



**SPECIAL AUDIT REPORT  
ON ACCOUNT OF  
LOAN AND ADVANCES  
TO LPGCL (GENCO-IV), LAKHRA  
AUDIT YEAR 2023-24**

**AUDITOR-GENERAL OF PAKISTAN**



## **PREFACE**

The Auditor-General of Pakistan conducts audit under Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 and 12 of the Auditor-General's (Functions, Powers, Terms and Conditions of Service) Ordinance, 2001. The Special Audit of Lakhra Power Generation Company Limited (LPGCL), GENCO-IV regarding Loan and Advances of Rs.500 million given by the Finance Division was carried out on the request of Ministry of Finance and acceded by the Auditor-General as per his mandate.

The Directorate General of Audit, Power conducted special audit during September, 2023 with a view to report significant findings to the relevant stakeholders. Audit examined the record of LPGCL as per TORs and assessed, on a test check basis, whether the management complied with applicable laws, rules, and regulations in managing the affairs of the company. The special audit report indicates specific actions that, if taken, will help the management to operate the company in an efficient manner.

The audit observations, included in this report, have been finalized in the light of discussions in DAC meeting held on 2<sup>nd</sup> December, 2023.

The Special 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 Majlis-e-Shoora (Parliament).

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Islamabad  
Dated: 16 September, 2024

**(Muhammad Ajmal Gondal)**  
**Auditor-General of Pakistan**



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## **ABBREVIATIONS AND ACRONYMS**

AGP	Auditor-General of Pakistan
AGM	Annual General Meeting
BoD	Board of Directors
BTA	Business Transfer Agreement
CCOE	Cabinet Committee on Energy
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CGRs	Corporate Governance Rules
CPPA	Central Power Purchasing Agency
DAC	Departmental Accounts Committee
DISCOs	Distribution Companies
ECC	Economic Coordination Committee
FBR	Federal Board of Revenue
FAM	Financial Audit Manual
FY	Financial Year
GENCO-IV	Generation Company-IV
GFR	General Financial Rules
GHCL	GENCO Holding Company Limited
GoP	Government of Pakistan
ISSAI	International Standards of Supreme Audit Institutions
KMs	Kilo Meters
KW	Kilo Watt
KWH	Kilo Watt Hour
LPGCL	Lakhra Power Generation Company Limited
MW	Mega Watt
NEPRA	National Electric Power Regulatory Authority
NTDC	National Transmission and Dispatch Company
PC-I	Planning Commission-I
PEPCO	Pakistan Electric Power Company
PERs	Performance Evaluation Reports
PO	Purchase Order
POL	Petrol, Oil, Lubricants
PSCs	Public Sector Companies
PV	Payment Voucher
SECP	Securities and Exchange Commission of Pakistan
SOE Act	State Owned Enterprises Act

SOPs

TORs

WAPDA

Standard Operating Procedures

Terms of Reference

Water And Power Development Authority

## EXECUTIVE SUMMARY

The Ministry of Finance, Government of Pakistan requested special audit of Lakhra Power Generation Company Limited (LPGCL), GENCO-IV in May, 2023. The special audit on account of disbursement of Loan and Advances of Rs.500 million for payment of salaries, pensions and overheads charges was carried out by the Directorate General of Audit, Power for financial years (FYs) 2021-22 to 2022-23. The audit was carried out during September, 2023 in accordance with International Standards of Supreme Audit Institutions. The special audit was planned with an objective to ensure whether GENCO-IV disbursed/utilized Loan and Advances amounting to Rs.500 million for the intended purpose and in accordance with instructions issued by the Finance Division.

The audit team framed fourteen (14) observations highlighting various issues of non-disposal of assets, payments of salaries without attendance record and unjustified expenditure on repair, maintenance, POL on vehicles of closed power plant and non-finalization of annual accounts. The audit team also highlighted weaknesses of internal controls which include irregularities in pension payments and procurement. Moreover, audit observed instances of misrepresentation/misstatement and omissions in financial statements which created false impression on the organization's financial health.

The key audit findings and recommendations are listed below:

### a) KEY AUDIT FINDINGS

- i. Non-implementation of ECC decision regarding disposal of assets of LPGCL <sup>1</sup>
- ii. Irregular and excessive POL expenditure on vehicles of closed power plants – Rs.18.697 million<sup>2</sup>

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<sup>1</sup> Para # 4.1.1

<sup>2</sup> Para # 4.1.2

- iii. Irregular enhancement and payment of remuneration to BoD committee and sub-committee members – Rs.4.148 million<sup>3</sup>
- iv. Non-completion / non-finalization of financial statements for FYs 2021-22 and 2022-23<sup>4</sup>
- v. Doubtful payment of salaries in absence of authentic attendance record of employees during power plant shut down period - Rs.290.471 million<sup>5</sup>
- vi. Unjustified extension in contract period and enhancement of pay and allowances of Director Finance - Rs.35.865 million<sup>6</sup>
- vii. (a) Irregular payment of pension to unverified pensioners due to non-submission of Life Certificate/No Marriage Certificate by pensioners – Rs.73.359 million  
(b) Misclassification of pension liability in books of accounts – Rs.7.697 million<sup>7</sup>

## **b) RECOMMENDATIONS**

In view of audit findings, Audit recommends to:

- i. Implementing decision of Economic Coordination Committee (ECC) of Cabinet regarding disposal of assets of LPGCL's closed power plant to avoid further loss to the government exchequer;
- ii. Implementing proper mechanism/SOPs for checking/verification of repair and maintenance of vehicles/equipment and utilization of POL.
- iii. Reviewing and rectifying weak internal and supervisory controls regarding pre-audit of salaries, pension and other payments; and

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<sup>3</sup> Para # 4.1.5

<sup>4</sup> Para # 4.1.8

<sup>5</sup> Para # 4.2.1

<sup>6</sup> Para # 4.3.1

<sup>7</sup> Para # 4.5.1

- iv. Getting financial statements for FYs 2021-22 and 2022-23 audited from chartered accountants to depict true and fair picture of the accounts.



## **1. INTRODUCTION**

Lakhra Power Generation Company Limited (LPGCL) was incorporated on February 21, 2002, as a public limited company under Companies Ordinance, 1984 and started operations from 1st July, 2002. The Company took over properties, rights, assets, obligations, and liabilities of thermal power generation at Lakhra from WAPDA through Business Transfer Agreement (BTA). The principal activity of the company was to generate electricity from coal and sell it to Central Power Purchasing Agency (CPPA). LPGCL was granted Generation License by NEPRA in February, 2005 for fifteen years. The company has three units, each having installed capacity of 50 MW and net dependable capacity was 31.2 MW per unit. WAPDA undertook the installation of 150 MW fluidized bed coal fired power station at Lakhra. The project was installed during 1987-1995 at a capital investment of Rs.5,720 million. It was undertaken to utilize the coal reserves available in the vicinity. The project was the first of its kind using indigenous coal as fuel.

LPGCL plant was completely shut down in July, 2017 due to major fire incident and was struggling to meet the expenditures on its own. The Cabinet Committee on Energy (CCOE) decided on 10-09-2020 to close four loss-making power plants of state owned GENCOs of low efficiency with an aggregate capacity of 1,796 MW. LPGCL was included in the list of power plants which were decided to be closed. LPGCL managed its affairs through funds borrowed from other GENCOs and its liability surged to Rs.1.34 billion. The Cabinet Division approved supplementary grant of Rs.500 million for financial support of LPGCL for the payment of salaries, pensions, and other overhead expenses on September 23, 2021.

