			
1.	Debit Note of NTDC not Received by PESCO	**I**	4,198,571,986.89	Cr	
2.	Diff. in Opening Balance for 01.07.2007		0.58		
3.	Debit Notes Issued by PESCO not Booked by NTDC	**II**	26,074,215.25	Cr	
4.	Super Subscribe (SS) Cheques Received by PESCO but not Adjusted by NTDC	**III**	3,058,040.00	Cr	
		Sub Total	**4,227,704,242.72**		
Less:				**Cr**	**3,627,078,164.91**
1.	Debit Notes not Booked by PESCO	**IV**	160,434,245.00	Dr	
2.	Credit Note Wrongly Booked by NTDC to PESCO	**V**	2,196,885.80	Dr	
3.	SS Cheques Issued by PESCO but not Booked by NTDC	**VI**	156,991.00	Dr	
4.	Cash Issued to PESCO against Deposit Work A/C		15,640.00	Dr	
5.	Diff. of Opening Balance 07/2008 by PESCO		31,280.43	Dr	
6.	Debit Notes issued but not Booked by NTDC	**VII**	790,730.69	Dr	
7.	Credit Notes of PESCO not Booked by NTDC	**VIII**	273,171.30	Dr	
8.	SS Cheques issued by PESCO but not Booked by NTDC	**IX**	190,322.00	Dr	
9.	Rounding Diff.				53.85
		Sub Total	**164,089,266.22**		
Balance as per NTDC Books Receivable				**Cr**	**3,462,988,952.54**

Source: Data compiled from reconciliation statements of NTDCL and PESCO

ANNEXURE-53

Payment to Non-Existing employees - Rs.174.131 Million

(Rs.120,091,963 Annexure-J Page-136 to 140)

AM (CS) KOHAT - PAYMENTS TO PRIVATE PARTIES

ANNEXURE – J

Sr. No.	Date	Cheque No.	Amount (PKR)	Beneficiary Name
1	09-Jan-15	8744030	550,000	MUHAMMAD HUSSAIN S/O JANAS KHAN
2	27-Jan-15	8744037	135,000	M. HUSSAIN S/O JANAS KHAN
3	04-Feb-15	9848466	360,000	FARHAT REHMAN
4	09-Mar-15	895209	700,000	SAAD ENTERPRISES
5	04-Apr-15	1526638	798,950	UFONE (SHAHID ZAMAN AND CO)
6	20-Apr-15	1526643	101,750	SAAD ENTERPRISES (SELF)
7	08-May-15	1979579	800,000	REHMAT KHAN (SELF)
8	09-Jun-15	3174927	501,570	REHMAT KHAN
9	04-Jul-15	3591068	578,000	MEHBOOB AND HAQ MIR (03355640794)
10	04-Aug-15	4307210	576,190	REHMAN MEDICINE
11	02-Sep-15	4798353	701,500	ZAHEER & REHMAT (VERIFIED BY BANK)
12	15-Sep-15	4798358	298,500	ZAHEER & REHMAT (VERIFIED BY BANK)
13	23-Sep-15	4883396	703,195	ZAHEER & REHMAT (VERIFIED BY BANK)
14	03-Nov-15	15508978	890,750	ZAHEER & REHMAT
15	02-Dec-15	22180628	709,050	ZAHEER ULLAH (BASHIR AHMAD)
16	08-Jan-16	31188478	804,265	BASHIR AND REHMAT (REHMAT 0332-9666006)
17	21-Jan-16	31188488	100,000	BASHIR AHMAD / REHMAT
18	29-Jan-16	35522846	130,000	BASHIR / REHMAT
19	02-Feb-16	35522847	991,540	BASHIR / REHMAT
20	02-Mar-16	35522852	790,155	BASHIR AND REHMAT (SHAH)
21	12-Mar-16	35522874	400,000	AMAN & SAMAMA (BASHIR 0332-9666006)
22	25-Mar-16	35522848	100,000	AMAN & SAMAMA
23	31-Mar-16	35522851	200,000	REHMAT KHAN 0332-1666006
24	05-Apr-16	35522849	918,700	AMAN & SAMAMA 0333-9615368
25	15-Apr-16	35522850	250,000	AMAN & SAMAMA 0333-9615368
26	22-Apr-16	43822977	102,530	AMAN & SAMAMA (BASHIR 0332-9666006)
27	03-May-16	Dt.Ref.9540218	702,145	AMAN & SAMAMA (BASHIR 0332-9666006)
28	18-May-16	49487039	610,550	AMAN & SAMAMA
29	06-Jun-16	51448253	1,501,550	AMAN AND SAMMAMA
30	17-Jun-16	51448265	302,755	AMAN ULLAH
31	23-Jun-16	51448267	180,000	AMAN ULLAH (VERFIED BY BANK)
32	30-Jun-16	53044058	1,280,115	AMAN AND SAMMAMA
33	03-Aug-16	58394125	1,388,752	ZONG PAKTEL LTD
34	24-Aug-16	58394145	101,200	AMAN & SAMAMA(AMANULLAH0333-9615270)

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) KOHAT - PAYMENTS TO PRIVATE PARTIES

ANNEXURE – J (Cont'd)

35	02-Sep-16	58394147	1,503,755	BASHIR AND REHMAT
36	04-Oct-16	61632331	1,894,750	AMAN & SAMAMA (AMANULLAH 0333-9615270)
37	02-Nov-16	68326444	301,200	ZAHEER MUHAMMAD
38	02-Nov-16	68326445	1,411,550	AMAN AND SAMMAMA
39	19-Nov-16	68326453	300,000	ZAHEER AHMED
40	23-Nov-16	68326454	501,500	AMADULLAH
41	03-Dec-16	71221839	1,507,450	ZAHEER/REHMAT (VERIFIED BY BANK)
42	23-Dec-16	71221846	505,165	AMANULLAH (AMAN&SAMAMA)
43	28-Dec-16	71221847	103,150	BASHIR AND REHMAT
44	04-Jan-17	71221848	1,590,170	AMAN & SAMAMA (1663937900155703)
45	10-Jan-17	71221849	201,500	FARMAN ULLAH & SAMAMA
46	24-Jan-17	71221850	503,200	AMAN & SAMAMA (1663937900155703)
47	03-Feb-17	78009820	1,832,250	AMAN & SAMAMA (VERIFIED BY BANK)
48	22-Feb-17	78009825	402,400	AMAN & SAMAMA (1663937900155703)
49	01-Mar-17	77284912	1.006,235	REHMAT KHAN
50	01-Mar-17	78009816	101,556	AIMAN S/O JABAR KHAN
51	13-Mar-17	77284914	553,320	BROTHER COMMISSION
52	05-Apr-17	101	2.417.625	BASHIR & REHMAT
53	15-Apr-17	114	503,340	BROTHER COMMISSION
54	25-Apr-17	301	185,000	BASHIR & REHMAT
55	02-May-17	261	2,017,950	BROTHER COMMISSION
56	01-Jun-17	418	1,975,700	BROTHER COMMISSION
57	07-Jun-17	427	200,100	BROTHER COMMISSION
58	14-Jun-17	429	101,000	BASHIR & REHMAT
59	20-Jun-17	581	500,120	YOUNIS ASSOCIATES
60	22-Jun-17	585	1,531,755	ZAHIR ULLAH
61	22-Jun-17	586	1,210,156	MEHBOOB & HAQMIR (CUTTING VERIFIED)
62	02-Aug-17	593	575,000	MEHBOOB & HAQMIR
63	02-Aug-17	594	1,578,740	M.HANIF & ISLAM UD DIN
64	02-Aug-17	595	947,755	YOUNIS ASSOCIATES
65	29-Aug-17	592	350,000	BASHIR & REHMAT
66	29-Aug-17	600	2,150,753	M.HANIF & ISLAM UD DIN
67	12-Sep-17	904	302,155	AL HAFIZ INTERNATIONAL TRAVEL &TOUR
68	20-Sep-17	909	804,000	ZAHEER/REHMAT
69	02-Oct-17	1056	1,526,520	M.HANIF & ISLAM UD DIN
70	02-Oct-17	1057	1,453,650	M.HANIF & ISLAM UD DIN
71	03-Nov-17	1098	978,775	SHOIAB KHAN

MZCo.

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) KOHAT - PAYMENTS TO PRIVATE PARTIES

ANNEXURE – J (Cont'd)

72	03-Nov-17	77284919	997,455	ZAHEER/REHMAT
73	06-Nov-17	1099	998,814	MEHBOOB & HAQMIR
74	15-Nov-17	1228	155,754	ZAHEER/REHMAT
75	29-Nov-17	1375	501,560	SHOIAB KHAN
76	30-Nov-17	1376	998,650	Z AFRIDI TRADERS
77	24-Nov-17	1233	170,350	BASHIR & REHMAT
78	05-Dec-17	1391	997,855	ZONG PAKTEL LTD
79	05-Dec-17	1392	981,835	AL HAFIZ INTERNATIONAL TRAVEL &TOUR
80	02-Jan-18	1395	939,456	YOUNIS & ASSOCIATES
81	02-Jan-18	1396	992,845	AL HAFIZ TRAVALS & TOURS
82	02-Jan-18	1397	898,250	YOUNIS & ASSOCIATES
83	01-Feb-18	1100	790,147	ZAHEER & REHMAT
84	01-Feb-18	1398	893,135	HANIF & ISLAMUD DIN
85	01-Feb-18	1400	995,788	HANIF & ISLAMUD DIN
86	22-Feb-18	1762	200,800	M (13477900638001)
87	24-Feb-18	1399	202,830	MEHBOOB & HAQMIR
88	27-Feb-18	1764	353,000	FARMAN & BROTHERS
89	05-Mar-18	1882	913,856	IQBAL HUSSAIN
90	05-Mar-18	1881	982,170	MEHBOOB & HAQMIR
91	19-Mar-18	1889	50,800	BASHIR BOOT HOUSE
92	22-Mar-18	1890	150,000	ZAHEER & REHMAT
93	31-Mar-18	1891	998,755	AL HAFIZ TRAVALS & TOURS
94	02-Apr-18	1894	987,471	MEHBOOB & HAQMIR
95	02-Apr-18	1900	975,115	MEHBOOB & HAQMIR
96	11-Apr-18	1892	556,000	MEHBOOB & HAQMIR
97	03-May-18	1895	991,863	FARMAN & BROTHERS
98	03-May-18	1896	999,840	YOUNIS & ASSOCIATES
99	04-May-18	1893	985,755	MEHBOOB & HAQMIR
100	01-Jun-18	1897	994,580	RAWAT OIL
101	01-Jun-18	1898	999,790	HANIF & ISLAMUD DIN
102	04-Jun-18	1899	988,475	MEHBOOB & HAQMIR
103	05-Jul-18	2693	997,954	MEHBOOB & HAQMIR
104	05-Jul-18	2694	991,957	ABDULLAH COMMISION
105	05-Jul-18	2695	899,741	STAR NET
106	20-Jul-18	2504	999,877	HANIF & ISLAMUD DIN
107	20-Jul-18	2503	999,755	ABDULLAH COMMISION
108	06-Aug-18	2770	923,735	YOUNIS & ASSOCIATES

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) KOHAT - PAYMENTS TO PRIVATE PARTIES

ANNEXURE – J (Cont'd)

109	06-Aug-18	2771	894,757	YOUNIS & ASSOCIATES
110	06-Aug-18	2772	991,955	YOUNIS & ASSOCIATES
111	17-Aug-18	2780	998,752	ABDULLAH COMMISION
112	17-Aug-18	2781	992,842	ABDULLAH COMMISION
113	17-Aug-18	2782	988,734	ABDULLAH COMMISION
114	27-Aug-18	18850090	705,210	KALAYA FILLING STATION
115	06-Sep-18	2955	1,231,590	KALAYA FILLING STATION
116	07-Sep-18	2958	993,588	KHALID & CO.
117	07-Sep-18	2959	987,845	HANIF & ISLAMUD DIN
118	07-Sep-18	2960	996,742	STAR NET
119	01-Oct-18	2966	998,950	ABDULLAH COMMISION
120	01-Oct-18	2967	999,850	ABDULLAH COMMISION
121	04-Oct-18	2968	999,850	ABDULLAH COMMISION
122	05-Oct-18	2971	999,990	BASHIR BOOT HOUSE
123	05-Oct-18	2976	999,950	BASHIR BOOT HOUSE
124	15-Oct-18	2969	87,830	MUNIR HUSSAIN
125	20-Oct-18	2970	57,250	ABDULLAH COMMISION
126	24-Oct-18	2972	201,560	M I P ENTERPRIS
127	29-Oct-18	2973	554,320	Z AFRIDI TRADERS
128	02-Nov-18	2974	978,255	WAJID IQBAL
129	05-Nov-18	2977	2,344,150	MEHBOOB & HAQMIR
130	05-Nov-18	3021	1,935,159	MEHBOOB & HAQMIR
131	07-Nov-18	2975	607,700	YOUNIS & ASSOCIATES
132	10-Nov-18	2978	91,550	IRFAN INAYAT
133	24-Nov-18	2979	53,860	ABDULLAH COMMISSION
134	03-Dec-18	2980	873,975	YOUNIS & ASSOCIATES
135	03-Dec-18	2986	894,993	YOUNIS & ASSOCIATES
136	03-Dec-18	2993	981,157	YOUNIS & ASSOCIATES
137	22-Dec-18	2982	998,257	HANIF & ISLAMUD DIN
138	05-Jan-19	2984	894,575	HANIF & ISLAM
139	05-Jan-19	2985	831,752	SHAKAR GANJ FOOD
140	09-Jan-19	2983	512,005	Z AFRIDI TRADERS
141	22-Jan-19	2987	107,750	MEHBOOB & HAQMIR
142	07-Feb-19	2998	660,440	MEHBOOB & HAQMIR
143	07-Feb-19	3000	659,560	MEHBOOB & HAQMIR
144	19-Feb-19	2996	102,350	UZAIR SHAH
145	05-Mar-19	3055	805,660	YOUNIS & ASSOCIATES

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) KOHAT - PAYMENTS TO PRIVATE PARTIES

ANNEXURE – J (Cont'd)

146	05-Mar-19	3054	710,670	KOHAT FILLING
147	19-Mar-19	2990	619,254	YOUNIS & ASSOCIATES
148	19-Mar-19	2999	528,431	SHOIB KHAN
149	16-Apr-19	2992	845,850	YOUNIS & ASSOCIATES
150	16-Apr-19	2995	624,150	YOUNIS & ASSOCIATES
151	22-Apr-19	2991	171,255	KOHAT FILLING STATION
152	06-May-19	2994	511,670	YOUNIS & ASSOCIATES
153	16-May-19	2997	609,450	YOUNIS & ASSOCIATES
154	16-May-19	3057	710,550	YOUNIS & ASSOCIATES
155	31-May-19	3075	502,000	ARSHAD FILLING STATION
Total			120,091,963	

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

(Rs.25,631,468 Annexure-K Page-141 to 143)

