



**SPECIAL AUDIT REPORT  
ON  
PIA ENGINEERING AND  
MAINTENANCE DEPARTMENT  
FOR THE PERIOD 2014-2017**

**AUDITOR-GENERAL OF PAKISTAN**





## **PREFACE**

The Auditor-General conducts audit subject to 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 and Terms and Conditions of Service) Ordinance 2001. The Special Audit of PIA Engineering and Maintenance Department for the period from 2014 to 2017 was carried out accordingly.

The Directorate General of Commercial Audit & Evaluation South, Karachi conducted Special Audit of PIA Engineering and Maintenance Department for the period from 2014 to 2017 during February to June, 2018 with a view to report significant findings to the stakeholders. Audit examined the economy, efficiency and effectiveness aspects of the Engineering and Maintenance Department of PIAC. In addition, Audit also assessed whether the management complied with applicable laws, rules, and regulations in managing its affairs. Special Audit Report indicates specific actions that, if taken, will help the management realize the objectives of the PIA Engineering and Maintenance Department.

DAC was not convened by PAO despite several requests by Audit. The last reminder for convening of DAC was issued by Audit on 14.01.2021.

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

Islamabad  
Dated:

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



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## ABBREVIATIONS AND ACRONYMS

ADs	Airworthiness Directives
AGP	Auditor General of Pakistan
AMM	Aircraft Maintenance Manual
ANO	Air Navigation Order
ATR	Aerei da Trasporto Regionale
AOG	Aircraft On Ground
APU	Auxiliary Power Unit
BER	Beyond Economical Repair
BOD	Board of Directors
CE	Chief Engineer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGRs	Corporate Governance Rules
CPC	Central Purchase Committee
DAC	Departmental Accounts Committee
DGCA&E	Director General Commercial Audit & Evaluation
EMC	Engineering Maintenance Committee
EMM	Enterprise Mobility Management
ERP	Enterprise Resource Planning
FAA	Federal Aviation Administration
GFRs	General Financial Rules
GOP	Government of Pakistan
HPT	High Pressure Turbine
ISSAI	The International Standards of Supreme Audit Institutions
LHE	Lahore
MOE	Maintenance Organization Exposition
MRO	Maintenance Repair Organization
MRP	Maintenance, Repair and Operations
NAB	National Accountability Bureau
NOC	No Objection Certificate
OEM	Original Equipment Manufacturer
PCAA	Pakistan Civil Aviation Authority
PIAC	Pakistan International Airlines Corporation
POSS	PIA Online Store System
PPOH	Power Plant Overhauling

PPRA	Public Procurement Regulatory Authority
QEE	Quick Engine Exchange
RFID	Radio-Frequency Identification
RO	Repair Order
TAT	Turn-Around Time
TORs	Terms of Reference



## EXECUTIVE SUMMARY

The Directorate General of Commercial Audit & Evaluation South, Karachi conducted Special Audit of PIA Engineering and Maintenance Department for the period 2014-2017 w.e.f. 22.02.2018 to 30.06.2018. The main objectives of audit were 1) to examine the record of procurement and contract management to ascertain as to whether the procurements were made in a competitive, economical and transparent manner; 2) to ascertain as to whether assets of the department are duly utilized and replaced; 3) to examine as to whether scheduled inspections & maintenance with respect to quality assurance and airworthiness management of aircrafts are ensured by the management; and 4) to ascertain as to whether appropriate internal controls are in place for inventory & assets - their acquisition, use, replacement and disposal. The Special Audit was conducted in accordance with the ISSAI auditing standards.

PIA Engineering & Maintenance Department shall perform maintenance that includes any one or combination of the overhaul, repair, inspection, replacement, modification or defect rectification of aircraft / aircraft components, under the PCAA ANO 145 Approval. This PIAC department performs the aircraft base and line maintenance activities, engines and other aircraft spare parts repair activities.

### Key Audit Findings:

- i. Irregular expenditure on repair of aircraft engines without competitive bidding - USD 126.8 million equivalent to Rs 12,681.53 million
- ii. Irregular expenditure on exchange of four engines - USD 5.556 million equivalent to Rs 527.814 million
- iii. Non-receipt of repaired engines from abroad after lapse of stipulated period
- iv. Non-utilization of machine - USD 1.628 million equivalent to Rs 162.8 million
- v. Non-utilization of engines after repair & maintenance - USD 0.39 million equivalent to Rs 39.3 million
- vi. Non-utilization of aircraft inventory - Rs 6.743 million