### **2.1 AUDIT OBJECTIVES**

The Terms of Reference (TORs) for the execution/conducting of special audit of funds released by Finance Division on account of Loan and Advances to GENCO-IV, LAKHRA are as under:

1. To check whether the Loan and Advances were utilized for the intended purpose for which these were disbursed;
2. To verify whether the employees are identified in Payroll Register and that payment was made to correct payees;
3. To check attendance records to determine that employee in a selected sample earned the amount due in pay;
4. To select a sample of employees who recently retired / transferred out or otherwise left the office and check whether they received any payments after date of leaving;
5. To check whether Payroll Officer prepared Monthly Schedule of Employees at the end of each month and it was approved by the competent authority supervising the Payroll Officer;
6. To check whether payroll payments are correctly identified in the Compilation Sheet under Payroll object and correctly coded according to the Chart of Accounts by checking the sample of transactions that the net pay and deductions have been correctly coded according to the Chart of Accounts codes;
7. To verify that superannuation pension is granted to a government servant on completion of age. To identify those Government officials who have attained the age of superannuation but are still in government job; and
8. To check whether overhead expenses were made in accordance with proper internal controls implemented for the purpose.

## **2.2 SCOPE OF AUDIT**

- i. The special audit on account of disbursement of Loan and Advances of Rs.500 million for payment of salaries, pensions and overheads charges was carried out by the Directorate General of Audit, Power for FYs 2021-22 to 2022-23.

- ii. The desk audit activity was undertaken in the office of the Director General Audit, Power. The field activity for the special audit was conducted in LPGCL Head Office during September, 2023.

### **3. AUDIT METHODOLOGY**

The special audit includes analysis and verification of relevant record like disbursement of salaries, wages and retirement emoluments. Furthermore, Audit examined the controls, transactions disbursements, and utilization of funds. The audit was carried out in accordance with the International Standards of Supreme Audit Institutions (ISSAI) and Financial Audit Manual (FAM) issued by the Auditor-General of Pakistan alongwith compliance and substantive testing.

## **4. AUDIT FINDINGS**

**4.1 TOR-1:** To check whether the Loan and Advances were utilized for the intended purpose for which these were disbursed

**TOR-8:** To check whether overhead expenses were made in accordance with proper internal controls implemented for the purpose

### **4.1.1 Non-implementation of ECC decision regarding assessment and disposal of assets of LPGCL**

According to decision of Economic Coordination Committee (ECC) of the Cabinet on September 23, 2021, an allocation of Rs.500 million was sanctioned as a supplementary grant for the disbursement of salaries, pensions and operational expenses for LPGCL. This decision was made subsequent to the submission of a summary by Power Division on September 10, 2021, seeking approval for financial assistance to GENCOs. Additionally, the ECC, in its decision, constituted a committee tasked with addressing issues pertaining to dormant power plants, with defined Terms of Reference (TORs). These determinations were subsequently ratified by the Cabinet on September 28, 2021.

During special audit of Lakhra Power Generation Company Limited (LPGCL) for FYs 2021-22 and 2022-23, it was observed that the ECC of cabinet approved supplementary grant of Rs.500 million for payment of salaries, pensions and overheads of GENCO-IV on 23.09.2021. The ECC also constituted a committee regarding closed power plants under the chairmanship of Secretary, Power Division alongwith Senior Joint Secretary, Finance Division and Chairman (NEPRA) as members. The TORs of the committee were as follows:

- i. Justification for the closure and cost savings;
- ii. Assessment of cost incurred on closure;
- iii. Loss of revenue due to closure;
- iv. Broad based impact on books of the government; and
- v. Viable options for disposal of assets pertaining to closed power plants.

The ECC also directed the committee to submit its report to the ECC for consideration within one month. However, the report regarding closed power plants was not submitted by the committee till the finalization of this report.

Non-adherence to the ECC's decision resulted in delay in decision regarding the closure of LPGCL and disposal of its assets. Hence, LPGCL continued to accrue liabilities.

The matter was reported to the management in September, 2023. The management replied that LPGCL had already taken up the matter with GENCO Holding Company Limited (GHCL) office. The reply of the management was not acceptable because the matter was pending for last three years and resultantly, LPGCL was continuously accruing liabilities. Finance Division again provided funds amounting to Rs.136.975 million on 10.05.2023 for the FY 2022-23 for payment of liabilities relating to salaries, pensions and overheads. Moreover, an amount of Rs.36.116 million was also received from GENCO-I, Jamshoro for meeting expenses of LPGCL from Sep, 2023 to July, 2024. This expenditure could have been avoided had the decision of ECC been implemented

DAC in its meeting held on 2<sup>nd</sup> December, 2023 did not accept the reply of the management and directed the management to submit revised reply to audit within a week along with compliance regarding submission of report to ECC.

Despite directions of DAC, revised reply was not submitted to Audit till the finalization of the report.

Audit recommends taking up the matter at Ministry level for early submission of report of committee regarding closure of power plants to avoid further expenditure of public funds on the payment of liabilities of LPGCL.

#### **4.1.2 Irregular and excessive POL expenditure on vehicles of closed power plants – Rs.18.697 million**

According to Rule 5 of Public Sector Companies (Corporate Governance) Rules, 2013, the Board shall establish a system of sound internal control, which shall be effectively implemented at all levels within the Public Sector Company, to ensure compliance with the fundamental principles of probity and propriety, objectivity, integrity and honesty and relationship with the stakeholders.

During special audit of Lakhra Power Generation Company Limited (LPGCL) for FYs 2021-22 and 2022-23, it was observed that an expenditure of Rs.18.697 million was incurred on POL of vehicles for closed power plants which created doubts about the authenticity of such claims. The record pertaining to these claims was either not prepared or was incomplete as no movement registers/history sheets of vehicles were available at LPGCL. Furthermore, logbooks were not maintained properly as required under the rules and opening and closing mileage were not recorded in the logbooks from the meter reading. Further, mileage recorded in the logbooks for journeys performed was excessively recorded than the actual mileage which created chances of fraudulent drawl of POL for personal advantage.

Non-adherence to Public Sector Companies (Corporate Governance) Rules, 2013 resulted in unjustified expenditure amounting to Rs.18.697 million incurred on POL of vehicles of closed power plant.

The matter was reported to the management in September, 2023. The management replied that WAPDA Transport Rules-1984 envisaged two kinds of record keeping registers i.e., Logbook Part-I (for recording R&M and other issuance of material to a vehicle) and Logbook Part-II (issuance of POL, recording of journeys performed). The journeys were being recorded on almost actual distance and no extra mileage was allowed to control the pilferage or undue favor. The reply of the management was not acceptable because excessive mileage was recorded in the logbooks of vehicles which was not verified/checked by the

accounts section. This resulted in extra expenditure on POL which was unjustified and irregular.

DAC in its meeting held on 2<sup>nd</sup> December, 2023 directed the management to get the record verified from Audit within a week.

Despite directions of DAC, no record was produced to Audit for verification till the finalization of the report.

Audit recommends investigating the matter for fixing of responsibility and ensuring recovery where required besides strengthening internal controls.

#### **4.1.3**

**a) Doubtful expenditure incurred on repair of vehicles through hand receipts and cash memos– Rs.2.998 million**

**b) Non-deduction of Income Tax - Rs.0.240 million**

According to Rule-9 of Public Procurement Rules, 2004 a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned.