AM (CS) KOHAT – CASH DEPOSIT

ANNEXURE – K

Sr. No.	Date of Bank Statement	Description	Amount (PKR)
1	19-Jun-14	CASH DEPOSIT	60,000
2	02-Feb-15	CASH DEPOSIT	260,000
3	02-Feb-15	CASH DEPOSIT	200,000
4	03-Feb-15	CASH DEPOSIT	50,000
5	16-Feb-15	CASH DEPOSIT	50,000
6	18-Mar-15	TRANSFER - CREDI	100,000
7	24-Mar-15	CASH DEPOSIT	50,000
8	31-Mar-15	TRANSFER - CREDI	40,000
9	12-Oct-15	CASH DEPOSIT	200,000
10	14-Oct-15	CASH DEPOSIT	200,000
11	03-Nov-15	CLG CHQ DEPOSIT	14,164
12	20-Nov-15	CASH DEPOSIT	100,000
13	18-Feb-16	CASH DEPOSIT	100,000
14	13-May-16	CASH DEPOSIT	300,000
15	13-Jun-16	HBL CHEQUE DEP	600,000
16	14-Jul-16	CASH DEPOSIT	400,000
17	19-Jul-16	CASH DEPOSIT	100,000
18	22-Jul-16	CASH DEPOSIT	100,000
19	23-Jul-16	HBL CHEQUE DEP	49,974
20	15-Sep-16	CASH DEPOSIT	200,000
21	19-Oct-16	TRANSFER - CREDI	300,000
22	16-Nov-16	ASH DEPOSIT	100,000
23	08-Dec-16	HBL CHEQUE DEP	300,000
24	13-Dec-16	TRANSFER - CREDI	200,000
25	17-Dec-16	CASH DEPOSIT	150,000
26	20-Dec-16	CASH DEPOSIT	100,000
27	09-Feb-17	CASH DEPOSIT	195,000
28	15-Feb-17	CASH DEPOSIT	200,000
29	17-Feb-17	CASH DEPOSIT	100,000
30	20-Feb-17	CASH DEPOSIT	200,000
31	09-Mar-17	CASH DEPOSIT	500,000
32	13-Mar-17	CASH DEPOSIT	200,000
33	15-Mar-17	CASH DEPOSIT	100,000
34	20-Mar-17	CASH DEPOSIT	50,000

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) KOHAT– CASH DEPOSIT   ANNEXURE – K (Cont'd)

73	02-Jul-19	CASH DEPOSIT	1,500,000
74	08-Jul-19	CASH DEPOSIT	2,250,000
Total			25,631,468

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

(Annexure-S, Page-156to 161)

AM (CS) CITY ABBOTTABAD - CHEQUES ISSUED TO INDIVIDUALS OTHER THAN PENSIONERS

ANNEXURE – S

Sr. No.	Date	Cheque No.	Beneficiary Name	Amount (PKR)	Clearing Bank
1	03/07/2014	296227	SAMI-UL-HAQ	58,670	MCB MAIN
2	03/07/2014	296226	NAVEED AHMED	120,611	MCB MAIN
3	08/07/2014	296225	M.IJAZ	240,000	ABL MIRPUR
4	10/07/2014	296220	HASSAN SHAH	45,000	SHOBA PESHAWAR
5	16/07/2014	296230	NAVEED AHMED	86,710	MCB MAIN
6	05/08/2014	296229	SAMI-UL-HAQ	115,119	MCB MAIN
7	05/08/2014	296231	NAVEED AHMED	60,165	MCB MAIN
8	05/08/2014	296232	NAVEED AHMED	120,725	MCB MAIN
9	06/08/2014	296103	SAMI-UL-HAQ	66,030	MCB MAIN
10	06/08/2014	296107	SAMI-UL-HAQ	305,024	MCB MAIN
11	07/08/2014	296233	USMAN	30,000	MEEZAN BANK
12	15/08/2014	296234	NAVEED AHMED	40,641	MCB MAIN
13	20/08/2014	296110	NAVEED AHMED	45,601	MCB MAIN
14	02/09/2014	296236	NAVEED AHMED	45,308	MCB MAIN
15	04/09/2014	296235	MUMTAZ KHAN EX.DAO	235,430	UBL MARDAN
16	05/09/2014	296238	NAVEED AHMED	79,735	MCB MAIN
17	08/09/2014	296239	M.IJAZ	215,000	ABL MIRPUR
18	26/09/2014	296240	SAMI-UL-HAQ	10,000	MCB MAIN
19	01/10/2014	296241	USMAN	30,117	MEEZAN BANK
20	02/10/2014	296245	SAMI-UL-HAQ	785,921	MCB MAIN
21	03/10/2014	296244	HABIB-UR-REHMAN	65,676	HBL JINNAH ROAD
22	31/10/2014	296121	MUMTAZ KHAN EX.DAO	65,197	UBL MARDAN
23	31/10/2014	296246	M.IJAZ	75,180	ABL MIRPUR
24	06/11/2014	296120	SAMI-UL-HAQ	120,680	MCB MAIN
25	06/11/2014	296247	NAVEED AHMED	65,791	MCB MAIN
26	11/11/2014	296249	SAMI-UL-HAQ	275,814	MCB MAIN
27	11/11/2014	296248	HABIB-UR-REHMAN	55,188	HBL JINNAH ROAD
28	21/11/2014	296250	NAVEED AHMED	62.210	MCB MAIN
29	01/12/2014	296125	NAVEED AHMED	61,740	MCB MAIN
30	02/12/2014	296126	USMAN	480,501	MEEZAN BANK

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) CITY ABBOTTABAD - CHEQUES ISSUED TO INDIVIDUALS OTHER THAN PENSIONERS

ANNEXURE –S (Cont'd)

31	03/12/2014	296130	NAVEED AHMED	67,320	MCB MAIN
32	04/12/2014	296133	SAMI-UL-HAQ	65,200	MCB MAIN
33	05/12/2014	296134	USMAN	60,225	MEEZAN BANK
34	05/12/2014	296135	M.IJAZ	94,736	ABL MIRPUR
35	10/12/2014	296136	AYAZ-UD-DIN	115,000	UBL P.VIEW
36	12/12/2014	296137	SAMI-UL-HAQ	220,116	MCB MAIN
37	05/01/2015	296141	M.IJAZ	73,845	ABL P.VIEW
38	06/01/2015	296144	NAVEED AHMED	45,600	MCB MAIN
39	06/01/2015	296142	HASSAN SHAH	53,170	SHOBA PESHAWAR
40	07/01/2015	296147	SAMI-UL-HAQ	85,970	MCB MAIN
41	19/01/2015	296148	NAVEED AHMED	50,140	MCB MAIN
42	02/02/2015	1542493226	SAMI-UL-HAQ	49,790	MCB MAIN
43	10/02/2015	1542493230	USMAN	41,210	HBL JINNAH ROAD
44	18/02/2015	1542493231	MOIN KHAN	80,670	ABL BARHA TOWER
45	23/02/2015	1542493232	NAVEED AHMED	40,270	MCB MAIN
46	03/03/2015	1542493236	M.IJAZ	720,170	ABL MIRPUR
47	03/03/2015	1542493238	SAMI-UL-HAQ	88,617	MCB MAIN
48	04/03/2015	1542493242	USMAN	30,690	MEEZAN BANK
49	11/04/2015	1542493248	NAVEED AHMED	85,190	MCB MAIN
50	11/04/2015	1542493249	SAMI-UL-HAQ	55,140	MCB MAIN
51	16/04/2015	1542493250	M.IJAZ	456,140	ABL MIRPUR
52	24/04/2015	1542493251	NAVEED AHMED	55,960	MCB MAIN
53	04/05/2015	1542493252	SAMI-UL-HAQ	85,060	MCB MAIN
54	07/05/2015	1542493257	M.IJAZ	275,800	ABL MIRPUR
55	13/05/2015	1542493259	NAVEED AHMED	35,620	MCB MAIN
56	15/05/2015	1542493261	SAMI-UL-HAQ	58,160	MCB MAIN
57	25/05/2015	1542493263	M.IJAZ	226,000	ABL MIRPUR
58	04/06/2015	1542493268	NAVEED AHMED	45,800	MCB MAIN
59	06/06/2015	1542493269	SAMI-UL-HAQ	48,400	MCB MAIN
60	09/06/2015	1542493270	NAVEED AHMED	55,160	MCB MAIN
61	15/06/2015	1542493272	SAMI-UL-HAQ	21,210	MCB MAIN
62	18/06/2015	1542493273	NAVEED AHMED	115,940	MCB MAIN
63	29/06/2015	1542493274	M.IJAZ	170,000	ABL MIRPUR
64	05/07/2015	1559997664	SAMI-UL-HAQ	88,785	MCB MAIN
65	08/07/2015	1542493275	SAMI-UL-HAQ	55,170	MCB MAIN

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) CITY ABBOTTABAD - CHEQUES ISSUED TO INDIVIDUALS OTHER THAN PENSIONERS

ANNEXURE –S (Cont'd)

66	16/07/2015	1559997661	SAMI-UL-HAQ	52,600	MCB MAIN
67	27/07/2015	1559997663	NAVEED AHMED	180,780	MCB MAIN
68	06/08/2015	1559997670	M.IJAZ	120,690	ABL MIRPUR
69	06/08/2015	1559997669	HABIB-UN-NISA	175,670	ALFALAH MAIN
70	13/08/2015	1559997671	MOHABBAT KHAN	40,000	BANK ISLAMI
71	18/08/2015	1559997673	SAMI-UL-HAQ	95,870	MCB MAIN
72	26/08/2015	1559997672	M ZAIB	209,107	HBL YAR HUSSAIN
73	04/09/2015	1559997676	IRFANULLAH KHAN	395,148	MCB MAIN
74	23/09/2015	1559997678	SAMI-UL-HAQ	88,675	MCB MAIN
75	30/09/2015	1559997684	M.IJAZ	286,150	ABL MIRPUR
76	09/10/2015	1559997687	NAVEED AHMED	85,700	MCB MAIN
77	13/11/2015	1559997688	HASSAN SHAH	185,800	SHOBA PESHAWAR
78	01/12/2015	1559997695	M.IJAZ	145,920	ABL MIRPUR
79	01/12/2015	1559997696	NAVEED AHMED	96,810	MCB MAIN
80	05/12/2015	1559997703	SHAMRAIZ KHAN	578,998	MCB MAIN
81	05/12/2015	1559997701	SAMI-UL-HAQ	48,800	MCB MAIN
82	08/12/2015	1559997702	HABIB-UR-REHMAN	65,170	HBL JINNAH ROAD
83	14/12/2015	1559997705	QAISER KHAN	185,300	ABL PIN VIEW
84	07/01/2016	1582033896	AZIZ	185,910	ABL MIRPUR
85	11/01/2016	1582033897	M. IJAZ	51,215	ABL MIRPUR
86	18/01/2016	1582033898	NAVEED AHMED	64,230	MCB MAIN
87	23/01/2016	1582033899	SAMI UL HAQ	75,960	MCB MAIN
88	25/01/2016	1582033900	NAVEED AHMED	63,240	MCB MAIN
89	02/02/2016	1582033904	NAVEED AHMED	75,710	MCB MAIN
90	03/02/2016	1582033905	HABIB UN NISA	195,778	ALFLAH MAIN
91	03/02/2016	1582033903	QAISER KHAN	85,945	ABL PIN VIEW
92	15/02/2016	1582033907	SAMI UL HAQ	49,640	MCB MAIN
93	17/02/2016	1582033908	ZARMASH KHAN	295,940	MEEZAN BANK
94	25/02/2016	1582033909	SAMI UL HAQ	45,880	MCB MAIN
95	02/03/2016	1582033910	SABIR SHABIR	210,660	MCB KHAWAJGAN
96	02/03/2016	1582033911	QAISER KHAN	115,960	ABL PIN VIEW
97	03/03/2016	1582033906	SAMI UL HAQ	74,940	MCB MAIN
98	03/03/2016	1582033915	SAMI UL HAQ	74,210	MCB MAIN
99	07/03/2016	1582033917	M. IJAZ	62,780	ABL MIRPUR
100	11/03/2016	1582033919	NAVEED AHMED	85,810	MCB MAIN

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) CITY ABBOTTABAD - CHEQUES ISSUED TO INDIVIDUALS OTHER THAN PENSIONERS

ANNEXURE –S (Cont'd)

101	14/03/2016	1582033918	SAEED	139,990	SUMIT BANK LHR
102	19/03/2016	1582033920	SAMI UL HAQ	65,148	MCB MAIN
103	02/04/2016	1582033921	SAMI UL HAQ	68,120	MCB MAIN
104	07/04/2016	158203392[illegible]	HABIB UN NISA	175,180	ALFLAH MAIN
105	09/04/2016	1582033930	CHEQUE CLEARING DEBIT	182,676	MCB MAIN
106	11/04/2016	1582033936	SHAHZAD SHAMIM	15,910	BANK ALFLAH RWP
107	13/04/2016	1582033931	NAVEED AHMED	85,768	MCB MAIN
108	14/04/2016	1582033932	M. IJAZ	175,380	ABL MIRPUR
109	20/04/2016	1582033934	QAISER KHAN	185,880	ABL PIN VIEW
110	21/04/2016	1582033935	SAMI UL HAQ	58,147	MCB MAIN
111	06/05/2016	1582033937	SAMI UL HAQ	85,680	MCB MAIN
112	25/05/2016	1600085250	M. IJAZ	278,000	ABL MIRPUR
113	03/06/2016	1600085251	MUKHTAR KHAN	298,680	MCB YAR HUSSAIN
114	07/06/2016	1600085252	NAVEED AHMED	113,485	MCB MAIN
115	15/06/2016	1600085256	SAMI-UL-HAQ	73,179	MCB MAIN
116	29/06/2016	1600085257	UMER FAROOQ	133,372	BOP DINA JEHLUM
117	01/07/2016	1600085262	USMAN	67,000	ALFLAH MAIN
118	01/07/2016	1600085263	HABIB UN NISA	275,110	ALFLAH MAIN
119	01/07/2016	1600085258	NAVEED AHMED	85,485	MCB MAIN
120	18/07/2016	1600085265	QAISER KHAN	110,000	ABL PIN VIEW
121	04/08/2016	1600085270	M. IJAZ	578,610	ABL MIRPUR
122	04/08/2016	1600085268	QAISER KHAN	107,906	ABL PIN VIEW
123	10/08/2016	1600085272	NAVEED AHMED	113,485	MCB MAIN
124	05/09/2016	1600085278	HABIB UN NISA	95,170	BANK ALFLAH ATD
125	05/09/2016	1600085281	QAISER KHAN	98,180	ABL PIN VIEW
126	05/09/2016	1600085276	NAVEED AHMED	85,890	MCB MAIN
127	15/09/2016	1600085284	M. IJAZ	75,190	ABL MIRPUR
128	04/10/2016	1600085285	SAMI-UL-HAQ	85,890	MCB MAIN
129	04/10/2016	1600085285	NAVEED AHMED	106,732	MCB MAIN
130	17/10/2016	1600085289	QAISER KHAN	120,210	ABL PIN VIEW
131	25/10/2016	1600085290	MOIN KHAN	130,000	ABL BARHA TOWER
132	25/10/2016	1600085291	M. IJAZ	75,180	ABL MIRPUR
133	03/11/2016	1600085294	SAMI-UL-HAQ	80,890	MCB MAIN
134	04/11/2016	1600085295	NAVEED AHMED	70,350	MCB MAIN

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) CITY ABBOTTABAD - CHEQUES ISSUED TO INDIVIDUALS OTHER THAN PENSIONERS

ANNEXURE –S (Cont'd)