- vii. Non-pricing of 15,782 items of PIA aircrafts inventory
- viii. Loss due to non-recovery of liquidated damages - USD 0.28 million equivalent to Rs 28 million
- ix. Non-disposal of surplus inventory - Rs 5,360.20 million
- x. Unjustified purchase of de-registered aircraft parts - Rs 196.95 million
- xi. Inappropriate Maintenance, Quality Assurance and Airworthiness Management System of ATR aircrafts
- xii. Poor inventory management due to non-conducting of physical verification of stores

The audit mainly recommends that:

- i. Need assessment / analysis may appropriately be carried out to assess the requirements of end-users.
- ii. The management may put in place mechanism so that procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the Corporation and the procurement process is efficient and economical.
- iii. There should be clear policy for acquisition, use, replacement and disposal of the assets.
- iv. The management shall ensure timely maintenance, quality assurance and airworthiness management of aircrafts.
- v. The management may dispose off obsolete inventory of the aircraft parts and put in place the controls for disposal of surplus inventory.

## 1. INTRODUCTION

The Directorate General of Commercial Audit & Evaluation South, Karachi conducted Special Audit of PIA Engineering and Maintenance Department for four calendar years i.e. 2014 to 2017. The audit was included in the Audit Plan 2017-18.

### 1.1 PIA Engineering & Maintenance Department: Description of Activities

PIA Engineering & Maintenance Department shall perform maintenance that includes any one or combination of the overhaul, repair, inspection, replacement, modification or defect rectification of aircraft / aircraft components, under the PCAA ANO 145 Approval.

The aircraft base maintenance activities include:

- Scheduled Heavy maintenance
- Unschedule maintenance
- Repair and Inspection work
- Major Checks up to “C” checks
- Modifications, Major and Minor
- Application of approved repairs
- Airworthiness Directive / modification incorporation
- Restricted fabrication as per maintenance data in compliance with 145.A.42(c)

The aircraft line maintenance activity covers:

- Servicing
- Pre-flight / Transit
- Daily, Layover and Weekly Checks
- Check-A (for LHE, ISB, refer MOE 1.8.2, 1.8.3)
- Rectification of Defects

Engines / APUs Activities comprise:

- Scheduled and Unschedule maintenance
- Routine Inspections
- Defect Rectification in accordance with the AMM, EMM or Approved

- Documentation
- Testing, Repair and Overhaul

Components activities comprise:

- Bench test, repair and overhaul of components listed in Company’s Capability List

## 1.2 Engineering Capabilities

PIA Engineering Overhaul Workshop is engine repair and overhaul facilities having plating facilities with both manual and robotic plasma frame spray, heat treatment shop with a vacuum heat treatment facility, and the jet engine test facility, designed to test to all aero engines up to a maximum capacity of 100,000 lbs thrust, airflow of 3000 lbs/second and an engine weight of 15,000 lbs.

PIA Engineering has uncapped and capitalized and planning to further expand line maintenance as a potential revenue stream having prospecting earning opportunities in order to capture local and international market players:

- Airbus A320 Landing Gear In-house Overhaul Project
- Boeing B777 APU In-house Overhaul Project
- Airbus A320 In-house Overhaul Project

The detail of income generated from engines repaired and technical assistance given by PIA Engineering and Maintenance Department to outside parties is as under:

Work Order No.	Date	Engine Sr. No.	Job Detail	Party Name	Amount in USD
14-0445-E5-00	25.06.2014	857-514	Repair	Shaheen Air	62,926
14-0446-E5-00	25.06.2014	856-327			78,543
14-0481-E5-00	09.07.2014	517-564		Hellenic Imperial	134,705
14-0482-E5-00	09.07.2014	528-323			40,219
14-0491-E5-00	18.07.2014	726-358	Technical Assistance	Shaheen Air	263,121
15-0231-E5-00	17.03.2015	726-358			64,811
15-0232-E5-00	17.03.2015	725-551			36,620
15-0450-E5-00 / 15-412 E5-00	19.05.2015	857-544			164,332
16-0093-E5-00	23.02.2016	857-759			48,095
16-0350-E5-00	27.07.2016	724-805			127,550
17-0120-E5-00	28.02.2017	727-461			Repair

<b>Total USD</b>	<b>1,020,922</b>
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## **2. AUDIT OBJECTIVES**

2.1 The major objectives of the audit were:

- i. To examine the record of procurement and contract management to ascertain as to whether the procurements were made in a competitive, economical and transparent manner;
- ii. To ascertain as to whether assets of the department are duly utilized and replaced;
- iii. To examine as to whether scheduled inspections & maintenance with respect to quality assurance and airworthiness management of aircrafts are ensured by the management;
- iv. To ascertain as to whether appropriate internal controls are in place for inventory & assets - their acquisition, use, replacement and disposal.