According to Section 153 (1) (b) (ii) of Income Tax Ordinance, 2001 states that 8% tax on gross amount will be deducted in case of rendering or providing services.

During special audit of Lakhra Power Generation Company Limited (LPGCL) for FYs 2021-22 and 2022-23, it was observed that the management of LPGCL incurred an expenditure of Rs.2.998 million on repair of vehicles from different private vehicle repair workshops. The expenditure was incurred on dubious handwritten bills and invoices from the same vendors were being used every month with amount not increasing Rs.4,900/- per invoice just to avoid the approval of next higher authority i.e. Chief Executive Officer (CEO). Moreover, history sheets of vehicles were not being maintained due to which Audit could not verify the genuineness of such expenditure.

It was also observed that income tax @ 8% was not deducted from these invoices. Resultantly, an amount of Rs.0.240 million was not deducted before making payments to these vendors. Non-deduction of income tax deprived the government of its due receipt.

Non-adherence to the PP Rules, 2004 and Income Tax Ordinance, 2001 resulted in unjustified repairing of vehicles on fake/bogus invoices amounting to Rs.2.998 million. Further, income tax of Rs.0.240 million was also not deducted from the payments made to vendors.

The matter was reported to the management in September, 2023. The management replied that LPGCL allowed an expenditure on repair of vehicles from different private repairing workshops. The expenditure was not incurred on fake handwritten bills and invoices as all vendors and their workshops were available at their given addresses. The invoices claimed carried the details of expenditure made within Rs.5,000/- per invoice. Whereas, for the expenditures beyond Rs.5,000, the CEO was approving the same. As the payments were made on partly repairs so tax from the cash memos were not deducted, however, the assertion of Audit had been noted for future. The reply of the management was not acceptable because splitting was not allowed according to Public Procurement Rules and withholding tax was required to be deducted from the suppliers/vendors before making payments which was not done.

DAC in its meeting held on 2<sup>nd</sup> December, 2023 directed the management to get the record verified from audit within a week.

Despite directions of DAC, no record was produced to Audit for verification till the finalization of the report.

Audit recommends investigating the matter for fixing of responsibility and ensuring recovery of income tax besides strengthening internal controls.

#### **4.1.4 Loss due to unjustified drawl of POL in excess of ceiling limit and unjustified reimbursement - Rs.0.822 million**

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

Further, according to appointment letter dated 20.12.2010 of Mr. Faiz Ullah Dahri, Director Finance, LPGCL, “A vehicle from company’s pool with 200 Liters POL will be provided and no other personal benefits were admissible”.

During special audit of Lakhra Power Generation Company Limited (LPGCL) for FYs 2021-22 and 2022-23, it was observed that a Toyota Corolla XLI 2011 model vehicle No. 056 was allocated to Mr. Faiz Ullah Dahri, Director Finance, LPGCL after his appointment in 2010. It was further observed that during FYs 2021-23 the officer used official vehicle and withdrew POL amounting to Rs.0.388 million in excess of his ceiling of 200 liters as allowed in terms and conditions of his appointment (**Annex-A**). The scrutiny of logbooks further revealed that daily 280 KMs traveling to and from Hyderabad (his home) and Lakhra (his office) was shown in the logbooks whereas actual distance was around 100 KMs. Moreover, officer also got reimbursement of POL of 200 liters per month amounting to Rs.0.435 million for his personal car from April 2021 to July, 2022 (**Annex-B**). He was the only officer getting reimbursement from POL in addition to using official vehicle. The claims for reimbursement of POL were approved/sanctioned by the officer himself.

Non-adherence to Authority’s instructions and disregard of the perks allowed in the appointment letter resulted in loss of Rs.0.822 million due to over-drawl of POL against the ceiling limit of 200 liters per month and fraudulent reimbursement of POL on fake bills.

The matter was reported to the management in September, 2023. The management replied that the Finance Director, LPGCL was appointed

on lump sum contract. Sub-clause (vii) of appointment letter depicted that “Traveling expense for business purpose will be borne by the company”. Furthermore, the reimbursement of POL expenses to the officer @ 200 liters per month was in accordance with the sub-clause (iii) of the clause regarding salary and benefits/entitlement in the appointment letter dated 20.12.2010, which clearly implied to provide POL as a part of salary package.

The reply of the management was not acceptable because the officer was drawing reimbursement of POL for 200 liters on fake bills while an official vehicle was also allocated to him. It was clear that the officer misused the vehicle for his personal benefits and got reimbursements on fake bills in addition to excess drawl of POL for allocated vehicle.

DAC in its meeting held on 2<sup>nd</sup> December, 2023 directed the management to conduct fact-finding inquiry at GHCL level and submit report to audit within 15 days.

Despite directions of DAC, no fact finding inquiry report was shared with Audit till the finalization of the report.

Audit recommends sharing the inquiry report besides fixing of responsibility and making good the loss. Furthermore, the actual loss sustained by the public exchequer on account of excess drawl of POL for vehicle used by the incumbent and fraudulent reimbursement of POL on fake bills since his appointment in 2010 be calculated and recovered.

#### **4.1.5 Irregular enhancement and payment of remuneration to BoD committee and sub-committee members – Rs.4.148 million**

According to the remuneration package for members of BoD as per approval of Ministry of Water and Power vide letter No. GPI-1(01)/2012, dated: 04.10.2016 in which Rs.35,000/- per meeting fee was fixed.

During special audit of Lakhra Power Generation Company Limited (LPGCL) for FYs 2021-22 and 2022-23, it was observed that an amount of Rs.4.148 million was paid to BoD members on account of

Directors Fee of LPGCL. The BoD of LPGCL in its 70<sup>th</sup> meeting held on 24.02.2021 revised the remuneration package for members of BoD from Rs.35,000/- per meeting to Rs.62,500/- per meeting without getting approval from the Finance Division and Power Division which was irregular and unjustified.

Non-adherence to instructions of the Finance Division resulted in irregular enhancement and payment of remuneration of BoD members amounting to Rs.4.148 million.

The matter was reported to the management in September, 2023. The management replied that the decision of the Board of Directors for revision of the meeting attending fee was in accordance with the law, rules, procedures, and articles of association of the company. The reply of the management was not acceptable because the increase in remuneration package was irregular as approval from the Finance Division was not obtained.

DAC in its meeting held on 2<sup>nd</sup> December, 2023 directed the management to get clarification from Ministry in this regard.

Audit recommends getting approval of increase in remuneration package for BoD from Finance Division besides strengthening of supervisory and financial controls to avoid recurrence.

#### **4.1.6 Unjustified expenditure incurred on consultant payments regarding fixed assets tagging and valuation – Rs.2.994 million**

According to agenda item No. 12 of 70<sup>th</sup> BoD meeting dated 24.02.2021, the BoD of LPGCL approved and allowed the management to award Consultancy Service Order to successful Consultant/Professional Valuator for Assets Identification, Tagging, Revaluation and preparation of inventory list and assets register for LPGCL.