135	08/11/2016	1617633452	MOIN KHAN	97,680	ABL BARHA TOWER
136	05/12/2016	1617633456	NAVEED AHMED	170,685	MCB MAIN
137	06/12/2016	1617633453	QAISER KHAN	86,189	ABL PIN VIEW
138	06/12/2016	1617633457	M. IJAZ	38,822	HBL JINNAH ROAD
139	06/12/2016	1617633454	M. IJAZ	103,620	ABL MIRPUR
140	15/12/2016	1617633455	SAMI UL HAQ	275,680	MCB MAIN
141	05/01/2017	1617633461	SAMI UL HAQ	118,920	MCB MAIN
142	19/01/2017	1617633463	QAISER KHAN	110,890	ABL PIN VIEW
143	03/02/2017	1617633468	NAVEED AHMED	95,840	MCB MAIN
144	07/02/2017	1617633471	QAISER KHAN	197,670	ABL PIN VIEW
145	13/02/2017	1617633472	MOIN KHAN	120,000	ABL BARHA TOWER
146	14/02/2017	1617633475	NAVEED AHMED	133,739	MCB MAIN
147	14/02/2017	1617633477	HABIB UN NISA	375,680	ALFLAH MAIN
148	28/02/2017	1617633479	SAMI-UL-HAQ	114,428	MCB MAIN
149	10/04/2017	1617633490	AS ENTERPRISES	229,480	MCB MAIN
150	05/05/2017	1617633494	SAMI UL HAQ	174,260	MCB MAIN
151	05/06/2017	1617633499	SAMI UL HAQ	176,720	MCB MAIN
152	29/06/2017	1639340245	QAISER KHAN	130,000	ABL PIN VIEW
153	07/07/2017	1639340244	SAMI UL HAQ	95,880	MCB MAIN
154	18/07/2017	1639340258	HABIB UN NISA	510,260	ALFLAH MAIN
155	27/07/2017	1639340257	SAMI UL HAQ	250,640	MCB MAIN
156	02/08/2017	1639340262	NAVEED AHMED	89,940	MCB MAIN
157	12/08/2017	1639340266	SAMI UL HAQ	75,960	MCB MAIN
158	17/08/2017	1639340267	NAVEED AHMED	89,720	MCB MAIN
159	28/08/2017	1639340268	SAMI UL HAQ	81,890	MCB MAIN
160	30/08/2017	1639340275	M. BASHIR	325,000	MCB MAIN
161	12/10/2017	1639340281	QAISER KHAN	105,000	ABL PIN VIEW
162	13/10/2017	1639340282	AYAZ UD DIN	253,410	UBL BUILDING
163	25/10/2017	1639340276	SAMI UL HAQ	85,000	MCB MAIN
164	03/11/2017	16639340285	HABIB UN NISA	475,920	ALFLAH MAIN
165	03/11/2017	16639340284	QAISER KHAN	98,990	ABL PIN VIEW
166	11/11/2017	1639340286	SAMI UL HAQ	98,240	MCB MAIN
167	15/11/2017	1661341876	MOIN KHAN	198,400	ABL BARHA TOWER
168	06/12/2017	1661341884	SAMI UL HAQ	88,950	MCB MAIN
169	12/12/2017	1661341887	SAMI UL HAQ	198,670	MCB MAIN
170	30/12/2017	1661341888	NAVEED AHMED	185,720	MCB MAIN

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) CITY ABBOTTABAD - CHEQUES ISSUED TO INDIVIDUALS OTHER THAN PENSIONERS

ANNEXURE –S (Cont'd)

171	12/01/2018	1661341895	M. IJAZ	291,670	HBL MANDIAN
172	22/01/2018	1661341896	M. IJAZ	150,720	ABL MIRPUR
173	24/01/2018	1661341899	QAISER KHAN	298,760	ABL PIN VIEW
174	24/01/2018	1661341898	SAMI UL HAQ	85,710	MCB MAIN
175	26/02/2018	1661341897	HABIB UN NISA	535,610	ALFLAH MAIN
176	26/02/2018	1661341903	SAMI UL HAQ	65,680	MCB MAIN
177	01/03/2018	1661341904	NAVEED AHMED	406,424	MCB MAIN
178	06/03/2018	1661341914	SAMI UL HAQ	140,640	MCB MAIN
179	03/04/2018	1661341919	SAMI UL HAQ	88,910	MCB MAIN
180	04/04/2018	1661341921	NAVEED AHMED	185,720	MCB MAIN
181	05/04/2018	1661341922	M. IJAZ	95,667	ABL MIRPUR
182	05/04/2018	1661341923	HABIB UN NISA	210,680	ALFLAH MAIN
183	05/04/2018	1661341920	SABIR SHABIR	210,680	MCB KHAWAJGAN
184	21/05/2018	1661341924	SAMI UL HAQ	122,391	MCB MAIN
185	05/06/2018	1682999856	NAVEED AHMED	185,880	MCB MAIN
186	05/06/2018	1682999855	QAISER KHAN	165,670	ABL PIN VIEW
187	08/06/2018	1682999858	SAMI UL HAQ	108,712	MCB MAIN
188	14/06/2018	1682999861	SAMI UL HAQ	82,405	MCB MAIN
189	14/06/2018	1682999859	SHAMS UL HADI	88,097	MCB MAIN
190	06/07/2018	1682999872	SAMI UL HAQ	254,170	MCB MAIN
191	31/07/2018	1682999874	SAMI UL HAQ	85,980	MCB MAIN
192	09/08/2018	1682999882	SAMI UL HAQ	55,680	MCB MAIN
193	09/08/2018	1682999881	SABIR SHABIR	195,200	MCB KHAWAJGAN
194	09/08/2018	1682999880	MUHAMMAD IJAZ	210,670	ABL MIRPUR
195	24/08/2018	1699528240	NAVEED AHMED	188,940	MCB MAIN
196	24/08/2018	1699528241	SAMI UL HAQ	78,920	MCB MAIN
197	27/08/2018	1699528239	MUHAMMAD IJAZ	198,610	HBL MANDIAN
198	03/10/2018	1699528244	NAVEED AHMED	148,963	MCB MAIN
199	03/10/2018	1699528244	SAMI-UL-HAQ	85,740	MCB MAIN
Total				28,407,719	

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

55 Ghost Pensioner (Annexure-I, Page-134 to 135)

AM (CS) KOHAT - ILLEGITIMATE PENSIONER

ANNEXURE – I (Cont'd)

31	NASREEN	2174/2170
32	GUARDIAN SHER KHAN	36592/36806
33	SAEEDA BEGUM	31113/31217
34	WAZEERA BIBI	3124/3159
35	SARDAR KHAN	13134/14004
36	SYED GHULAM HUSSAIN	27101/29332
37	SHAH NAZAR	1247, 1307
38	BIBI FARHA	25151/35307
39	MUHAMMAD FAROOQ	6736/6748
40	ZARIN GUL	65259/65532
41	HABIB GUL	44701/44900
42	ABDUL WAHEED	4739/4801
43	MUHAMMAD GUL	43371/43775
44	NOORAN GUL	33771/33772
45	FARHAT BIB	PPO No. Not Mentioned
46	AMIR KHAN	4371/4388
47	ABDUL HALEEEM	17357/17360
48	MST. NASEEM AKHTAR	11445/1144
49	MEHTAB BANU	37111/37116
50	SHAJAHAN	53740/53745
51	ABBAS KHAN	47845/47849
52	ROHMINA JAN	PPO No. Not Mentioned
53	SHAD BIBI	524/586
54	SHAMIM BEG	4791/4789
55	SHEET BIBI	17751/17785

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

ANNEXURE-54

Excess payment to Pensioners {Rs.11,855,955 (Annexure-H, Page 126-133)}

AM (CS) KOHAT - CHEQUES WITH DIFFERENT AMOUNTS

ANNEXURE – H

Sr. No.	Cheque No.	Month of Cash Book	Clearing Date in Bank Statement	Amount as per Cash Book (CB)	Amount as per Bank Statement (BS)	Difference (BS-CB)
1	5129162	Jul-14	24-07-2014	2,066,650	1,040,019	(1,026,631)
2	5129163	Jul-14	21-08-2014	29,090	14,545	(14,545)
3	5129164	Jul-14	05-08-2014	15,748	7,874	(7,874)
4	5129165	Jul-14	08-08-2014	33,440	16,720	(16,720)
5	5129166	Jul-14	05-08-2014	33,440	16,720	(16,720)
6	5129167	Jul-14	25-07-2014	26,490	12,345	(14,145)
7	5129168	Jul-14	13-10-2014	17,580	8,790	(8,790)
8	5129169	Jul-14	25-07-2014	20,602	10,301	(10,301)
9	5129170	Jul-14	08-09-2014	12,932	6,466	(6,466)
10	5129171	Jul-14	15-08-2014	28,692	14,346	(14,346)
11	5129172	Jul-14	04-08-2014	14,714	7,357	(7,357)
12	5129173	Jul-14	19-08-2014	11,800	5,900	(5,900)
13	5129174	Jul-14	25-07-2014	50,788	25,399	(25,389)
14	5129175	Jul-14	05-08-2014	14,188	7,094	(7,094)
15	5129176	Jul-14	11-08-2014	24,846	12,423	(12,423)
16	5129177	Jul-14	25-07-2014	13,418	6,709	(6,709)
17	5129178	Jul-14	11-08-2014	21,152	10,576	(10,576)
18	5129180	Jul-14	07-08-2014	13,952	6,976	(6,976)
19	5129181	Jul-14	02-10-2014	17,240	8,620	(8,620)
20	5129182	Jul-14	06-08-2014	18,464	9,232	(9,232)
21	5129183	Jul-14	05-08-2014	14,706	7,353	(7,353)
22	5129185	Jul-14	28-07-2014	28,674	14,337	(14,337)
23	5129186	Jul-14	07-08-2014	22,098	11,049	(11,049)
24	5129188	Jul-14	05-08-2014	27,850	13,925	(13,925)
25	5129189	Jul-14	04-08-2014	54,594	27,297	(27,297)
26	5129190	Jul-14	07-08-2014	32,486	16,243	(16,243)
27	5129191	Jul-14	05-08-2014	25,618	12,809	(12,809)
28	5129192	Jul-14	10-09-2014	14,530	7,265	(7,265)
29	5129193	Jul-14	05-08-2014	11,800	5,900	(5,900)
30	5129194	Jul-14	06-08-2014	22,508	11,254	(11,254)
31	5129195	Jul-14	11-08-2014	19,606	9,803	(9,803)

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) KOHAT - CHEQUES WITH DIFFERENT AMOUNTS

ANNEXURE – H (Cont'd)

32	5129196	Jul-14	05-08-2014	11,800	5,900	(5,900)
33	5129197	Jul-14	06-08-2014	18,770	9,385	(9,385)
34	5129198	Jul-14	10-09-2014	11,884	5,942	(5,942)
35	5129199	Jul-14	19-08-2014	33,460	16,730	(16,730)
36	5129200	Jul-14	11-08-2014	21,830	10,915	(10,915)
37	5453201	Jul-14	05-08-2014	23,734	11,867	(11,867)
38	5453202	Jul-14	12-08-2014	11,930	5,965	(5,965)
39	5453203	Jul-14	25-07-2014	40,112	20,056	(20,056)
40	5453204	Jul-14	12-08-2014	31,214	15,607	(15,607)
41	5453205	Jul-14	09-10-2014	11,930	5,965	(5,965)
42	5453206	Jul-14	06-08-2014	53,750	26,875	(26,875)
43	5453207	Jul-14	0[illegible]-08-2014	13,902	6,951	(6,951)
44	5453208	Jul-14	13-10-2014	30,600	15,300	(15,300)
45	5453209	Jul-14	06-08-2014	19,292	9,646	(9,646)
46	5453210	Jul-14	07-08-2014	18,548	9,274	(9,274)
47	5453211	Jul-14	07-11-2014	19,006	9,503	(9,503)
48	5453213	Jul-14	06-08-2014	26,118	13,059	(13,059)
49	5453214	Jul-14	16-09-2014	25,018	12,509	(12,509)
50	5453215	Jul-14	12-08-2014	52,300	26,150	(26,150)
51	5453216	Jul-14	11-08-2014	23,950	11,975	(11,975)
52	5453217	Jul-14	04-08-2014	24,216	12,108	(12,108)
53	5453218	Jul-14	28-07-2014	18,652	9,326	(9,326)
54	5453219	Jul-14	11-08-2014	8,194	4,097	(4,097)
55	5453220	Jul-14	04-08-2014	11,898	5,949	(5,949)
56	5453221	Jul-14	19-08-2014	19,260	9,630	(9,630)
57	5453222	Jul-14	05-08-2014	37,400	18,700	(18,700)
58	5453223	Jul-14	05-08-2014	8,194	4,097	(4,097)
59	5453224	Jul-14	08-09-2014	11,198	5,599	(5,599)
60	5453225	Jul-14	05-09-2014	32,068	16,034	(16,034)
61	5453226	Jul-14	25-07-2014	34,102	17,051	(17,051)
62	5453227	Jul-14	05-08-2014	22,744	11,372	(11,372)
63	5453228	Jul-14	28-07-2014	9,548	4,774	(4,774)
64	5453229	Jul-14	06-08-2014	15,362	7,681	(7,681)
65	5453230	Jul-14	05-08-2014	12,722	6,361	(6,361)
66	5453232	Jul-14	05-08-2014	11,202	5,601	(5,601)
67	5453233	Jul-14	07-08-2014	21,244	10,622	(10,622)
68	5453234	Jul-14	26-07-2014	23,854	11,927	(11,927)

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

ANNEXURE – H (Cont'd)

69	5453235	Jul-14	15-08-2014	9,378	4,689	(4,689)
70	5453236	Jul-14	07-08-2014	38,574	19,281	(19,293)
71	5453237	Jul-14	25-07-2014	11,030	5,515	(5,515)
72	5453238	Jul-14	08-08-2014	29,382	14,691	(14,691)
73	5453239	Jul-14	04-08-2014	9,446	4,723	(4,723)
74	5453240	Jul-14	24-07-2014	9,826	4,913	(4,913)
75	5453241	Jul-14	06-08-2014	11,664	5,832	(5,832)
76	5453242	Jul-14	06-08-2014	31,222	15,611	(15,611)
77	5453243	Jul-14	19-08-2014	8,478	4,239	(4,239)
78	5453244	Jul-14	08-09-2014	8,192	4,096	(4,096)
79	5453246	Jul-14	20-10-2014	9,216	4,608	(4,608)
80	5453247	Jul-14	06-08-2014	18,100	9,050	(9,050)
81	5453248	Jul-14	11-08-2014	19,896	9,948	(9,948)
82	5453249	Jul-14	25-07-2014	10,966	5,483	(5,483)
83	5453250	Jul-14	28-07-2014	9,800	4,900	(4,900)
84	5453251	Jul-14	07-08-2014	19,708	9,854	(9,854)
85	5453252	Jul-14	15-08-2014	19,260	9,630	(9,630)
86	5453253	Jul-14	07-08-2014	17,732	8,866	(8,866)
87	5453255	Jul-14	10-09-2014	45,694	22,847	(22,847)
88	5453256	Jul-14	12-08-2014	13,272	6,636	(6,636)
89	5453258	Jul-14	11-08-2014	12,588	6,294	(6,294)
90	5453259	Jul-14	09-09-2014	8,274	4,137	(4,137)
91	5453260	Jul-14	11-08-2014	15,362	7,681	(7,681)
92	5453261	Jul-14	24-07-2014	25,238	12,619	(12,619)
93	5453262	Jul-14	07-08-2014	8,106	4,053	(4,053)
94	5453263	Jul-14	26-11-2014	8,478	4,239	(4,239)
95	5453264	Jul-14	05-08-2014	19,062	9,531	(9,531)
96	5453265	Jul-14	06-08-2014	17,874	8,937	(8,937)
97	5453266	Jul-14	26-11-2014	10,702	5,351	(5,351)
98	5453267	Jul-14	04-08-2014	8,192	4,096	(4,096)
99	5453269	Jul-14	06-08-2014	38,380	19,190	(19,190)
100	5453270	Jul-14	07-08-2014	11,002	5,501	(5,501)
101	5453272	Jul-14	07-08-2014	14,436	7,218	(7,218)
102	5453274	Jul-14	05-08-2014	18,906	9,453	(9,453)
103	5453275	Jul-14	07-08-2014	12,666	6,333	(6,333)
104	5453276	Jul-14	07-08-2014	8,478	4,239	(4,239)
105	5453277	Jul-14	19-08-2014	21,320	10,660	(10,660)

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) KOHAT - CHEQUES WITH DIFFERENT AMOUNTS

ANNEXURE – H (Cont'd)

106	5453278	Jul-14	07-08-2014	18,024	9,012	(9,012)
107	5453279	Jul-14	02-10-2014	9,639	6,426	(3,213)
108	5453280	Jul-14	19-08-2014	8,916	4,458	(4,458)
109	5453281	Jul-14	25-07-2014	8,478	4,239	(4,239)
110	5453282	Jul-14	25-07-2014	501,393	489,720	(11,673)
111	5453283	Jul-14	06-08-2014	42,350	33,880	(8,470)
112	5453284	Jul-14	26-07-2014	35,290	17,645	(17,645)
113	5453285	Jul-14	26-07-2014	26,064	13,032	(13,032)
114	5453286	Jul-14	06-08-2014	27,738	11,673	(16,065)
115	5716020	Aug-14	04-09-2014	60,630	516,000	455,370
116	5716030	Sep-14	02-10-2014	1,043,764	1,040,009	(3,755)
117	5716063	Sep-14	02-10-2014	14,337	6,976	(7,361)
118	7177731	Sep-14	02-10-2014	9,012	9,612	600
119	7177753	Sep-14	03-10-2014	9,156	415,700	406,544
120	7177780	Oct-14	07-11-2014	21,755	400,000	378,245
121	8348924	Nov-14	08-12-2014	87,690	7,690	(80,000)
122	8744037	Jan-15	27-01-2015	5,245	135,000	129,755
123	895209	Feb-15	09-03-2015	14,701	76,624	61,923
124	895210	Mar-15	03-04-2015	1,064,962	1,064,964	2
125	1526638	Mar-15	04-04-2015	17,110	798,950	781,840
126	1979579	Apr-15	08-05-2015	17,610	800,000	782,390
127	3174927	May-15	09-06-2015	27,050	501,570	474,520
128	3174930	Jun-15	06-07-2015	1,028,854	1,037,657	8,803
129	3591068	Jun-15	04-07-2015	23,175	578,000	554,825
130	4214540	Jul-15	09-10-2015	16,001	1,600	(14,401)
131	4367210	Jul-15	04-08-2015	13,752	576,190	562,438
132	4307234	Aug-15	11-09-2015	18,684	18,686	2
133	4307237	Aug-15	02-09-2015	13,415	13,145	(270)
134	4798353	Aug-15	02-09-2015	11,011	701,500	690,489
135	4883396	Sep-15	23-09-2015	217,000	703,195	486,195
136	15508978	Oct-15	03-11-2015	14,250	890,750	876,500
137	22180628	Nov-15	02-12-2015	15,978	709,050	693,072
138	31188478	Dec-15	08-01-2016	7,965	804,265	796,300
139	31188488	Jan-16	21-01-2016	23,913	100,000	76,087
140	35522874	Feb-16	12-03-2016	15,740	400,000	384,260
141	44429556	Apr-16	04-05-2016	1,097,057	1,084,564	(12,493)
142	44429586	Apr-16	30-05-2016	41,198	11,198	(30,000)

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) KOHAT - CHEQUES WITH DIFFERENT AMOUNTS

ANNEXURE – H (Cont'd)

143	44429600	Apr-16	04-05-2016	131,247	31,247	(100,000)
144	44429612	Apr-16	26-05-2016	56,682	6,682	(50,000)
145	49487040	May-16	06-06-2016	1,385,984	1,077,643	(308,341)
146	51448253	May-16	06-06-2016	11,674	1,501,550	1,489,876
147	51448263	May-16	10-06-2016	23,019	10,579	(12,440)
148	51448265	May-16	17-06-2016	166,445	302,755	136,310
149	53044058	Jun-16	30-06-2016	7,885	1,280,115	1,272,230
150	53044063	Jul-16	04-08-2016	1,094,966	1,095,003	37
151	58394125	Jul-16	03-08-2016	11,674	1,388,752	1,377,078
152	59200139	Aug-16	08-09-2016	37,325	27,325	(10,000)
153	59200146	Aug-16	08-09-2016	16,601	1,660	(14,941)
154	58707587	Aug-16	05-09-2016	132,490	32,490	(100,000)
155	58394148	Sep-16	06-10-2016	1,199,106	1,199,027	(79)
156	61632333	Sep-16	17-10-2016	18,892	53,122	34,230
157	61632341	Sep-16	06-10-2016	32,940	32,490	(450)
158	64597176	Oct-16	03-11-2016	1,354,256	1,174,784	(179,472)
159	64597195	Oct-16	10-11-2016	25,177	21,577	(3,600)
160	68326444	Oct-16	02-11-2016	7,989	301,200	293,211
161	68326445	Oct-16	02-11-2016	17,529	1,411,550	1,394,021
162	68326451	Oct-16	14-11-2016	142,684	142,686	2
163	68326453	Oct-16	19-11-2016	85,668	300,000	214,332
164	68326454	Oct-16	23-11-2016	176,565	501,500	324,935
165	71221797	Nov-16	06-12-2016	7,107	6,107	(1,000)
166	72727951	Dec-16	09-01-2017	1,295,034	1,294,851	(183)
167	75697609	Jan-17	07-02-2017	1,278,120	1,368,513	90,393
168	77700502	Feb-17	03-03-2017	1,340,404	1,284,367	(56,037)
169	77700506	Feb-17	03-03-2017	25,883	28,553	2,670
170	77284912	Feb-17	01-03-2017	22,063	1,006,235	984,172
171	7728491[illegible]	Feb-17	08-03-2017	17,529	32,866	15,337
172	77700502	Apr-17	03-03-2017	19,196	1,284,367	1,265,171
173	161	Apr-17	05-05-2017	15,621	1,562	(14,059)
174	261	Apr-17	02-05-2017	22,063	2,017,950	1,995,887
175	269	May-17	02-06-2017	33,292	1,255,758	1,222,466
176	418	May-17	01-06-2017	270,174	1,975,700	1,705,526
177	419	May-17	05-06-2017	391,145	18,256	(372,889)
178	420	May-17	12-06-2017	81,110	64,416	(16,694)
179	421	May-17	06-06-2017	18,252	32,866	14,614

(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) KOHAT - CHEQUES WITH DIFFERENT AMOUNTS

ANNEXURE – H (Cont'd)

180	422	May-17	06-06-2017	64,416	11,478	(52,938)
181	1067	Sep-17	12-10-2017	359,016	7,736	(351,280)
182	1395	Dec-17	02-01-2018	56,967	939,456	882,489
183	1396	Dec-17	02-01-2018	27,541	992,845	965,304
184	1397	Dec-17	02-01-2018	513,755	898,250	384,495
185	1398	Dec-17	01-02-2018	416,765	893,135	476,370
186	1400	Dec-17	01-02-2018	258,192	995,788	737,596
187	1764	Feb-18	02-03-2018	1,393,888	353,000	(1,040,888)
188	1879	Feb-18	02-03-2018	19,585	1,413,473	1,393,888
189	1881	Feb-18	05-03-2018	12,789	982,170	969,381
190	2003	Mar-18	09-05-2018	4,950	13,805	8,855
191	2062	Mar-18	06-04-2018	-	7,847	7,847
192	2143	Apr-18	14-05-2018	9,063	40,016	30,953
193	2300	May-18	07-06-2018	29,708	30,508	800
194	2622	Jun-18	09-07-2018	4,890	14,890	10,000
195	2502	Jun-18	30-07-2018	21,710	5,941	(15,769)
196	2503	Jun-18	20-07-2018	212,614	999,755	787,141
197	2504	Jun-18	20-07-2018	87,255	999,877	912,622
198	2757	Jul-18	13-09-2018	16,590	8,295	(8,295)
199	2770	Jul-18	06-08-2018	115,224	923,735	808,511
200	2771	Jul-18	06-08-2018	92,748	894,757	802,009
201	2772	Jul-18	06-08-2018	134,235	991,955	857,720
202	3001	Sep-18	05-10-2018	1,612,985	1,626,696	13,711
203	3014	Sep-18	17-10-2018	303,208	87,870	(215,338)
204	3015	Sep-18	15-10-2018	258,694	114,036	(144,658)
205	3016	Sep-18	17-10-2018	179,107	42,515	(136,592)
206	3017	Sep-18	26-10-2018	165,435	49,690	(115,745)
207	3018	Sep-18	24-10-2018	139,230	150,920	11,690
208	3020	Oct-18	07-11-2018	3,401,562	2,456,177	(945,385)
209	3028	Oct-18	14-11-2018	289,215	209,218	(79,997)
210	3030	Oct-18	04-12-2018	1,447,035	3,759,895	2,312,860
211	3031	Oct-18	03-12-2018	83,118	2,268,291	2,185,173
212	3032	Oct-18	04-12-2018	416,355	143,384	(272,971)
213	3033	Oct-18	06-12-2018	219,933	21,168	(198,765)
214	3034	Oct-18	11-12-2018	91,544	28,148	(63,396)
215	3035	Oct-18	12-12-2018	64,836	102,150	37,314
216	3036	Nov-18	28-12-2018	4,233,613	1,480,808	(2,752,805)

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) KOHAT - CHEQUES WITH DIFFERENT AMOUNTS

ANNEXURE – H (Cont'd)

217	2989	Jan / Feb 19	11-03-2019	402,576	42,222	(360,354)
218	3060	Jan / Feb 19	06-03-2019	373,347	26,021	(347,326)
219	3061	Jan / Feb 19	06-03-2019	3,806,595	149,835	(3,656,760)
220	3062	Jan / Feb 19	06-03-2019	3,975,227	2,871,003	(1,104,224)
221	3063	Jan / Feb 19	18-04-2019	577,209	75,846	(501,363)
222	3068	Jan / Feb 19	04-04-2019	11,464	26,021	14,557
223	3069	Jan / Feb 19	04-04-2019	113,504	121,853	8,349
224	3070	Jan / Feb 19	02-04-2019	1,633,192	3,794,083	2,160,891
225	3072	Mar-19	04-04-2019	2,179,702	2,625,727	446,025
226	3075	Mar-19	31-05-2019	410,441	502,000	91,559
227	9049001	Dec-14	05-01-2015	1,117,287	1,113,687	(3,600)
228	8744030	Dec-14	09-01-2015	5,249	550,000	544,751
229	44429579	Apr-16	09-05-2016	67,714	8,778	(58,936)
230	59200091	Aug-16	05-09-2016	1,248,670	1,252,695	4,025
231	2783	Aug-18	27-08-2018	1,661,944	1,506,978	(154,966)
232	5453245	Jul-14	09-12-2014	9,752	4,874	(4,878)
233	5453257	Jul-14	18-08-2014	12,062	6,031	(6,031)
234	5453212	Jul-14	22-08-2014	16,282	8,141	(8,141)
235	5453254	Jul-14	11-12-2014	8,478	4,239	(4,239)
236	589	Jun-17	06-07-2017	166,579	15,444	(151,135)
237	1375	Nov-17	29-11-2017	17,532	501,560	484,028
238	1376	Nov-17	30-11-2017	14,334	998,650	984,316
239	1882	Feb-18	03-03-2018	24,885	913,856	888,971
240	2424	Jun-18	06-07-2018	4,412,061	1,350,338	(3,061,723)
241	2901	Aug-18	01-11-2018	11,565	16,565	5,000
242	2954	Aug-18	13-09-2018	91,712	12,721	(78,991)
243	77284912	Feb-17	01-03-2017	22,063	1,006,235	984,172
244	77284913	Feb-17	08-03-2017	17,529	32,866	15,337
245	1399	Dec-17	24-02-2018	521,922	202,830	(319,092)
246	1979585	May-15	N/A	1,119,691	-	(1,119,691)
247	31188479	Dec-15	N/A	2,416,218	-	(2,416,218)
248	51448248	May-16	N/A	985,223	-	(985,223)
249	77284901	Feb-17	N/A	1,447,241	-	(1,447,241)
250	96	Mar-17	N/A	687,650	-	(687,650)
251	743	Jul-17	N/A	1,522,912	-	(1,522,912)
252	902	Sep-17	N/A	1,395,712	-	(1,395,712)
253	2226	Apr-18	N/A	1,470,187	-	(1,470,187)

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) KOHAT - CHEQUES WITH DIFFERENT AMOUNTS

ANNEXURE – H (Cont'd)

254	3042	Dec-18	N/A	476.855	-	(476,855)
255	3053	Jan-19	N/A	501,363	-	(501,363)
Total				72,505,000	84,360,955	11,855,955

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

(Rs.1,260,259, Annexure-V, Page – 164)

XEN URBAN CANTT PESHAWAR - CHEQUES CLEARED DIFFERENT AMOUNTS

ANNEXURE – V

Sr. No.	Bank Statement Date	Cheque Number	Amount as per Bank Statement (PKR)	Amount as per Cash Book (PKR)	Difference
1	09-Jul-14	5543592	42,146	12,146	30,000
2	11-Aug-14	5626545	113,080	13,080	100,000
3	25-Sep-14	5527986	40,960	10,960	30,000
4	03-Oct-14	6590188	57,292	7,292	50,000
5	06-Nov-14	7041854	40,755	10,755	30,000
6	10-Nov-14	7041865	59,416	9,416	50,000
7	12-Jan-15	7041868	40,692	10,692	30,000
8	24-Nov-14	7041876	18,381	8,381	10,000
9	01-Dec-14	7508424	40,933	10,933	30,000
10	02-Dec-14	7508429	27,913	21,913	6,000
11	29-Dec-14	7508433	16,780	6,780	10,000
12	14-Jan-15	8108086	27,384	22,384	5,000
13	06-Feb-15	9812287	453,997	53,997	400,000
14	10-Feb-15	9812289	227,767	27,767	200,000
15	05-Mar-15	190165	40,813	10,313	30,500
16	10-Feb-15	9812298	133,995	33,995	100,000
17	04-Mar-15	546044	173,021	170,021	3,000
18	27-Mar-15	579734	29,413	28,413	1,000
19	31-Mar-15	579745	73,768	70,768	3,000
20	14-Apr-15	579774	21,627	-	21,627
21	16-Apr-15	1885810	37,980	17,980	20,000
22	07-May-15	1885839	10,132	-	10,132
23	13-May-15	2200190	38,917	8,917	30,000
24	19-May-15	2200192	43,640	13,640	30,000
25	22-May-15	2200194	44,951	14,951	30,000
		Total			1,260,259

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

ANNEXURE-55

Rs.16,594,339/- *(Annexure-M to Q Page-145 to 153)*

AM (CS) CITY ABBOTTABAD – PAYMENT RECORDED IN EXCESS OF ORIGINAL PENSION IN CASH BOOK

ANNEXURE – M

FY 2014 - 2015

Sr. No.	Name of Pensioner	PPO Number	Annual Pension Paid (PKR)	Eligible Annual Pension (PKR)	Difference
1	M [illegible]FDAR	[illegible]0160/30165	473,987	219,912	254,075
2	KHALID RASHID	2901/2911	401,005	352,020	48,985
3	GHULAM RAZZAQ	2[illegible]893/30106	260,389	195,348	65,041
4	MAQBOOL JAN	16346/17296	185,681	101,316	84,365
5	M SULYEMAN	10822/11527	267,310	213,264	54,046
6	M SAFDAR	2460/2473	218,955	151,476	67,479
7	NIAZ MUHAMMAD	18333/19415	219,784	139,380	80,404
8	M AFZAL	27070/27138	347,565	307,560	40,005
9	MST. SAFDAR JAN	15412/16297	287,849	260,964	26,885
10	GOHAR REHMAN	23639/23694	296,322	273,528	22,794
11	SHER ZAMAN	25560/25684	370,466	192,024	178,44[illegible]
12	VALISTAN KHAN	24745/24907	222,864	182,592	40,2[illegible]
13	M ANWAR	13540/14109	167,096	89,400	77,696
14	NAZIR AHMED	2[illegible]312/29413	406,329	261,624	144,705
15	M IQBAL	3[illegible]04/3720	396,907	318,480	78,427
16	SAEEDULLAH JAN	4523/4529	513,144	298,788	214,356
17	M IRSHAD	4786/4793	485,562	403,104	82,458
18	GHULAM SARWAR	26835/27138	386,715	249,924	136,791
19	MUNSIF KHAN	29553/29417	373,410	225,564	147,846
20	FAZAL DAD	28877/28567	325,339	135,636	189,703
21	SAFDAR	31475/31783	234,780	147,096	87,684
22	SHAHIDA JAN	22716/22715	176,239	79,128	97,111
23	SUGHRAN JAN	11284/8712	130,391	82,560	47,831
24	M YOUNIS	11015/11306	199,[illegible]	170,832	28,316
25	MISKEEN	25551/25692	292,302	185,052	107,250
26	MISKEEN	18299/19318	196,116	166,548	29,568
27	AZIZ UR REHMAN	23367/23381	306,238	153,120	153,118