During special audit of Lakhra Power Generation Company Limited (LPGCL) for FYs 2021-22 and 2022-23, it was observed that an amount of Rs.2.994 million was paid to M/s TMRAC, Islamabad on account of payments regarding identification, tagging and revaluation of

fixed assets based on annual audited accounts for the year 2019-20 and preparation of inventory list/fixed assets register of LPGCL. The BoD in its 70<sup>th</sup> meeting held on 24.02.2021 approved the hiring of consultancy services for subject assignment. The management issued a work/service order to M/s TMRC on 19.04.2021. The consultants submitted their final deliverables on 18.02.2022 wherein assets were revalued from Rs. 20.395 million (Written Down Value) to Rs.10,697 million (Market Value) registering an increase of 52,349% (**Annex-C**). The report was submitted to the BoDs with the delay of 10 months in its 82<sup>nd</sup> meeting held on 22.12.2022 for approval but BoDs deferred the agenda. Therefore, the fixed assets were not revalued in the books of accounts uptill June, 2023.

Non-adherence to the 70<sup>th</sup> BoD meeting decision resulted in unjustified payment amounting to Rs.2.994 million to consultancy services on account of identification, tagging and revaluation of fixed assets and preparation of inventory list/fixed assets register of LPGCL.

The matter was reported to the management in September, 2023. The management replied that LPGCL on the directions of its Board got the identification, tagging and revaluation of fixed assets based on annual audited accounts for the year 2019-20 and sought preparation of inventory list/fixed assets register of LPGCL. The Report was presented in the 82<sup>nd</sup> BoD meeting held on 22.12.2022 for discussion, approval, and adoption but BoD deferred without citing any reason. The reply of the management was not acceptable because four more meetings have been held since then but the report has not been approved by the BoDs. The assessed value might have diminished during that period. The revised assets valuations and assets tagging/fixed assets register were required to be included in annual financial statements.

DAC in its meeting held on 2<sup>nd</sup> December, 2023 directed the management to get the record verified from audit.

Despite directions of DAC, no record was produced to Audit for verification till the finalization of the report.

Audit recommends investigating the matter for fixing of responsibility regarding inordinate delay in approval of the consultant's report regarding identification, tagging and revaluation of fixed assets.

#### **4.1.7 Irregular engagement of advocates/counsels resulting in unauthorized payment of legal fees – Rs.1.347 million**

Para (III) of Policy/ Guidelines for nomination / recommendations for appointment of legal advisors and engagement/placement of advocates on the panel of advocates of various departments 2015 states that, “advocates who have at least 3 years practice as an Advocate of High Court and having good reputation/competency would be placed on the Panel of Advocates of the Departments/Organizations/Corporations as well as Ministry of Law, Justice and Human Rights with the approval of the Committee for Selection of Legal Advisors/Penal Advocates”.

Further, Para (V) of ibid states that “every Government Department or Semi Government or Public Corporate Body shall seek concurrence of the Law, Justice and Human Rights Division for engagement of lawyer where professional fee exceeds Rs.300,000/- (Rupees three lac). In such a case the concerned Department will send a panel of at least three (03) advocates for selection of one of them along with proposed professional fee for approval of the Law, Justice and Human Rights Division. Any failure in doing so will render the engagement of Advocates/Counsel etc void and no ex-post facto approval will be allowed”.

During special audit of Lakhra Power Generation Company Limited (LPGCL) for FYs 2021-22 and 2022-23, it was observed that law charges/fees amounting to Rs.1.347 million were paid to lawyers and advocates. However, advocates were engaged without their consideration by ‘Committee for Selection of Legal Advisors/Penal Advocates’ and lawyers with professional fee of more than Rs.300,000 were engaged without concurrence of the Law, Justice and Human Rights Division. The detail of payments made to legal counsels is at **Annex-D**.

Non-adherence to instructions of the Ministry of Law, Justice & Parliamentary Affairs and the Finance Division for appointment of legal advisors and engagement/placement of advocates on panel of advocates resulted in irregular payment amounting to Rs.1.347 million.

The matter was reported to the management in September, 2023. The management replied that GENCOs had their own approved SOPs and books of financial power duly approved from competent authority. The amount pointed out by audit was of various nature, and approval was solicited in individual cases. In view of CGR-2013 and SOE's Act 2023, GENCO-IV as a corporate entity did not fall in the ambit to submit and solicit the concurrence from respective ministries. The reply of the management was not acceptable because instructions of Ministry of Law, Justice & Parliamentary Affairs and the Finance Division are applicable on all public sector entities.

DAC in its meeting held on 2<sup>nd</sup> December, 2023 directed the management to get approval of procedures of hiring of advocates/counselors from the competent authority and get the record verified from Audit within a week time.

Despite directions of DAC, no record was produced to Audit for verification till the finalization of the report.

Audit recommends seeking approval of advocates/counselors from Ministry of Law, Justice & Parliamentary Affairs besides strengthening administrative and supervisory controls to avoid recurrence.

#### **4.1.8 Non-completion / non-finalization of financial statements for FYs 2021-22 and 2022-23**

According to Section 223 of Companies Act, 2017, Board of every company must lay before the stakeholders in annual general meeting its financial statements for the period, in the case of first such statements since the incorporation of the company and in any other case since the preceding financial statements, made up to the date of close of financial year adopted by the company. The financial statements must be laid within

a period of four months following the close of financial year of a company.

Further, according to Rule 23 (1) of Public Sector Companies, (Corporate Governance) Rules, 2013, every public sector company shall ensure that its annual accounts are audited by external auditors, as envisaged under section 246 of the Act.

During special audit of Lakhra Power Generation Company Limited (LPGCL) for FYs 2021-22 and 2022-23, it was observed that the balance sheet and profit & loss account of the company for FYs 2021-22 and 2022-23 could not be finalized by the management up till October 15, 2023. Therefore, annual accounts were not audited by external auditors, which was unjustified. Financial position (assets and liabilities) cannot be determined in the absence of audited annual financial statements.

Violation of Companies Act, 2017 and SECP's Corporate Governance Rules, 2013 resulted in failure to submit timely and accurate financial statements which not only violates regulatory obligations but also hinders stakeholders' ability to assess the company's financial performance and integrity during FYs 2021-22 and 2022-23.

The matter was reported to the management in September, 2023. The management replied that the Chief Executive Officer (CEO) as well as Chief Financial Officer (CFO) of LPGCL were not appointed during FYs 2021-22 and 2022-23, therefore financial statements of the company could not be finalized. Since both the officers had been posted, therefore, financial statements for the FY 2021-22 had been got audited by the External Auditors and duly initialed by them. In forthcoming Board meeting, they were expected to be finalized. However, financial statements for the FY 2022-23 were under process as LPGCL was under serious liquidity problems and facing hindrance in the appointment of auditors. Even the fee of audit of last year 2021-22 was not yet paid. The contention of the management was not acceptable because annual accounts were required to be finalized by 30<sup>th</sup> September every year for approval by the shareholders in the Annual General Meeting (AGM).

DAC in its meeting held on 2<sup>nd</sup> December, 2023 directed the management to get the record verified from audit within 30 days.

Despite directions of DAC, no record was produced to Audit for verification till the finalization of the report.

Audit recommends ensuring early completion of financial statements, getting them audited by the External Auditors and seeking approval from BoD.

#### **4.1.9 Variation/discrepancy in the expenditure statement of LPGCL**

According to International Accounting Standards (IAS)-1.15, “the financial statements must ‘present fairly’ the financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events, and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the Framework. The application of IFRS, with additional disclosure, when necessary, is presumed to result in financial statements that achieve a fair presentation”.