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) CITY ABBOTTABAD – PAYMENT RECORDED IN EXCESS OF ORIGINAL PENSION IN CASH BOOK

ANNEXURE – M (Cont'd)

FY 2014 – 2015

28	M ZAMAN	23538/23575	116,949	76,800	40,149
29	MIR ZAMAN	11286/12025	174,989	107,748	67,241
30	MUNSIF KHAN	8531/9279	203,552	97,644	105,908
	Total		8,637,383	5,838,432	2,798,951

(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) CITY ABBOTTABAD – PAYMENT RECORDED IN EXCESS OF ORIGINAL PENSION IN CASH BOOK

ANNEXURE – N

FY 2015 - 2016

Sr. No.	Name of Pensioner	PPO Number	Annual Pension Paid (PKR)	Eligible Annual Pension (PKR)	Difference
1	M SAFDAR	30160/30165	404,893	231,492	173,401
2	KHALID RASHID	2901/2911	499,392	374,544	124,848
3	GHULAM RAZZAQ	29893/30106	507,469	207,972	299,497
4	MAQBOOL JAN	16346/17296	1,003,713	107,568	896,145
5	SHAMIM	20373/20446	222,722	101,880	120,842
6	SARWAR JAN	22727/22223	194,559	74,244	120,315
7	MUNSIF KHAN	24572/24666	368,552	160,872	207,680
8	JAHANDAD	16785/17663	140,740	84,444	56,296
9	MISKEENA JAN	9651/10288	285,180	162,960	122,220
10	QAMAR ALI	24760/24850	403,024	285,444	117,580
11	QALANDAR KHAN	10916/11619	278,908	150,612	128,296
12	GUL ZEB	2184/2205	271,936	233,088	38,848
13	M YOUSAF	25706/25844	160,012	124,584	35,428
14	M AFZAL	27070/27138	538,898	328,488	210,410
15	MST. SAFDAR JAN	15412/16297	370,659	282,348	88,311
16	MAQ. UR REHMAN	17370/183525	379,730	174,324	205,406
17	SHER ZAMAN	25560/25684	269,617	243,228	26,389
18	M IDREES	3379/3391	343,094	272,508	70,586
19	GUL KHAN	3453/3463	347,775	311,700	36,075
20	M IQBAL	3704/3720	424,675	338,088	86,587
21	SAEEDULLAH JAN	4523/4529	343,658	317,220	26,438
22	M SULTAN KHAN	16032/16944	348,782	221,916	126,866
23	MUNSIF KHAN	29553/29417	260,436	240,276	20,160
24	FAZAL DAD	28877/28567	179,676	145,800	33,876
25	JAHANZAIB KHAN	3440/3423	257,704	237,936	19,768
26	M SULEMAN	4001/4008	284,856	262,692	22,164
27	GHAZ. HUSSAIN	23289/23312	320,181	222,180	98,001
28	NAZIR AHMED	5195/5192	308,540	283,572	24,968
29	M AKRAM	11288/12023	215,548	113,640	101,908

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) CITY ABBOTTABAD – PAYMENT RECORDED IN EXCESS OF ORIGINAL PENSION IN CASH BOOK

ANNEXURE – N (Cont'd)

FY 2015 – 2016

30	BIBI JAN	17970/19079	202,586	84,000	118,586
31	M MISKEEN	20967/21971	265,900	149,724	116,176
32	BASHIR AHMED	5063/5089	276,770	257,292	19,478
33	ABDUL HAMID	7270/8423	221,447	109,560	111,887
34	KHURSHEED BEG.	17502/18433	154,100	57,960	96,140
35	M ZAMAN	29[illegible]58/29923	367,588	264,264	103,324
36	AURANGZAIB	23396/23387	152,860	84,444	68,416
	Total		11,576,180	7,302,864	4,273,316

(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) CITY ABBOTTABAD – PAYMENT RECORDED IN EXCESS OF ORIGINAL PENSION IN CASH BOOK

ANNEXURE – Q

FY 2016 - 2017

Sr. No.	Name of Pensioner	PPO Number	Annual Pension Paid (PKR)	Eligible Annual Pension (PKR)	Difference
1	M SAFDAR	30160/30165	494,790	248,100	246,690
2	GHULAM RAZZAQ	29893/30106	380,150	226,068	154,082
3	MAQBOOL JAN	16346/17296	221,629	116,532	105,097
4	MUNSIF KHAN	24572/24666	441,254	174,276	266,978
5	QAMAR ALI	24760/24850	359,443	309,756	49,687
6	KASTOOR HUSSAIN	27182/27227	272,043	167,316	104,727
7	MIR DAD	18676/19665	296,951	154,932	142,019
8	M SAFDAR	2460/2473	211,436	151,476	59,960
9	SHOUKAT ALI	4407/4407	248,784	161,040	87,744
10	NIAZ MUHAMMAD	18333/19415	248,130	153,408	94,722
11	GUL ZEB	2184/2205	323,441	252,516	70,925
12	M YOUSAF	25706/25844	214,102	142,248	71,854
13	M AFZAL	27070/27138	659,440	358,464	300,976
14	MAQBOOL UR REHMAN	17370/183525	273,251	207,144	66,107
15	M HUMAIYOUN	10172/10664	293,866	174,684	119,182
16	ZARINA BIBI	9505/9997	282,092	262,092	20,000
17	SIKANDAR JAN	10906/11620	181,676	148,116	33,560
18	GOHAR REHMAN	23639/23694	360,416	326,136	34,280
19	M ASHRAF	5052/5616	295,552	245,220	50,332
20	SHER ZAMAN	25560/25684	349,359	290,016	59,343
21	WALISTAN KHAN	24745/24907	745,701	257,400	488,301
22	M ANWAR	13540/14109	171,098	89,400	81,698
23	M MISKEEN	29977/30148	151,770	106,572	45,198
24	AURANGZAIB	1582/1593	324,571	299,604	24,967
25	M JAVAID AKHTER	2072/2089	231,135	184,908	46,227
26	NAZIR AHMED	29312/29413	352,749	302,352	50,397
27	NAEEM AKHTAR	64592/64593	705,880	692,040	13,840
28	M IRFAN	26527/26680	146,683	91,536	55,147
29	M AYAZ	3233/2015	368,303	339,972	28,331

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) CITY ABBOTTABAD – PAYMENT RECORDED IN EXCESS OF ORIGINAL PENSION IN CASH BOOK

ANNEXURE – O (Cont'd)

FY 2016 – 2017

30	M IDREES	3379/3391	353,368	326,184	27,184
31	GUL KHAN	3453/3463	366,093	337,932	28,161
32	M IQBAL	3704/3720	396,748	366,204	30,544
33	SAEEDULLAH JAN	4523/4529	372,296	343,656	28,640
34	M IRSHAD	4786/4793	529,366	495,480	33,886
35	M SABIR	6312/6324	676,860	631,920	44,940
36	M SULTAN KHAN	16032/16944	260,613	240,468	20,145
37	GHULAM SARWAR	26835/27138	313,053	288,972	24,081
38	MUNSIF KHAN	29553/29417	283,084	261,372	21,712
39	M ANWAR	22358/22392	226,830	192,228	34,602
40	FAZAL DAD	28877/28567	196,968	160,380	36,588
	Total		13,580,974	10,278,120	3,302,854

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) CITY ABBOTTABAD – PAYMENT RECORDED IN EXCESS OF ORIGINAL PENSION IN CASH BOOK

ANNEXURE – P

FY 2017 - 2018

Sr. No.	Name of Pensioner	PPO Number	Annual Pension Paid (PKR)	Eligible Annual Pension (PKR)	Difference
1	GHULAM RAZZAQ	29893/30106	386,089	245,988	140,101
2	SARWAR JAN	22727/22223	171,107	87,696	83,411
3	MUNSIF KHAN	24572/24666	202,976	186,864	16,112
4	QAMAR ALI	24760/24850	352,994	336,504	16,490
5	M SULYEMAN	10822/11527	355,324	331,272	24,052
6	M SAFDAR	2460/2473	212,067	164,100	47,967
7	NIAZ MUHAMMAD	18333/19415	194,920	161,388	33,532
8	GUL ZEB	2184/2205	294,916	273,876	21,040
9	M AFZAL	27070/27138	495,506	398,604	96,902
10	MST. SAFDAR JAN	15412/16297	448,630	257,364	191,266
11	SIKANDAR JAN	10906/11620	190,147	73,080	117,067
12	GOHAR REHMAN	23639/23694	283,158	273,384	9,774
13	M ASHRAF	5052/5616	325,810	265,956	59,854
14	WALISTAN KHAN	24745/24907	301,359	279,912	21,447
15	M MISKEEN	29977/30148	146,150	115,536	30,614
16	AURANGZAIB	1582/1593	352,941	324,948	27,993
17	NAZIR AHMED	29312/29413	353,951	328,752	25,199
18	M IDREES	3379/3391	384,869	358,464	26,405
19	GUL KHAN	3453/3463	394,941	366,780	28,161
20	M SULTAN KHAN	16032/16944	281,056	260,856	20,200
21	GHULAM SARWAR	26835/27138	338,361	314,280	24,081
22	MUNSIF KHAN	29553/29417	306,276	284,568	21,708
23	M ANWAR	22358/22392	482,335	209,148	273,187
24	FAZAL DAD	28877/28567	213,484	176,412	37,072
25	M AFSAR	3270/3285	261,579	238,344	23,235
26	JAHANZAIB KHAN	3440/3423	302,796	279,504	23,292
27	M SULEMAN	4001/4008	334,052	309,936	24,116
28	MISKEEN JAN	31516/31803	281,491	251,976	29,515
29	M MISKEEN	4914/5425	173,932	137,616	36,316

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) CITY ABBOTTABAD – PAYMENT RECORDED IN EXCESS OF ORIGINAL PENSION IN CASH BOOK

ANNEXURE – F (Cont'd)

FY 2017 – 2018

30	GHAZA.HUSSAIN	23289/23312	362,347	260,700	154,307
31	M SHARIF	11287/12024	164,863	131,952	32,911
32	ALI AFSAR	20968/21973	310,389	274,596	35,793
33	ATTIQUE UR REHMAN	5524/5551	400,943	218,340	182,603
34	NAZIR AHMED	5195/5192	265,251	240,120	25,131
35	CHAMAN DAD	28156/28289	199,249	155,664	43,585
36	BADR E ALAM	31730/31982	464,202	441,312	22,890
37	M IQBAL	64809/65019	494,261	0-	494,261
38	M AKRAM	11288/12023	207,982	173,364	34,618
39	BIBI JAN	17970/19079	141,974	97,080	44,894
40	SHAHIDA BIBI	247/NTDC	79,420	78,828	592
41	SUGHRAN JAN	11284/8712	194,106	102,420	91,686
42	FAZAL DAD	30071/30257	535,870	203,556	332,314
	Total		12,644,074	9,671,040	3,025,694

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

AM (CS) CITY ABBOTTABAD – PAYMENT RECORDED IN EXCESS OF ORIGINAL PENSION IN CASH BOOK

ANNEXURE – O

FY 2018 - 2019

Sr. No.	Name of Pensioner	PPO Number	Annual Pension Paid (PKR)	Eligible Annual Pension (PKR)	Difference
1	GHULAM RAZZAQ	29893/30106	112,908	89,296	23,612
2	M AFZAL	27070/27138	270,592	142,580	128,012
3	SIKANDAR JAN	10906/11620	164,814	50,176	114,638
4	GOHAR REHMAN	23639/23694	152,363	89,752	62,611
5	WALISTAN KHAN	24745/24907	120,751	101,556	19,195
6	NAZIR AHMED	29312/29413	138,653	119,260	19,393
7	GUL KHAN	3453/3463	438,496	132,840	305,656
8	M IQBAL	3704/3720	209,944	143,712	66,232
9	SAEEDULLAH JAN	4523/4529	165,968	134,904	31,064
10	M IRSHAD	4786/4793	315,323	193,624	121,699
11	M SABIR	6312/6324	377,539	227,624	149,915
12	GHULAM SARWAR	26835/27138	781,482	314,280	467,202
13	MUNSIF KHAN	29553/29417	707,408	284,568	422,840
14	M ANWAR	22358/22392	171,324	103,364	67,960
15	WAZIR SHAH	1526/1524	239,092	186,096	52,996
16	JAHANZAIB KHAN	3440/3423	124,488	101,196	23,292
17	M SULEMAN	4001/4008	163,836	112,176	51,660
18	M SHARIF	11287/12024	147,283	54,920	92,363
19	ALI AFSAR	20968/21973	146,244	99,812	46,432
20	BADR E ALAM	31730/31982	190,319	159,976	30,343
21	SUGHRAN JAN	11284/8712	159,464	50,512	108,952
22	WALI MUHAMMAD	27290/27392	434,769	149,172	285,597
23	M IRSHAD	6918/6930	551,904	399,032	152,872
24	M MISKEEN	20967/21971	111,543	70,176	41,367
25	SAFOORA JAN	31926/32008	284,264	59,036	225,228
26	KHAN AFSAR	3238/2015	250,766	203,920	46,846
27	M ASLAM	22273/22315	131,523	95,916	35,607
Total			7,063,060	3,869,476	3,193,584

MZCo.

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

ANNEXURE-56

Rs.1,857,538/- (Page-36)

d. Inappropriate Transfer of Pension Funds:

While reviewing the cash book and scanning the bank statement we have identified few cheques issued in the name of Mr. Abdul Qadir (Senior Clerk) amounting to Rs.1,857,538 (approximately). However, due to non-availability of CNIC number, we could not trace identification of beneficiary.

Sr. No.	Name to whom actual cheque issued	Month	Cheque No.	Amount (PKR)
1	ABDUL QADIR	Aug-17	1655711405	1,064,198
2	ABDUL QADIR	Oct-17	1655711433	395,750
3	ABDUL QADIR	Mar-18	1673635487	397,590
Total				1,857,538

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

ANNEXURE-57

Rs.2,113,642/- *(Page-35)*

19	10-Aug-17	Salary Credit	117,383	-
20	06-Nov-17	Salary Credit	4,768	-
21	06-Nov-17	Salary Credit	51,893	-
22	04-Jul-18	Salary Credit	33,134	-
23	06-Jul-18	Ch#0001686898101	-	33,134
		Total	6,375,496	5,616,440

c. Missing Record of Pension Payment:

While verifying payment vouchers and pension payment bills record found missing and payments were made amount to Rs.2, 113,642 (approximately). Further by reviewing the cash book and scanning the bank statement we identified that cheques have been issued in the name of following pensioners / beneficiaries after their death. However we are unable to trace the identification of such beneficiary as CNIC number was not available.

Sr. No.	Beneficiary Name	Month of Issuance	Cheque No.	Date	Amount (PKR)
1	MR. NADIR ALI	Nov-2016	1610804813	28/11/2016	70,128
2	MR. NADIR ALI	Dec-2016	1610804823	06/12/2016	18,194
3	MR. NADIR ALI	May-2017	1629726147	09/05/2017	35,575
4	MST. PARVEEN	Jun-2017	1624726152	01/06/2017	80,750
5	MR. NADIR ALI	Jun-2017	1629726157	19/06/2017	80,950
6	MST. PARVEEN	Jul-2017	1629726164	06/07/2017	95,575
7	MR. NADIR ALI	Aug-2017	1655711416	04/08/2017	90,595
8	MR. NADIR ALI	Sept-2017	165571142	06/09/2017	113,085
9	MR. NADIR ALI	Oct-2017	1655711428	02/10/2017	90,675
10	MR. NADIR ALI	Oct-2017	1655711432	04/08/2017	95,910
11	MR. NADIR ALI	Jan-2018	1673635478	11/01/2018	225,525
12	MST. PARVEEN	Apr-2018	1673635490	02/04/2018	321,990
13	MR. NADIR ALI	May 2018	1686898055	07/05/2018	208,115
14	MR. NADIR ALI	Jun-2018	1686898088	01/06/2018	67,600
15	RAJA ASLAM	Jun-2018	1686898096	03/06/2018	44,400
16	SARDAR AHMAD	Jun-2018	1686898093	08/06/2018	389,000
17	MST. PARVEEN	Jun-2018	1686898095	13/06/2018	85,575
		Total			2,113,642

Page 35 of 164

(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

ANNEXURE-58

Rs.3,491,116/- AM(CS) Kohat and Rs.5,616,440/- XEN Rural Abbottabad

(Page-34 & 35)

3. XEN RURAL ABBOTTABAD (JINAHABAD)

A. Embezzlement

a. Cash Transactions:

While reviewing bank statement and related record, it was observed that cash deposit amounting to Rs. 208,155 dated 16-Aug-18 & Rs. 389,000 dated 10-Sept-18 were identified in PDU's pension disbursement account.

b. Salary Transactions from Pension Account:

Whilst reviewing the bank statement and related record, we noted that in addition to the receipt of pension fund from Head Office and disbursement of pension amount to pensioners, the bank statement shows credit amounts and withdrawals of Rs. 6,375,496 (approximately) and Rs. 5,616,440 (approximately) respectively on account of salary. The breakup is as under:

Sr. No.	Transaction Date	Description of Bank Statement	Credit (PKR)	Withdrawals (PKR)
1	17-Dec-15	Salary Credit	834,537	-
2	15-Jan-16	Ch#0001573860519	-	834,537
3	17-Mar-16	Salary Credit	138,450	-
4	19-May-16	Ch#0001591374699	-	138,450
5	03-Aug-16	Salary Credit	795,668	-
6	31-Aug-16	Ch#0001591374730	-	795,668
7	22-Sep-16	Salary Credit	99,831	-
8	08-Nov-16	Ch#0001610804805	-	99,831
9	18-Oct-16	Salary Credit	546,114	-
10	28-Oct-16	Ch#0001610804801	-	546,114
11	29-Nov-16	Salary Credit	1,681,742	-
12	26-Dec-16	Ch#0001610804827	-	1,681,742
13	14-Feb-17	Salary Credit	263,234	-
14	22-May-17	Salary Credit	741,673	-
15	15-Aug-17	Ch#0001655711409	-	741,673
16	22-May-17	Salary Credit	745,291	-
17	14-Jun-17	Salary Credit	321,778	-
18	15-Aug-17	Ch#0001655711411	-	745,291

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

19	10-Aug-17	Salary Credit	117,383	-
20	06-Nov-17	Salary Credit	4,768	-
21	06-Nov-17	Salary Credit	51,893	-
22	04-Jul-18	Salary Credit	33,134	-
23	06-Jul-18	Ch#0001686898101	-	33,134
		Total	6,375,496	5,616,440

c. **Missing Record of Pension Payment:**

While verifying payment vouchers and pension payment bills record found missing and payments were made amount to **Rs.2, 113,642** (approximately). Further by reviewing the cash book and scanning the bank statement we identified that cheques have been issued in the name of following pensioners / beneficiaries after their death. However we are unable to trace the identification of such beneficiary as CNIC number was not available.

Sr. No.	Beneficiary Name	Month of Issuance	Cheque No.	Date	Amount (PKR)
1	MR. NADIR ALI	Nov-2016	1610804813	28/11/2016	70,128
2	MR. NADIR ALI	Dec-2016	1610804823	06/12/2016	18,194
3	MR. NADIR ALI	May-2017	1629726147	09/05/2017	35,575
4	MST. PARVEEN	Jun-2017	1624726152	01/06/2017	80,750
5	MR. NADIR ALI	Jun-2017	1629726157	19/06/2017	80,950
6	MST. PARVEEN	Jul-2017	1629726164	06/07/2017	95,575
7	MR. NADIR ALI	Aug-2017	1655711416	04/08/2017	90,595
8	MR. NADIR ALI	Sept-2017	165571142	06/09/2017	113,085
9	MR. NADIR ALI	Oct-2017	1655711428	02/10/2017	90,675
10	MR. NADIR ALI	Oct-2017	1655711432	04/08/2017	95,910
11	MR. NADIR ALI	Jan-2018	1673635478	11/01/2018	225,525
12	MST. PARVEEN	Apr-2018	1673635490	02/04/2018	321,990
13	MR. NADIR ALI	May 2018	1686898055	07/05/2018	208,115
14	MR. NADIR ALI	Jun-2018	1686898088	01/06/2018	67,600
15	RAJA ASLAM	Jun-2018	1686898096	03/06/2018	44,400
16	SARDAR AHMAD	Jun-2018	1686898093	08/06/2018	389,000
17	MST. PARVEEN	Jun-2018	1686898095	13/06/2018	85,575
		Total			2,113,642

MZ Co.

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

(Annexure-L Page-144)

AM (CS) KOHAT – TRANSFER TO IMPREST ACCOUNT

ANNEXURE – L

Sr. No.	Date of Withdrawal / Transfer	Cheque No.	Amount (PKR)
1	03-Jul-14	5129153	680,000
2	04-Sep-14	5716020	516,000
3	26-Sep-14	5453293	160,000
4	03-Oct-14	7177753	415,700
5	07-Nov-14	7177780	400,000
6	04-Dec-14	8744002	705,000
7	09-Jan-15	087440303	550,000
8	12-Jun-17	420	64,416
Total			3,491,116

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(Source: Special Audit of Pension funds and bank scrolls by M/s Mniff Zia Uddin& Co)

ANNEXURE-59

FRAUDULENT PAYMENT ON REPAIR OF DAMAGED TRANSFORMERS

Sr. No.	Name of Division	Date / Period	Nature of Irregularities	Amount (Rs)
		FAKE PAYMENT		
1	XEN Rurual D.I. Khan	Dates / Period have not been mentioned against subject fake payment (Special Audit)	Fake payment due to non-availability of M&T Test Result and Inspection Report of Damage Transformer	2,524,624
2	XEN Tank		Fake Payment due to Bogus preparation of M&T Test Result and Inspection Report of Damage Transformer	2,266,005
3	XEN City D.I. Khan		Fake Payment due to Bogus preparation of M&T Test Result and Inspection Report of Damage Transformer	6,331,311
4			Fake Payment due to Bogus preparation of M&T Test Result and Inspection Report of Damage Transformer	668,504
		EXCESS PAYMENT		
5	XEN Noshera Cantt	4-6/2017	Excess payment on account of repair of Transformer	1,934,460
6	XEN Rural Mansehra	7-9/2017	Excess payment on account of Repair of Transformer	480,800
7			Excess payment due to repair of transformer by ignoring warranty period	120,200
8		10-12/2017	Excess payment on account of Repair of Transformer	76,650
9	XEN Noshera Cantt	7-9/2017	Excess payment on account of Repair of Transformer	214,710
10	XEN Swat-I	7-9/2016 1-3/2017 4-6/2017	Excess payment of HT/LT Connector to Workshop	123,165
11		7-9/2016 1-3/2017	Excess payment of HT Legs to Workshop	407,625
12		10-12/2016 4-6/2017	Excess payment on account of Repair of Transformer	48,400
13		2015-16	Excess payment on account of Repair of Transformer	422,916
14	XEN Dargai	2016-17	Excess payment on account of Repair of	1,211,246

			Transformer	
15	XEN Dir	2016-17	Excess payment on account of Repair of Transformer	1,114,400
16	XEN Timergara	2015-16	Excess payment on account of Repair of Transformer	20,750
17			Excessive claim of HT legs	228,248
18			Excess payment on account of Repair of Transformer	54,361
DOUBLE / IRREGULAR PAYMENT				
19	XEN Rural Mansehra	1-3/2018	Double Payment on one Test Result	109,850
20		2017-18	Credit of old copper not given	517,450
21	XEN Swat-I	7-9/2016	Irregular payment on account of winding charges	4,200
22		7-9/2016 1-3/2017	Irregular payment on account of allied material to workshop	1,334,809
23	XEN City-II, Peshawar	7-9/2014	Double / Suspicious payment of Transformer repair bill	132,2031
24	XEN Swat-I	2015-16	Irregular Payment on account of Allied Material to Workshop	271,225
25			Irregular payment on account of winding charges	2,800
26			Irregular payment on account of Oil Change in Transformer	24,500
27	XEN Dargai	2017-18	Double payment of 200 KV Transformer	72,350
28			Unjustified payment on account of repair of transformer bill	1,126,092
29	XEN Swat-I	2017-18	Double / Triple payment of repair of transformer warranty period	0
30			Loss to PESCO due to no credit of removed copper Coil's	1,738,150
31	XEN Khyber	10-12/2018	Double payment on account of repair of transformer	1,024,900
			TOTAL	**25,796,732**

Fraudulent Payment on Repair of Damaged Transformers (Source: Internal Audit Report, PESCO)

ANNEXURE-60

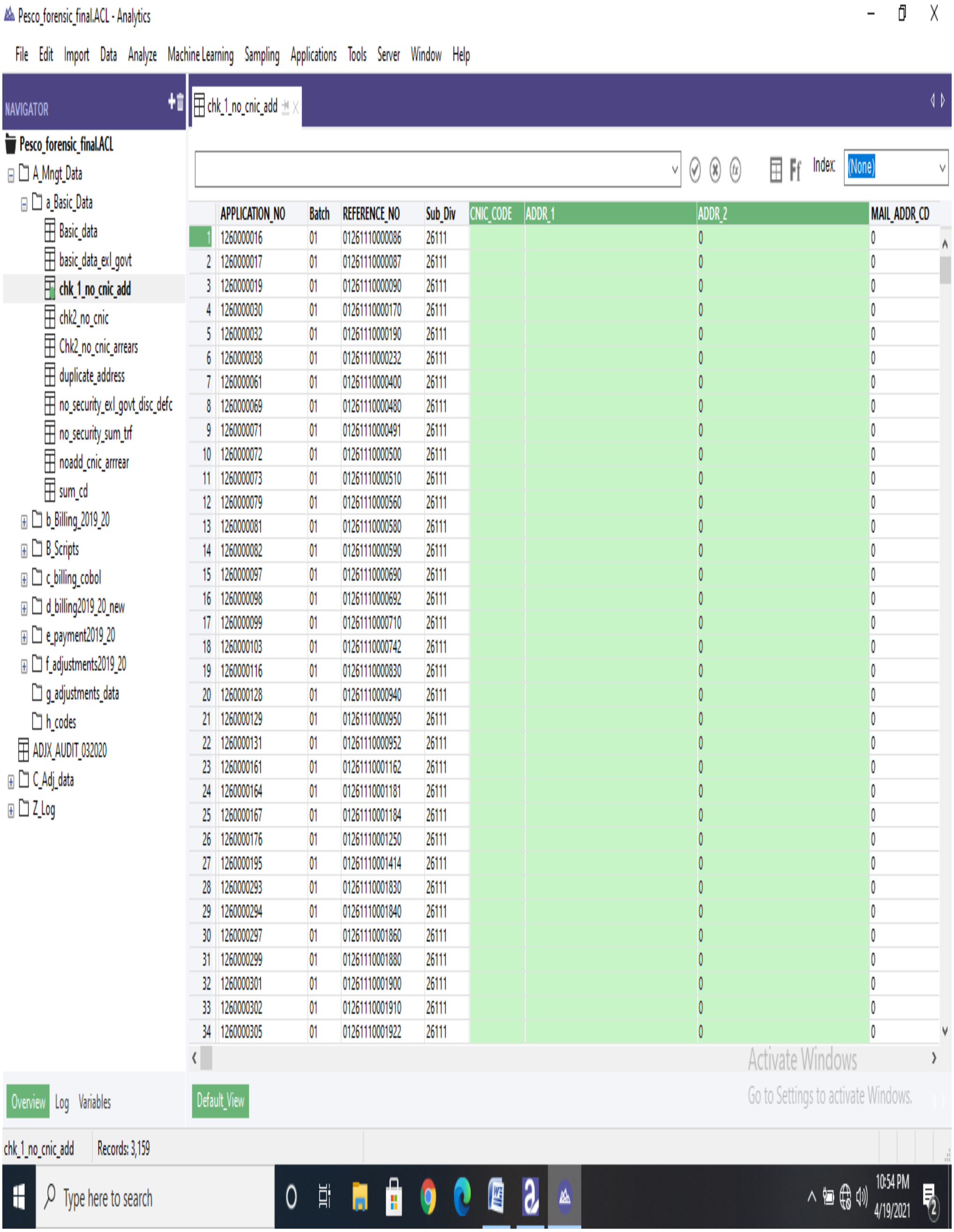
Statement showing detail of Amount Adjusted Without and With Units during the period 2010-20

(in million)

Sr. No.	Year	During Financial Year 2010-11 to 2019-20											
		Billing			Amount Adjusted without units		Both amount and Units Adjusted				Total Amount Adjusted	Permissible limit of Adjustable Units @ 0.01% of billing	Difference between Adjusted units and Permissible limit
		Units	Rate	Amount	No. of Consumers	Amount	No. of Consumers	Units	Rate	Amount			
		(in million)				(Rs. In Million)		(In Million)		(Rs. In Million)			
1	2010-11	6,976.5	7.5	52,427.68	3,994,826	3110.303	436553	153.750	10.323	1587.197	4697.500	0.698	153.052
2	2011-12	7,061.5	9.1	64,354.28	110,618	1586.936	553502	179.986	10.978	1975.814	3562.750	0.706	179.280
3	2012-13	7,161.7	10.0	71,749.20	135,075	1100.621	642782	185.912	12.525	2328.550	3429.171	0.716	185.196
4	2013-14	7,471.3	11.1	82,921.38	1,605,112	3516.647	623793	233.668	12.482	2916.608	6433.255	0.747	232.921
5	2014-15	7,596.7	13.9	105,932.82	582,760	5300.480	600252	197.670	17.018	3363.860	8664.340	0.760	196.910
6	2015-16	7,782.9	11.8	91,534.69	421,038	2113.080	570164	205.720	16.895	3475.650	5588.730	0.778	204.942
7	2016-17	8,432.1	11.7	98,673.84	96,405	4045.687	577697	206.729	17.389	3594.710	7640.397	0.843	205.886
8	2017-18	8,795.5	12.4	109,271.14	87,872	3834.912	451095	202.090	17.778	3592.835	7427.747	0.880	201.210
9	2018-19	9,073.5	14.9	135,417.98	77,708	1374.889	337018	160.186	17.921	2870.614	4245.503	0.907	159.279
10	2019-20	9,043.1	17.8	160,627.34	69,522	821.203	171340	93.943	18.391	1727.671	2548.874	0.904	93.039
Total		**79,394.8**		**972,910.35**	**7,180,936**	**26,804.758**	**4,964,196**	**1819.654**		**27,433.51**	**54,238.27**	**7.939**	**1,811.715**

Adjustment of Units due to Wrong Reading / Detection Charges (Source: Data compiled from Commercial Directorate, Progress Report of PESCO)