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

During special audit of Lakhra Power Generation Company Limited (LPGCL) for FYs 2021-22 and 2022-23, it was observed that there were variations in expenditure statement figures provided by LPGCL and expenditure verified by Audit from monthly payment vouchers during January, 2022 to August, 2022. The month wise variation/discrepancy in expenditure is as under:

Sr. No.	Month	Expenditure figures provided by LPGCL (Rs.)	Expenditure verified by Audit from Vouchers (Rs.)	Variation (Rs.)
1.	January 2022	207,003,526	190,585,557	(16,417,969)
2.	February 2022	32,022,609	65,373,248	33,350,639
3.	March 2022	37,467,621	22,717,450	(14,750,171)
4.	April 2022	101,125,988	54,692,701	(46,433,287)
5.	May 2022	67,299,128	71,778,075	4,478,947
6.	June 2022	38,287,238	55,783,492	17,496,254
7.	July 2022	6,466,717	16,052,940	9,586,223
8.	August 2022	28,138,178	40,652,409	13,514,231

The figures were not reconciled/verified by the accounts department which was indicative of weak internal controls. Resultantly, a true and fair picture of accounts was not depicted due to variations.

The matter was reported to the management in September, 2023. The management replied that rectified working of bank statement/cash book is attached for verification. The contention of the management was not acceptable because relevant record was not provided to Audit.

DAC in its meeting held on 2<sup>nd</sup> December, 2023 directed the management to produce relevant record to Audit within a week time.

Despite directions of DAC, no record was produced to Audit for verification till the finalization of the report.

Audit recommends ensuring early submission of relevant record to Audit for verification besides strengthening financial controls.

## **CONCLUSION:**

Non-finalization of the report by the committee formed by the cabinet regarding closed power plants resulted in delay in decision regarding closure of LPGCL and non-disposal of its assets. Resultantly, LPGCL is continuously accruing liabilities. The financial statements did not depict true and fair picture of expenditure incurred by LPGCL due to non-finalization of annual accounts for FYs 2021-22 and 2022-23. Urgent corrective actions are imperative to ensure proper utilization of funds of the company.

**4.2 TOR-2:** To verify whether the employee is identified in Payroll Register and that payment was made to correct payee

**TOR-3:** To check attendance records to determine that employee in a selected sample earned the amount due in pay

**4.2.1 Doubtful payment of salaries in absence of authentic attendance record of employees during power plant shut down period - Rs.290.471 million**

According to Rule 4 (3) of Public Sector Companies, (Corporate Governance) Rules, 2013, the chief executive is responsible for the management of the public sector company and for its procedures in financial and other matters, subject to the oversight and directions of the Board, in accordance with the Companies Act, 2017.

Further, according to Section 42 of WAPDA Accounting Manual regarding method of payment through vouchers, “As a general rule, every payment must be supported by a voucher giving full and clear particulars of the claim and all information necessary for its proper classification and identification in the accounts. Furthermore, according to Section 49 of the said Manual, “the Budget and Accounts Officer will carry out certain checks in each case including checking that all supporting documents are in fact attached before the voucher has been approved for payment by the competent authority.”

During special audit of Lakhra Power Generation Company Limited (LPGCL) for FYs 2021-22 and 2022-23, it was observed that an amount of Rs 290.471 million was paid to 282 employees as salaries for the months of April 2021 to August 2022 (**Annex-E**). In this regard, following discrepancies were observed:

- i. The management did not devise any system for marking attendance of employees at closing hours to ascertain their physical presence.

- ii. No documentary evidence was attached with the salary payment vouchers regarding muster rolls, duty rosters, attendance registers etc. to check and verify the authenticity of the salary payments claims.
- iii. Complete attendance record was not produced to Audit. Attendance sheets were provided on sample basis only in which attendance was marked as “P” instead of signatures/initials of all officers/officials concerned. This created doubt on the authenticity of employees’ attendance and chances of fake attendance cannot be ruled out.

Weak internal controls resulted in payment of salaries amounting to Rs.290.471 million to 282 employees without maintaining of complete record of attendance. Hence, the payment was doubtful and unjustified.

The matter was reported to the management in September, 2023. The management replied that staff attendance was accurately recorded and there was no chance of double marking. Moreover, monthly salaries bills/sheets were generated by the finance section using Attendance Verification Certificates from sectional heads. However, only one challenge arose due to the cumbersome inclusion of earned leaves or absence status in the certificates. The reply of the management was not acceptable because incomplete attendance record was produced by the management making the payment of salaries doubtful.

DAC in its meeting held on 2<sup>nd</sup> December, 2023 directed the management to get the record verified from audit within a week time.

Despite directions of DAC, no record was produced to Audit for verification till the finalization of the report.

Audit recommends investigating the matter for doubtful payment of salaries without complete attendance record and fixing of responsibility

on person(s) at fault besides production of complete record of payment of salaries to Audit.

**CONCLUSION:**

The audit finding revealed that salaries amounting to Rs.290.471 million were paid to employees of closed power plant without authentic/complete attendance record which is a serious lapse on the part of management. An investigation into the matter is required for fixing of responsibility.

**4.3 TOR-4:** To select a sample of employees who recently retired/transferred out or otherwise left the office and check whether they received any payments after date of leaving

**TOR-5:** To check whether Payroll Officer prepared Monthly Schedule of Employees at the end of each month and it was approved by the competent authority supervising the Payroll Officer

**4.3.1 Unjustified extension in contract period and enhancement of pay and allowances of Director Finance - Rs.35.865 million**

According to appointment letter of Mr. Faiz Ullah Dahri, Director Finance, dated 20.12.2010, “The appointment is on contract basis. The tenure is for a period of one year effective from date of joining, extendable as per rules based on Performance”.

During special audit of Lakhra Power Generation Company Limited (LPGCL) for FYs 2021-22 and 2022-23, it was observed that Mr. Faiz Ullah Dahri, Director Finance, LPGCL was recommended for appointment by PEPCO Selection Board on 11.12.2010. Consequently, LPGCL issued an appointment letter on 20.12.2010. The terms of his appointment letter allowed extension in the contract ‘as per rules based on performance’. However, there was no clarity as to which rules were applicable in case of extension in the contractual period. Despite this, Mr. Faiz Ullah Dahri received irregular extensions in his contract period from 2010 to December, 2022, without referring to any rules which was unjustified. Extensions were granted despite increase in accumulated losses from Rs.4,587.582 million in FY 2010-11 to 7,541.580 million in 2020-21.

Furthermore, the LPGCL Board of Directors (BoD) awarded annual increments to Mr. Faiz Ullah Dhari despite the absence of provision in the terms and conditions of appointment. These increments were granted based on incomplete Performance Evaluation Reports (PERs) that were not countersigned by the next higher authority after endorsement by the reporting officer which was unjustified.

The detail of unjustified extensions and increase in pay and allowances is as under:

Sr. No.	Extension in contract period	Annual increment given by authority	Monthly rate of pay and allowances after extension (Rs)	Total annual amount (Rs)
1	28.12.2011 to 27.12.2012	Annual increment @ 7.5% approved by MD PEPCO	146,355	1,756,260
2	28.12.2012 to 27.12.2013	Annual increment @ 7.5% approved by CEO GHCL	165,363	1,984,356
3	28.12.2013 to 27.12.2015	Annual increment @ 10% approved by CEO GHCL.	215,532	2,586,384
4	28.12.2015 to 27.12.2016	Annual increment @ 7.5% approved by BoD in its 47 <sup>th</sup> meeting held on 22.12.2015.	286,377	3,436,524
5	28.12.2016 to 27.12.2017	Annual increment @ 7.5% approved by BoD in its 52 <sup>th</sup> meeting held on 19.12.2016.	305,980	3,671,760
6	28.12.2017 to 27.12.2018	Annual increment @ 7.5% approved by BoD in its 56 <sup>th</sup> meeting held on 17.01.2018.	327,054	3,924,648
7	28.12.2018 to 27.12.2019	Annual increment @ 10% approved by BoD in its 63 <sup>th</sup> meeting held on 09.04.2019.	357,260	4,287,120
8	28.12.2019 to 27.12.2020	Annual increment @ 5% approved by BoD in its 69 <sup>th</sup> meeting held on 11.03.2020.	373,873	4,486,476
9	28.12.2020 to 27.12.2021	Annual increment @ 5% approved by BoD in its 70 <sup>th</sup> meeting held on 24.02.2021.	391,317	4,695,804
10	28.12.2021 to 27.12.2022	Annual increment @ 5% approved by BoD in its 75 <sup>th</sup> meeting held on 01.03.2022.	419,633	5,035,596
<b>Total</b>				<b>35,864,928*</b>

\* The payment of salary paid from April, 2021 to July, 2022 was calculated as Rs.6.459 million.

Violation of employment contract resulted in unjustified ten times extension in contractual period and enhancement of pay and allowances of the employee from 2010 to 2022 amounting to Rs.35.865 million.

The matter was reported to the management in September, 2023. The management replied that the authority of appointment, remuneration, extension, and removal of the Chief Financial Officer/Finance Director rested with the BoD. The reply of the management was not acceptable because extensions and increment of pay and allowances were allowed without referring to any rules.

DAC in its meeting held on 2<sup>nd</sup> December, 2023 directed the management to conduct fact finding inquiry at GHCL level and submit report to Audit within 15 days.

Despite directions of DAC, status of the inquiry was not shared with Audit till the finalization of the report.

Audit recommends prompt completion of fact-finding inquiry and sharing the inquiry report with Audit besides improving the internal controls.

#### **4.3.2 Irregular payment of special allowance to Finance Director-LPGCL without concurrence of the Finance Division - Rs.2.697 million**

According to Para 5(iii) of Finance Division (Regulation Wing) clarification No. 4 (3) R-4/2011, dated January 23, 2024, “Pay, allowance and their revision of all government employees, including those employed in semi autonomous/autonomous/corporate bodies require prior approval of the Finance Division”.

During special audit of Lakhra Power Generation Company Limited (LPGCL) FYs 2021-22 and 2022-23, it was observed that Mr. Faiz Ullah Dahri, Director Finance, LPGCL was recommended for appointment by PEPCO Selection Board on 11.12.2010. BoD of LPGCL in its 36<sup>th</sup> meeting dated 03.01.2014 granted approval of special allowance amounting to Rs.6,000/- per month to the Director Finance on assigning additional charge of Company Secretary of LPGCL w.e.f. 01.01.2014. The

special allowance was given on the plea of extra workload and additional responsibilities. The special allowance was further enhanced from Rs.6,000 per month to Rs.25,000 per month by BoD in its 38<sup>th</sup> meeting held on 10.03.2014. The BoD in its 72<sup>nd</sup> meeting held on 13.04.2021 again enhanced the special allowance from Rs.25,000 per month to Rs.35,000 per month without getting concurrence of the Finance Division. The additional charge of the officer continued till August, 2022. Hence, grant and enhancement of special allowance without the approval/concurrence of Finance Division was considered irregular. The detail of irregular payment of special allowance amounting to Rs.2.697 million is as under:

<b>Sr No.</b>	<b>Special allowance awarded by BoD</b>	<b>Rate per month (Rs.)</b>	<b>Amount paid (Rs.)</b>
1	Special allowance approved by 36 <sup>th</sup> BoD in its meeting held on 03.01.2014 w.e.f. 01.01.2014	6,000	12,000 (6,000*2)
2	Special allowance approved by 38 <sup>th</sup> BoD in its meeting held on 10.03.2014 w.e.f. 10.03.2014	25,000	2,125,000 (25,000*85)
3	Special allowance approved by 72 <sup>nd</sup> BoD in its meeting held on 13.04.2021 w.e.f. 13.04.2021	35,000	35,000 (35,000*16)
<b>Total</b>			<b>2,697,000</b>

Non-adherence to the Finance Division's instructions resulted in irregular grant of special allowance amounting to Rs.2.697 million to Director Finance of LPGCL during FYs 2021-22 and 2022-23.

The matter was reported to the management in September, 2023. The management replied that the authority of appointment, extension, and removal of, inter alia, the Company Secretary (either by means of separate appointment or through additional charge) rested with the BoD and that the remuneration and terms and conditions thereof were also determined with the approval of the Board. Hence, audit's plea is irrelevant in the face of the Rule 13 of the Public Sector Companies (Corporate Governance) Rules, 2013. The reply of the management was not acceptable as Finance Division's instructions were not followed.

DAC in its meeting held on 2<sup>nd</sup> December 2023 directed the management to conduct fact finding inquiry at GHCL level and submit report to audit within 15 days.

Despite directions of DAC, status of the inquiry was not shared with Audit till the finalization of the report.

Audit recommends prompt completion of fact-finding inquiry and sharing the inquiry report with Audit besides improving the internal controls.

### **CONCLUSION:**

The audit findings revealed that due to weak financial and supervisory controls, ten times extension in contract period and special allowance was granted to an officer without getting approval of the competent authority. An investigation into the matter is required for fixing of responsibility.

**4.4 TOR-6:** To check whether payroll payments are correctly identified in the Compilation Sheet under Payroll object and correctly coded according to the Chart of Accounts by checking the sample of transactions that the net pay and deductions have been correctly coded according to the Chart of Accounts codes.

**4.4.1 Less deduction of Income Tax from salary of employees due to grant of undue credit adjustments – Rs.0.640 million**

According to Section 149(1) of the Income Tax Ordinance, 2001 states that every person responsible for paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee's average rate of tax computed at the rates specified in Division I of Part I of the First Schedule on the estimated income of the employee chargeable under the head "Salary" for the tax year in which the payment is made after making adjustment of tax withheld from employee under other heads and tax credit admissible under section 61, 62, 63 and 64 during the tax year after obtaining documentary evidence, as may be necessary.

During special audit of Lakhra Power Generation Company Limited (LPGCL) for FYs 2021-22 and 2022-23, it was observed that the management of LPGCL paid salaries amounting to Rs.29.303 million to officers/officials during the financial year 2021-22 but income tax amounting to Rs.0.640 million was less deducted from the income of the officers/officials as required by the Income Tax Ordinance, 2001. The less deduction of income tax was due to adjustment of tax credits of the employees without obtaining documentary evidence as required under the specific sections of the Income Tax Ordinance, 2001. Resultantly, undue tax credit adjustment was given to these employees without obtaining documentary evidence (**Annex-F**).

Non-adherence to the provisions of the Income Tax Ordinance, 2001 resulted in less deduction of income tax amounting to Rs.0.640 million from the salaries of LPGCL employees during the tax year 2021-22.

The matter was reported to the management in September, 2023. The management replied that online copies of Income Tax Returns of

Federal Board of Revenue (FBR) submitted by the individuals were attached as a proof that the deduction made by the Accounts Section was correct. The reply of the management was not acceptable because income tax before payment of salaries to employees was required to be deducted by the employer without giving undue adjustment.