ANNEXURE-61



	APPLICATION_NO	Batch	REFERENCE_NO	Sub_Div	CNIC_CODE	ADDR_1	ADDR_2	MAIL_ADDR_CD
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2	1260000017	01	01261110000087	26111			0	0
3	1260000019	01	01261110000090	26111			0	0
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5	1260000032	01	01261110000190	26111			0	0
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28	1260000293	01	01261110001830	26111			0	0
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30	1260000297	01	01261110001860	26111			0	0
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33	1260000302	01	01261110001910	26111			0	0
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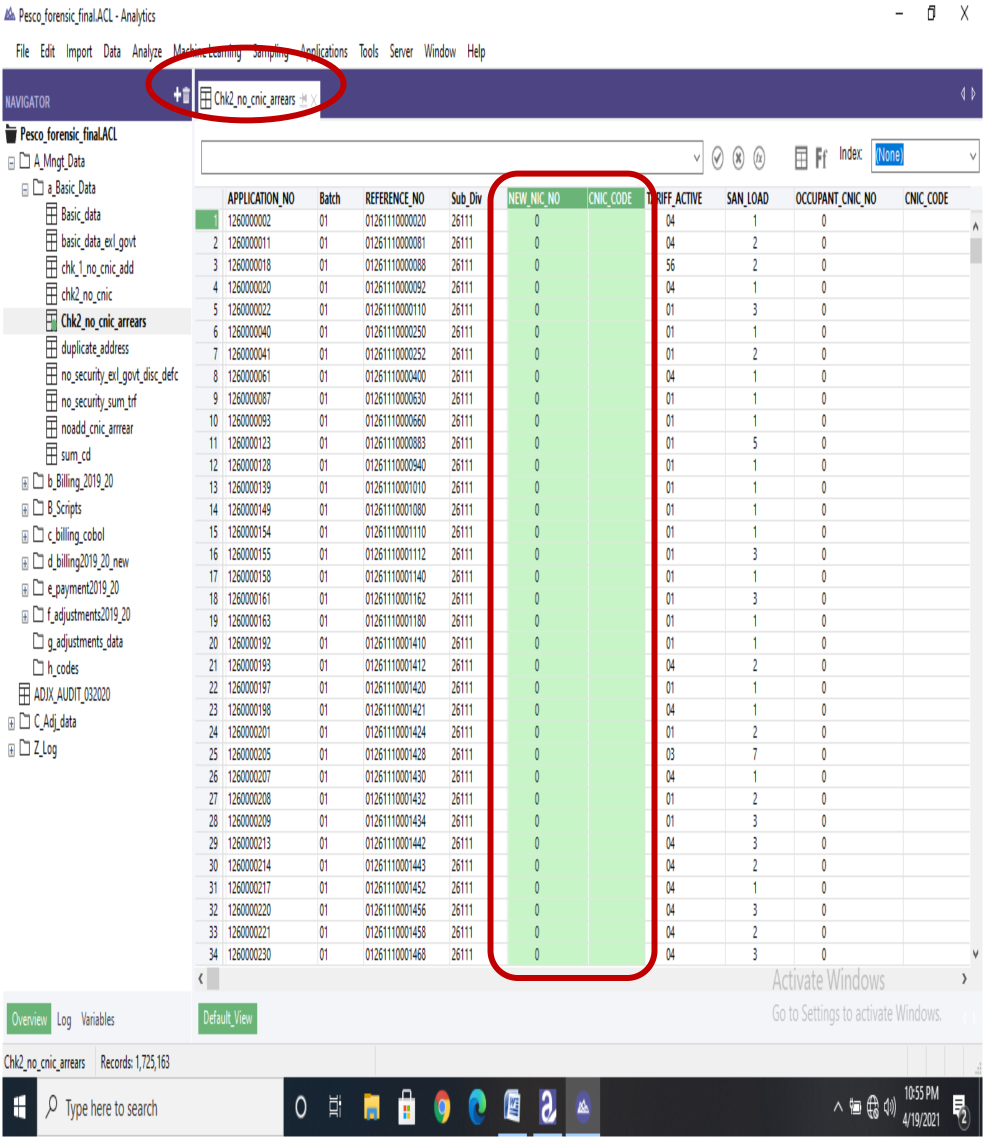
Consumers CNIC and Address Missing (Source: ACL Analysis of MIS Data)



	APPLICATION_NO	Batch	REFERENCE_NO	Sub_Div	NEW_NIC_NO	CNIC_CODE	TARIFF_ACTIVE	SAN_LOAD	OCCUPANT_CNIC_NO	CNIC_CODE
1	1260000002	01	01261110000020	26111	0		04	1	0	
2	1260000011	01	01261110000081	26111	0		04	2	0	
3	1260000018	01	01261110000088	26111	0		56	2	0	
4	1260000020	01	01261110000092	26111	0		04	1	0	
5	1260000022	01	01261110000110	26111	0		01	3	0	
6	1260000040	01	01261110000250	26111	0		01	1	0	
7	1260000041	01	01261110000252	26111	0		01	2	0	
8	1260000061	01	01261110000400	26111	0		04	1	0	
9	1260000087	01	01261110000630	26111	0		01	1	0	
10	1260000093	01	01261110000660	26111	0		01	1	0	
11	1260000123	01	01261110000883	26111	0		01	5	0	
12	1260000128	01	01261110000940	26111	0		01	1	0	
13	1260000139	01	01261110001010	26111	0		01	1	0	
14	1260000149	01	01261110001080	26111	0		01	1	0	
15	1260000154	01	01261110001110	26111	0		01	1	0	
16	1260000155	01	01261110001112	26111	0		01	3	0	
17	1260000158	01	01261110001140	26111	0		01	1	0	
18	1260000161	01	01261110001162	26111	0		01	3	0	
19	1260000163	01	01261110001180	26111	0		01	1	0	
20	1260000192	01	01261110001410	26111	0		01	1	0	
21	1260000193	01	01261110001412	26111	0		04	2	0	
22	1260000197	01	01261110001420	26111	0		01	1	0	
23	1260000198	01	01261110001421	26111	0		04	1	0	
24	1260000201	01	01261110001424	26111	0		01	2	0	
25	1260000205	01	01261110001428	26111	0		03	7	0	
26	1260000207	01	01261110001430	26111	0		04	1	0	
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28	1260000209	01	01261110001434	26111	0		01	3	0	
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31	1260000217	01	01261110001452	26111	0		04	1	0	
32	1260000220	01	01261110001456	26111	0		04	3	0	
33	1260000221	01	01261110001458	26111	0		04	2	0	
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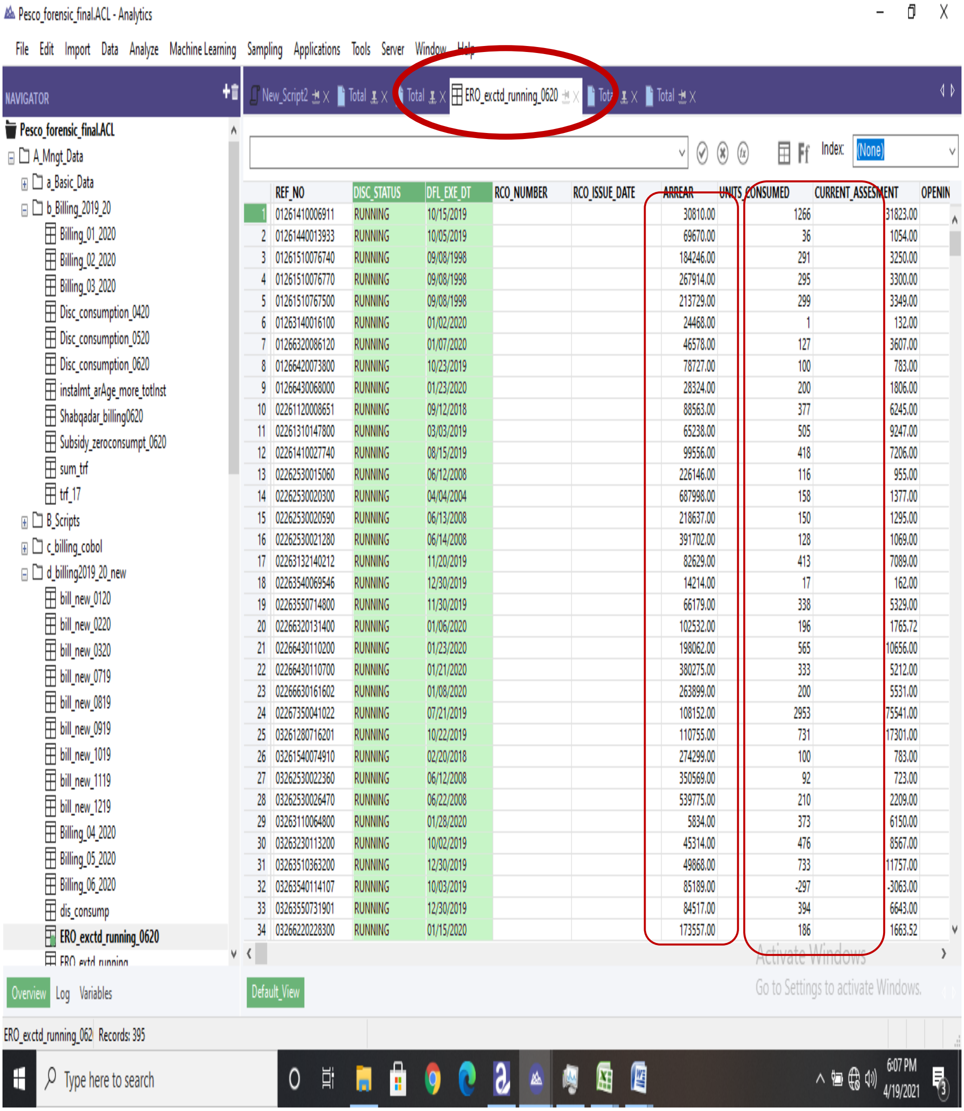
Consumer CNIC Data Missing (Source: ACL Analysis of MIS Data)

ANNEXURE-62



	REF_NO	DISC_STATUS	DFL_EXE_DT	RCO_NUMBER	RCO_ISSUE_DATE	ARREAR	UNITS_CONSUMED	CURRENT_ASSESMENT	OPENIN
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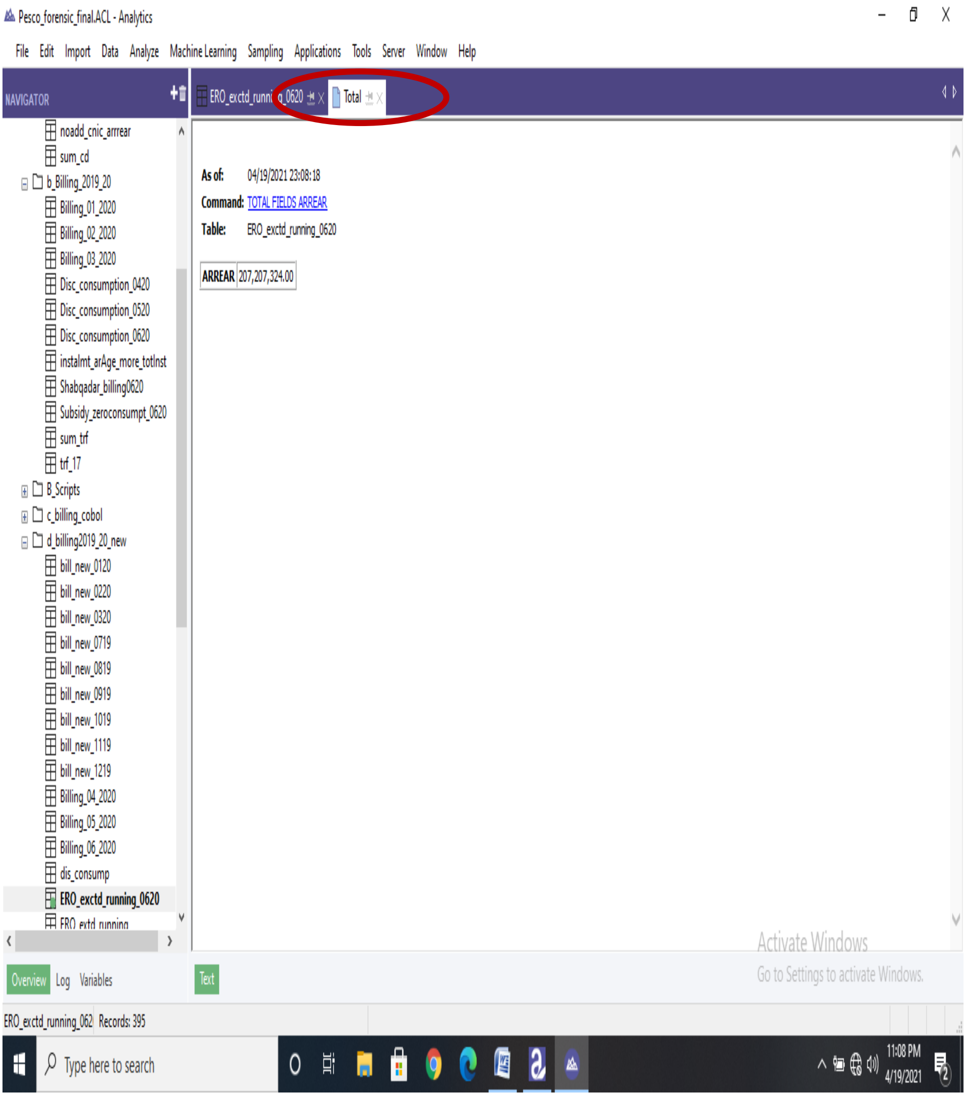
2	01261440013933	RUNNING	10/05/2019			69670.00	36	1054.00	
3	01261510076740	RUNNING	09/08/1998			184246.00	291	3250.00	
4	01261510076770	RUNNING	09/08/1998			267914.00	295	3300.00	
5	01261510767500	RUNNING	09/08/1998			213729.00	299	3349.00	
6	01263140016100	RUNNING	01/02/2020			24468.00	1	132.00	
7	01266320086120	RUNNING	01/07/2020			46578.00	127	3607.00	
8	01266420073800	RUNNING	10/23/2019			78727.00	100	783.00	
9	01266430068000	RUNNING	01/23/2020			28324.00	200	1806.00	
10	02261120008651	RUNNING	09/12/2018			88563.00	377	6245.00	
11	02261310147800	RUNNING	03/03/2019			65238.00	505	9247.00	
12	02261410027740	RUNNING	08/15/2019			99556.00	418	7206.00	
13	02262530015060	RUNNING	06/12/2008			226146.00	116	955.00	
14	02262530020300	RUNNING	04/04/2004			687998.00	158	1377.00	
15	02262530020590	RUNNING	06/13/2008			218637.00	150	1295.00	
16	02262530021280	RUNNING	06/14/2008			391702.00	128	1069.00	
17	02263132140212	RUNNING	11/20/2019			82629.00	413	7089.00	
18	02263540069546	RUNNING	12/30/2019			14214.00	17	162.00	
19	02263550714800	RUNNING	11/30/2019			66179.00	338	5329.00	
20	02266320131400	RUNNING	01/06/2020			102532.00	196	1765.72	
21	02266430110200	RUNNING	01/23/2020			198062.00	565	10656.00	
22	02266430110700	RUNNING	01/21/2020			380275.00	333	5212.00	
23	02266630161602	RUNNING	01/08/2020			263899.00	200	5531.00	
24	02267350041022	RUNNING	07/21/2019			108152.00	2953	75541.00	
25	03261280716201	RUNNING	10/22/2019			110755.00	731	17301.00	
26	03261540074910	RUNNING	02/20/2018			274299.00	100	783.00	
27	03262530022360	RUNNING	06/12/2008			350569.00	92	723.00	
28	03262530026470	RUNNING	06/22/2008			539775.00	210	2209.00	
29	03263110064800	RUNNING	01/28/2020			5834.00	373	6150.00	
30	03263230113200	RUNNING	10/02/2019			45314.00	476	8567.00	
31	03263510363200	RUNNING	12/30/2019			49868.00	733	11757.00	
32	03263540114107	RUNNING	10/03/2019			85189.00	-297	-3063.00	
33	03263550731901	RUNNING	12/30/2019			84517.00	394	6643.00	
34	03266220228300	RUNNING	01/15/2020			173557.00	186	1663.52	