DAC in its meeting held on 2<sup>nd</sup> December, 2023 directed the management to stop this practice immediately and get the record verified from Audit within a week.

Despite directions of DAC, no record was produced to Audit for verification till the finalization of the report.

Audit recommends depositing the less deducted income tax in the national exchequer and strengthening internal controls to avoid recurrence.

#### **CONCLUSION:**

The audit finding revealed that less deduction of income tax from salaries of employees was due to weak internal controls which need to be strengthened.

**4.5 TOR-7:** To verify that superannuation pension is granted to a government servant on completion of age. To identify those Government officials who have attained the age of superannuation but are still in government job.

#### **4.5.1**

- a) Irregular payment of pension to unverified pensioners due to non-submission of Life Certificates/Non-Marriage Certificates by pensioners – Rs.73.359 million**
- b) Irregular booking of pension liability in the books of accounts – Rs.7.697 million**

According to Para 4 of the revised SOPs dated 29.09.2004 issued by the Finance Division, “the pensioner drawing pension through direct credit shall be bound to produce a Life Certificate to pension disbursing bank branch in person or through representatives on or before 10<sup>th</sup> March, and 10<sup>th</sup> September of each year. In case of family pension, the widow / widower, unmarried daughter, or sister shall produce a Non-Marriage Certificate on or before 10<sup>th</sup> March & 10<sup>th</sup> September.

Further, according to Para 9(xiv) of *ibid*, if a pensioner drawing pension through direct credit system fails to submit the life certificate or non-marriage certificate, after every six months or does not draw his / her pension for consecutive six months his / her account will become dormant.

During special audit of Lakhra Power Generation Company Limited (LPGCL) for FYs 2021-22 and 2022-23, it was observed that the management made payments on account of pension liability amounting to Rs.73.359 million but pensioners did not submit Life Certificates/Non-Marriage Certificates to LPGCL. Furthermore, management did not verify/reconcile from the respective Account Offices about non-submission of Life Certificates or Non-Marriage Certificates by pensioners. Subsequently, the management did not intimate relevant Account Offices for stopping of pension as required under the SOPs and continued making payment to unverified pensioners up to July, 2022. Moreover, the record relating to pensioners’ files was not found available

with the management to check the authenticity of the pensioners' claims **(Annex-G)**.

It was also observed that the management wrongly booked the pension payments in the books of accounts under the head number 140200 'Advances to Suppliers'. Hence, accounts would not present true and fair picture **(Annex-H)**.

Non-adherence to the Finance Division's instructions resulted in irregular payment of pension amounting to Rs.73.359 million and wrong booking of pensioners' liability of Rs.7.697 million.

The matter was reported to the management in September, 2023. The management replied that the Non-Marriage Certificates and Life Certificates of GENCO-IV pensioners were being checked /collected/ verified at the pension disbursement offices i.e., Revenue Offices of DISCO's as per WAPDA pension disbursement system. The reply of the management was not acceptable because no documentary evidence was provided in support of management's reply. Pension payments were made without getting Non-Marriage Certificate and Life Certificate of the GENCO-IV pensioners which was unjustified and irregular.

DAC in its meeting held on 2<sup>nd</sup> December, 2023 directed the management to get the record verified from Audit within a week time.

Despite directions of DAC, no record was produced to Audit for verification till the finalization of the report.

Audit recommends investigating the matter for fixing of responsibility for the lapse and ensuring recovery, where required. It should be verified that Non-Marriage Certificates and Life Certificates were obtained from all the active pensioners. Furthermore, pension expenditure may be booked under the relevant head of account.

## **CONCLUSION:**

Audit finding revealed that payment of pension without getting Life Certificates/No Marriage Certificates and wrong booking of pension liability was due to weak internal controls. The management needs to strengthen internal controls.

## **5. OVERALL ASSESSMENT**

The special audit of Loans and Advances granted for payment of salaries, pension and overhead expenses to LPGCL revealed that irregular payments were made to employees on account of salaries and pension without pre-audit of all documents. The excessive expenditure incurred on POL, repair and maintenance on vehicles of closed power plant resulted in wastage of government funds. The annual accounts for the financial years 2021-22 and 2022-23 were also not finalized. Non-finalization of the report by the committee formed by the cabinet regarding closed power plants resulted in delay in closure of LPGCL and non-disposal of its assets. Resultantly, LPGCL is continuously accruing liabilities.

Key recommendations include reviewing and rectifying weak internal and supervisory controls regarding pre-audit of salaries and pension payments, getting financial statements for FYs 2021-22 and 2022-23 audited from chartered accountants and implementing proper mechanism for verification of repair and maintenance of vehicles/equipment and utilization of POL. The decision of Economic Coordination Committee (ECC) of Cabinet regarding disposal of assets of LPGCL's closed power plant should also be implemented.

These steps are essential for enhancing operational efficiency, financial stability, transparency, and accountability within LPGCL.



## **6. ACKNOWLEDGEMENT**

We express our appreciation with positive concern to the management and staff of GENCO-IV for the assistance and cooperation extended to the auditors during this assignment.



## **7. ANNEXES**



**Annex-A**  
**Para # 4.1.4**

<b>POL added in vehicle # 056 during April 2021 to July 2022</b>						
<b>Vehicle Expenses-Fuel and Oil</b>						
<b>760200</b>						
<b>Sr.No.</b>	<b>Month</b>	<b>POL added (Litres)</b>	<b>POL Limit (Litres)</b>	<b>Excess POL drawn (Litres)</b>	<b>Average monthly POL rate (Rs.)</b>	<b>Total Excess POL drawn (Rs.)</b>
1	Apr-21	416	200	216	110	23,760
2	May-21	340	200	140	108	15,120
3	Jun-21	294	200	94	110	10,340
4	Jul-21	222	200	22	115	2,530
5	Aug-21	319	200	119	119	14,161
6	Sep-21	354	200	154	120	18,480
7	Oct-21	354	200	154	135	20,790
8	Nov-21	354	200	154	140	21,560
9	Dec-21	389	200	189	142	26,838
10	Jan-22	389	200	189	145	27,405
11	Feb-22	389	200	189	160	30,240
12	Mar-22	422	200	222	150	33,300
13	Apr-22	367	200	167	150	25,050
14	May-22	427	200	227	180	40,860
15	Jun-22	394	200	194	234	45,396
16	Jul-22	330	200	130	248	32,240
<b>Total</b>						<b>388,070</b>

**Annex-B**  
**Para # 4.1.4**

<b>POL reimbursement from April 2021 to July 2022</b>			
<b>Vehicle Expenses-Fuel and Oil</b>			
<b>760200</b>			
<b>Sr.No.</b>	<b>PV NO</b>	<b>PV DATE</b>	<b>Amount</b>
1		20.01.2022	29,023
2		20.02.2022	29,578
3		03.03.2022	31,262
4		08.04.2022	30,229
5		09.05.2022	29,722
6		15.06.2022	32,624
7		28.07.2022	35,714
8	April 2021 to Dec 2021 (9 months) @ 200 Litres POL @ Rs.120/- per litre (average rate)		216,000
<b>Total POL Reimbursement from April 2021 to July 2022</b>			<b>434,152</b>

**Annex-C**  
**Para # 4.1.6**

<b>Sr No.</b>	<b>Particulars</b>	<b>Book Value as on 30.06.2020</b>	<b>Written Down Value as on 30.06.2020</b>	<b>Present Market Value of appraiser as on 30.06.2020</b>
1	Freehold Land	13,127,700	13,127,700	369,440,000
2	Buildings on Freehold Land	2,265,638,593	0	1,360,276,625
3	Generation Plants and Equipment	3,148,137,723	6,743,850	8,803,542,699
4	Mobile Plant and Equipment	49,878,306	0	69,795,082
5	Furniture and Fixtures	18,356,807	3,658	2,957,100
6	Computers and Office Equipment	3,406,487	0	801,000
7	Vehicles	104,264,724	519,937	89,875,000
<b>Total</b>		<b>5,602,610,340</b>	<b>20,395,145</b>	<b>10,696,689,506</b>

**Annex-D**  
**Para # 4.1.7**

<b>Legal/Filing Fees/ Account Code # 730100</b>			
<b>Sr.No.</b>	<b>PV NO</b>	<b>PV DATE</b>	<b>Amount</b>
1	2	03.03.2022	3,050
2	10	09.03.2022	90,000
3	20	18.03.2022	143,254
4	6	08.04.2022	32,000
5	21	30.05.2022	535,500
6	3	06.06.2022	535,500
7	19	22.07.2022	6,100
8	14	11.08.2022	1,525
<b>Total</b>			<b>1,346,929</b>

**Annex-E**  
**Para # 4.2.1**

<b>Payroll Clearing A/c/Account Code # 302100</b>			
<b>Sr.No.</b>	<b>PV NO</b>	<b>PV DATE</b>	<b>Amount</b>
1	3	7.1.2022	44,103,465
2	32	13.1.2022	7,182,540
3	33	13.1.2022	1,065,104
4	34	14.1.2022	2,523,016
5	36	14.1.2022	2,229,670
6	37	14.1.2022	13,301,157
7	44	18.1.2022	2,213,872
8	45	18.1.2022	13,348,759
9	56	21.1.2022	2,267,704
10	57	21.1.2022	13,441,528
11	58	21.1.2022	2,276,096
12	59	21.1.2022	13,453,362
13	67	27.1.2022	2,193,175
14	68	27.1.2022	13,847,110
15	7	04.02.2022	2,186,937
16	8	04.02.2022	13,819,059
17	42	28.02.2022	2,221,130
18	43	28.02.2022	13,868,915
19	30	31.03.2022	13,810,421

20	31	31.03.2022	2,250,686
21	32	28.04.2022	2,162,322
22	33	28.04.2022	13,834,768
23	1	10.05.2022	30,415,060
24	2	10.05.2022	8,849,784
25	23	31.05.2022	2,024,605
26	24	31.05.2022	15,463,038
27	37	24.06.2022	2,111,512
28	38	24.06.2022	15,750,886
29	4	02.08.2022	1,785,662
30	5	02.08.2022	16,470,046
<b>Total</b>			<b>290,471,389</b>

**Annex-F**  
**Para # 4.4.1**

<b>Sr No.</b>	<b>Name</b>	<b>Designation</b>	<b>Bank A/C #</b>	<b>BPS</b>	<b>Gross Salary 2021-22 (Rs.)</b>	<b>I-Tax Rate</b>	<b>Total Tax Amount 2021-22</b>	<b>Tax Adjustments for Tax Credits (Rs.)</b>
1	Mr.Faiz Ullah Dahri	Finance Director	2050-5	20	5,616,187.00	<b>22.50%</b>	808,642.00	398,791.00
2	Mr.Gopal Das	Ad S Engineer	184235	18	3,214,803.00	<b>17.50%</b>	320,091.00	42,500.00
3	Mr.Rajesh Kumar	Ad S Engineer	059605	19	4,197,450.00	<b>20.00%</b>	509,490.00	89,072.00
4	Mr.Imam Ud din Abbasi	Ad S Engineer	071174	18	2,170,991.00	<b>15.00%</b>	145,649.00	28,314.00
5	Mr.Fayaz Ali Shaikh	Manager Finance	260572	18	2,251,381.00	<b>15.00%</b>	157,707.00	17,740.00
6	Mr.Nazeer Ahmed Wahocho	Foreman	946536	17	1,875,069.00	<b>15.00%</b>	101,260.00	5,245.00
7	Mr.Muhammad Rauf	Accounts Officer	930612	16	1,464,308.00	<b>10.00%</b>	56,431.00	8,652.00
8	Mr.Rab Dino Dahri	Accounts Officer	583205	16	1,017,112.00	<b>5.00%</b>	20,856.00	4,683.00
9	Mr.Junaid Ahmed Lashari	Accounts Officer	146932	16	905,700.00	<b>5.00%</b>	15,285.00	2,499.00
10	Mr.Ali Akbar	Operator	0382-6	16	1,418,784.00	<b>10.00%</b>	51,878.00	26,000.00
11	Mr.Khalil Ahmed	Operator	756835	16	1,345,856.00	<b>10.00%</b>	44,586.00	2,004.00
12	Mr.Asad Ali	Account Assistant	806026	16	1,015,320.00	<b>5.00%</b>	20,766.00	4,011.00
13	Mr.Ali shafqain	Account Assistant	481955	16	974,432.00	<b>5.00%</b>	18,722.00	4,339.00
14	Mr.Saeed Khan Rind	Account Assistant	8317-7	16	931,752.00	<b>5.00%</b>	16,588.00	2,480.00
15	Mr.Masroor Ali Khan	Account Assistant	662159	16	903,908.00	<b>5.00%</b>	15,195.00	3,589.00
					<b>29,303,053.00</b>			<b>639,919.00</b>

**Annex-G**  
**Para # 4.5.1**

<b>Employees Pension Liability</b>			
<b>260300</b>			
<b>Sr. No.</b>	<b>PV NO</b>	<b>PV DATE</b>	<b>Amount</b>
1	2	12.01.2022	8,791,033
2	3	13.01.2022	620,862
3	1	02.02.2022	108,499
4	2	02.02.2022	13,556,723
5	3	02.02.2022	3,171,416
6	4	10.02.2022	22,798
7	5	10.02.2022	227,044
8	6	10.02.2022	55,069
9	7	10.02.2022	91,826
10	8	16.02.2022	368,623
11	9	21.02.2022	767,943.0
12	10	21.02.2022	841,280.0
13	1	07.03.2022	415,385
14	3	09.03.2022	10,950

15	1	27.04.2022	4,534,094
16	1	16.05.2022	3,800,888
17	1	03.06.2022	443,652
18	2	03.06.2022	1,569,004
19	3	03.06.2022	12,242,142
20	1	06.07.2022	1,963,992
21	2	06.07.2022	1,874,462
22	3	19.07.2022	869,841
23	4	21.07.2022	3,768,937
24	5	28.07.2022	963,992
25	1	02.08.2022	2,457,059
26	2	03.08.2022	1,865,975
27	3	17.08.2022	71,444
28	4	22.08.2022	2,457,059
29	5	22.08.2022	1,844,205
30	6	30.08.2022	1,716,426
31	7	31.08.2022	1,865,975
	<b>Total</b>		<b>73,358,598</b>

**Annex-H**  
**Para # 4.5.1**

<b>Advance to Suppliers/Contractors</b>			
<b>140200</b>			
<b>Sr. No.</b>	<b>PV NO</b>	<b>PV DATE</b>	<b>Amount</b>
1	1	11.01.2022	2,743,689
2	4	31.01.2022	4,094,402
3	2	09.03.2022	859,003
<b>Total</b>			<b>7,697,094</b>