Irregular Billing to consumers whose EROs are executed (Source: Snapshot of Analysis done by Audit Command Language (ACL)



Irregular Billing to consumers whose EROs are executed (Source: Snapshot of Analysis done by Audit Command Language (ACL)

ANNEXURE-63

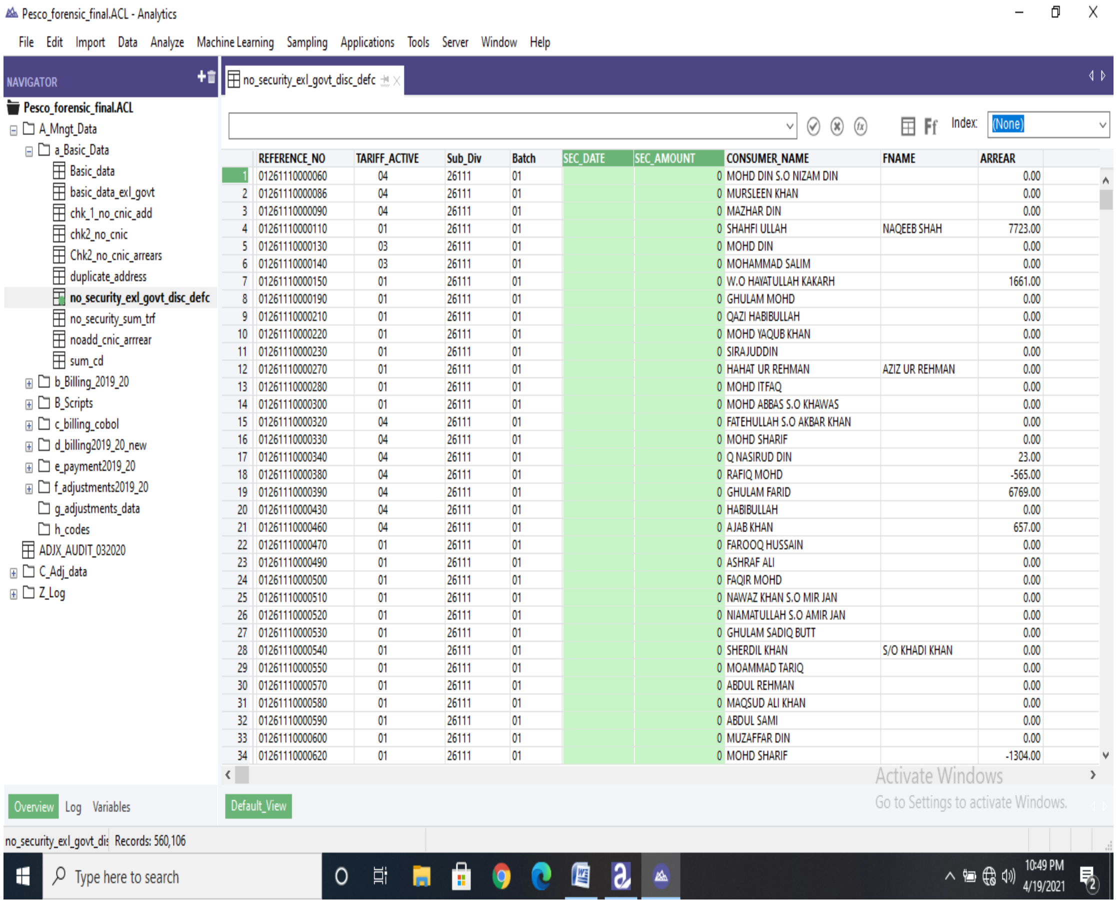
Non-Deposit of Security Fee at the Time of Installation of Connections

Tariff Code	No. of Consumers	Security Amount in Data	Rate of Security (Rs)	Estimated Security Amount (Rs)	Arrears (Rs)
0	48	0	1,220.00	58,560	4,923,565.00
1	483,833	0	1,220.00	590,276,260	16,023,943,952.58
2	1	0	1,220.00	1,220	-
3	3,544	0	1,220.00	4,323,680	52,251,624.76
4	57,604	0	1,810.00	104,263,240	207,310,186.87
5	1	0	1,810.00	1,810	44,784.00
6	944	0	1,810.00	1,708,640	14,553,752.03
7	659	0	1,580.00	1,041,220	2,502,227.85
9	2,622	0	1,580.00	4,142,760	16,350,239.39
10	3	0	2,010.00	6,030	5,080.00
12	260	0	2,010.00	522,600	13,252,278.23
14	27	0	2,890.00	78,030	132,699,113.62
17	1	0	3,560.00	3,560	-
25	30	0	1,670.00	50,100	22,711,948.00
26	152	0	1,670.00	253,840	96,649,939.00
28	3	0	2,080.00	6,240	70,613,295.00
29	17	0	2,080.00	35,360	61,331,324.84
35	2	0	2,570.00	5,140	167,749,321.00
36	24	0	2,570.00	61,680	20,960,234,390.00
42	7	0	15,000.00	105,000	746,843.00
44	5	0	15,000.00	75,000	1,613,124.00

45	36	0	15,000.00	540,000	1,741,482.00
46	66	0	15,000.00	990,000	(496,791.00)
48	75	0	15,000.00	1,125,000	381,736.00
50	1	0	15,000.00	15,000	-
51	1,416	0	15,000.00	21,240,000	109,882,394.10
52	2,248	0	15,000.00	33,720,000	26,269,622.70
54	3	0	15,000.00	45,000	392,166.00
56	3	0	-	-	20,934.00
58	1	0	-	-	-
66	6,192	0	1,810.00	11,207,520	223,790,021.41
72	106	0	-	-	12,716,936.00
73	135	0	-	-	1,439,511.00
76	5	0	1,580.00	7,900	-
79	5	0	1,580.00	7,900	17,825.00
11201033922	1	0	1,220.00	1,220	196,564.00
14301116705	1	0	1,220.00	1,220	-
14301849800	1	0	1,220.00	1,220	-
15602047131	2	0	1,220.00	2,440	75,804.00
16201894899	5	0	1,220.00	6,100	4,167,315.00
17101036235	1	0	1,220.00	1,220	32,831.00
17201218494	1	0	1,220.00	1,220	4,055,483.00
17201219668	1	0	1,220.00	1,220	-
17201232801	1	0	1,220.00	1,220	-
17201592961	1	0	1,220.00	1,220	-
17201772867	1	0	1,220.00	1,220	-
17301101212	1	0	1,220.00	1,220	-
17301139053	1	0	1,220.00	1,220	-
17301484686	3	0	1,220.00	3,660	-

17301596247	1	0	1,220.00	1,220	-
17301637879	1	0	1,220.00	1,220	(0.25)
17301806510	1	0	1,220.00	1,220	-
17301897200	1	0	1,220.00	1,220	822.00
17301957337	1	0	1,220.00	1,220	-
17301963865	1	0	1,220.00	1,220	-
Total	**560,106**			**775,951,230**	**38,234,171,645**

Consumer Security Amount Missing (Source: MIS Consumer Profile Data, PESCO)



	REFERENCE_NO	TARIFF_ACTIVE	Sub_Div	Batch	SEC_DATE	SEC_AMOUNT	CONSUMER_NAME	FNAME	ARREAR
1	01261110000060	04	26111	01		0	MOHD DIN S.O NIZAM DIN		0.00
2	01261110000086	04	26111	01		0	MURSLEEN KHAN		0.00
3	01261110000090	04	26111	01		0	MAZHAR DIN		0.00
4	01261110000110	01	26111	01		0	SHAHFI ULLAH	NAQEEB SHAH	7723.00
5	01261110000130	03	26111	01		0	MOHD DIN		0.00
6	01261110000140	03	26111	01		0	MOHAMMAD SALIM		0.00
7	01261110000150	01	26111	01		0	W.O HAYATULLAH KAKARH		1661.00
8	01261110000190	01	26111	01		0	GHULAM MOHD		0.00
9	01261110000210	01	26111	01		0	QAZI HABIBULLAH		0.00
10	01261110000220	01	26111	01		0	MOHD YAQUB KHAN		0.00
11	01261110000230	01	26111	01		0	SIRAJUDDIN		0.00
12	01261110000270	01	26111	01		0	HAHAT UR REHMAN	AZIZ UR REHMAN	0.00
13	01261110000280	01	26111	01		0	MOHD ITFAQ		0.00
14	01261110000300	01	26111	01		0	MOHD ABBAS S.O KHAWAS		0.00
15	01261110000320	04	26111	01		0	FATEHULLAH S.O AKBAR KHAN		0.00
16	01261110000330	04	26111	01		0	MOHD SHARIF		0.00
17	01261110000340	04	26111	01		0	Q NASIRUD DIN		23.00
18	01261110000380	04	26111	01		0	RAFIQ MOHD		-565.00
19	01261110000390	04	26111	01		0	GHULAM FARID		6769.00
20	01261110000430	04	26111	01		0	HABIBULLAH		0.00
21	01261110000460	04	26111	01		0	AJAB KHAN		657.00
22	01261110000470	01	26111	01		0	FAROOQ HUSSAIN		0.00
23	01261110000490	01	26111	01		0	ASHRAF ALI		0.00
24	01261110000500	01	26111	01		0	FAQIR MOHD		0.00
25	01261110000510	01	26111	01		0	NAWAZ KHAN S.O MIR JAN		0.00
26	01261110000520	01	26111	01		0	NIAMATULLAH S.O AMIR JAN		0.00
27	01261110000530	01	26111	01		0	GHULAM SADIQ BUTT		0.00
28	01261110000540	01	26111	01		0	SHERDIL KHAN	S/O KHADI KHAN	0.00
29	01261110000550	01	26111	01		0	MOAMMAD TARIQ		0.00
30	01261110000570	01	26111	01		0	ABDUL REHMAN		0.00
31	01261110000580	01	26111	01		0	MAQSUD ALI KHAN		0.00
32	01261110000590	01	26111	01		0	ABDUL SAMI		0.00
33	01261110000600	01	26111	01		0	MUZAFFAR DIN		0.00
34	01261110000620	01	26111	01		0	MOHD SHARIF		-1304.00

Consumer Security Amount Missing (Source: MIS Consumer Profile Data, PESCO)

ANNEXURE-64

Sr. No.	Description	Financial Year	Total Audit Notes (Observations)	Disputed Amount (Rs)
1.	Omission of Units / arrears / Multiplying Factor.	2012-13	13	1,818,075
2.	Non transfer / outstanding arrear.		0	0
1.	Omission of Units / arrears / Multiplying Factor.	2013-14	6	3,256,868
2.	Non transfer / outstanding arrear.		1	219,486
1.	Omission of Units / arrears / Multiplying Factor.	2016-17	5	4,594,449
2.	Non transfer / outstanding arrear.		1	4,784,820
1.	Omission of Units / arrears / Multiplying Factor.	2017-18	17	4,239,082
2.	Non transfer / outstanding arrear.		1	486,667
1.	Omission of Units / arrears / Multiplying Factor.	2018-19	10	2,775,419
2.	Non transfer / outstanding arrear.		1	310,591
1.	Omission of Units / arrears / Multiplying Factor.	2019-20	4	2,350,696
2.	Non transfer / outstanding arrear.		0	0
	TOTAL		**59**	**24,836,153**

Irregularities related to Revenue of PESCO (Source: Internal Audit Reports of PESCO)

Sr. No.	Description	Financial Year	Total Audit Notes (Observations)	Disputed Amount (Rs)
1.	Connection disconnected but running at site	2012-13 to 2019-20	8	1,232,025
2.	Less billing against street light.			
3.	Unauthorized Free Supply			

Irregularities related to Revenue of PESCO (Source: Internal Audit Reports of PESCO)

Sr. No.	Description	Financial Year	Total Audit Notes (Observations)	Disputed Amount (Rs)
1.	Irregular/excess credit/refund adjustments afforded to consumer A/Cs by misuse of incentive package.	**2012-13 to 2019-20**	**17473**	**2,131,141,456**
2.	Un-posted debit adjustments.			
3.	Detection /Stealing not / less charged.			
4.	Average units less charged/not charged for defective meters.			
5.	Non / Less Billing of Electricity.			
6.	Fixed / Energy Charges less / Not charged on a/c of:-			
	(i) Less printing of load.			
	(ii) Incorrect Multiplying Factor			
	(iii) MDI not charged.			
	(iv) Minimum Charges			
7.	Wrong Application of Tariff			
8.	Non-recoveries on account of RCO fee etc.			
9.	Non-recovery of Income Tax.			
10.	Non-recovery of GST.			
11.	Meter Security.			
12.	Capital Cost.			
13.	Shifting Charges.			

Irregularities related to Revenue of PESCO (Source: Internal Audit Reports of PESCO)

ANNEXURE-65

REVENUE RELATED IRREGULARITIES

Sr. No.	Year	Detected Amount	Dropped Amount	Disputed Amount	Agreed Amount to be recovered from consumers
1.	2010-11	**Data Not provided**			
2.	2011-12				
3.	2012-13	635,929,539	11,359,255	339,482,854	285,087,430
4.	2013-14	748,535575	27,115,818	263,562,287	457,857,470
5.	2014-15	1,209,885,406	14,771,500	416,404,193	778,709,513
6.	2015-16	540,031,178	14,590,917	95,684,464	429,755,797
7.	2016-17	976,360,805	24,240,987	356,464,657	592,655,161
8.	2017-18	1,578,256,411	74,747,989	481,067,768	1,022,440,654
9.	2018-19	1,324,135,274	60,911,082	437,535,562	925,588,630
10.	2019-20	589,140,101	11,382,760	391,017,356	186,739,985
TOTAL		**7,602,274,289**	**239,120,308**	**2,781,219,141**	**4,678,834,640**
Say as			**3%**	**36%**	**61%**

Revenue related irregularities (Source: Data compiled from Reports of Internal Audit Department on Account of Revenue, PESCO)

ANNEXURE-66

FINANCIAL RELATED IRREGULARITIES

Sr. No.	FY	Detected Amount	Compliance Made/ Verified	Amount Agreed	Total Pending Amount
1	2010-11	**Data Not Provided**			
2	2011-12				
3	2012-13				
4	2013-14	236,366,865	26,475,013	Nil	209,891,852
5	2014-15	5,236,843,181	29,394,009	Nil	5,207,449,172
6	2015-16	**Data Not Provided**			
7	2016-17	1,712,969,332	128,508,185	4,149,192	1,580,311,955
8	2017-18	15,206,493,169	934,852,398	Nil	14,271,640,771
9	2018-19	3,222,697,872	6,456,080	Nil	3,216,241,792
10	2019-20	84,013,464	Nil	Nil	84,013,464
Total		**25,699,383,883**	**1,125,685,685**	**4,149,192**	**24,569,549,006**
Percentage (%age) with respect to Detected Amount			**4.38**	**0.02**	**95.60**

Financial related irregularities (Source: Data compiled from Reports of Internal Audit Department on Account of Revenue, PESCO)

ANNEXURE-67

PROCEDURE RELATED IRREGULARITIES

Sr. No.	FY	Detected Amount	Compliance Made/ Verified	Amount Agreed	Total Pending Amount
1	2010-11	Data Not Provided			
2	2011-12				
3	2012-13				
4	2013-14	408,930,651	135,150,831	Nil	273,779,820
5	2014-15	452,120,711	54,489,098	Nil	397,631,613
6	2015-16	2,392,348,353	76,197,303	Nil	2,316,151,050
7	2016-17	20,157,769,699	36,898,860	Nil	20,120,870,839
8	2017-18	3,293,664,903	1,545,889,347	Nil	1,747,775,556
9	2018-19	Data Not Provided			
10	2019-20	6,609,233,860	Nil	Nil	6,609,233,860
Total		**33,314,068,177**	**1,848,625,439**		**31,465,442,738**
Percentage (%age) with respect to Detected Amount			**5.55**		**94.45**

Procedure related irregularities (Source: Data compiled from Reports of Internal Audit Department on Account of Revenue, PESCO)