## **3. AUDIT SCOPE AND METHODOLOGY**

Audit Scope:

- a. The Special Audit scrutinized the document pertaining to the period 2014-17.
- b. Examine the overhauling of aircraft engines in compliance with rules and regulations.
- c. Examine the details of engineering stores showing date of purchase and utilization.

Audit Methodology:

- a. Reviewed past Annual Audit Reports w.r.t PIAC.
- b. Discussed matters with heads of team who conducted audit of the formation in previous years.
- c. Reviewed permanent and planning files.
- d. Reviewed Risk Areas of the PIA Engineering Department.

- e. Checked and scrutinized the record on random sample substantive testing basis.
- f. Visited PIA engineering area and conducted interview with concerned authorities of the Department.

#### **4. AUDIT FINDINGS AND RECOMMENDATIONS**

##### **4.1 Procurement and Contract Management**

##### **4.1.1 Irregular expenditure on repair of aircraft engines without competitive bidding - USD 126.8 million equivalent to Rs 12,681.53 million**

As per Rule 4 of Public Procurement Rules, 2004, procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

As per Rule 20 of Public Procurement Rules, 2004, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

As per Rule 12 (2) of Public Procurement Rules, 2004, all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

During Special Audit of PIA Engineering & Maintenance Department for the years 2014 - 2017, it was observed that management incurred expenditure of USD 126.8 million equivalent to Rs 12,681.53 million on repair from abroad of twenty-three aircraft engines of different make without inviting open tender. Besides, the engine at serial No.23 was beyond economical repair and was sent abroad for repair without any coordination and it resulted into wasteful expenditure on its transportation & payment of fees. The details are as under:

<b>S.No.</b>	<b>Repair Order</b>	<b>Vendor Name</b>	<b>Part Description</b>	<b>Serial No.</b>	<b>Amount in USD</b>
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	No.				
1	1401001	GE A/C Engine (KB098)	GE90-115BG02	906-138	8,978,772
2	1401009	GE A/C Engine (KB098)	GE90-115BG02	906-136	5,542,386
3	1404035	GE A/C Engine (KB098)	GE90-110B1G02	906-150	3,988,398
4	1406009	GE A/C Engine (KB098)	GE90-110B1G02	906-442	9,388,814
5	1504029	GE A/C Engine (KB098)	GE90-115BG02	906-251	7,599,964
6	1507046	GE A/C Engine (KB098)	GE90-115B	906-279	5,776,788
7	1510044	GE A/C Engine (KB098)	GE90-110B1G02	906-184	2,583,799
8	1512083	GE A/C Engine (KB098)	GE90-94BG12	906-453	16,482,585
9	1601066	GE A/C Engine (KB098)	GE90-115BG02	906-255	4,669,873
10	1605089	GE A/C Engine (KB098)	GE90-110B1G02	906-278	6,006,579
11	1606041	GE A/C Engine (KB098)	GE90-94BG12	900-494	18,994,907
12	1611094	GE A/C Engine (KB098)	GE90-115B	906-151	12,510,127
13	1402014	Societe Air France	GE90-94BG12	900-436	8,947,511
14	1507015	Societe Air France	GE90-94BG12	900-493	11,324,497
15	1611015	Societe Air France	CFM56-5B	697120	1,500,000
16	1404057	Jordan Airmotive Ltd. Co.	RB211-524C2B	12054	196,500
17	1404056	Jordan Airmotive Ltd. Co.	RB211-524C2B	12285	196,500
18	1405033	Jordan Airmotive Ltd. Co.	RB211-524C2B	12213	196,500
19	1702048	Vector Aerospace	PW127M	ED0527	861,265
20	1702049	Vector Aerospace	PW127M	PCE-ED049	369,167
21	1706001	Vector Aerospace	PW127M	PCE-ED049	320,508
22	1706002	Vector Aerospace	PW127M	ED0526	372,329
23	1406063	Lufthansa Technik	PW127E	ED0526	7,495
<b>Total</b>					<b>126,815,264</b>

Audit is of the view that contract should have been advertised and awarded in a manner whereby all the interested international firms, companies or organizations could have offered bid. Procurement without tender deprived the Corporation of the benefit of competitive and economical procurement.

The matter was reported to management on 20-08-2018. The management in its reply with respect to engines at serial No. 1 to 11 stated that the engines were sent abroad to OEM keeping in view Airworthiness. The engines at serial No.12 to 15 & 23 were sent abroad on the basis of marketing research. The service providers for the engines at serial No.16 to 18 were selected on account of emergency and Hajj operational needs. Whereas, the lessor arranged repair of the engines at serial No.19 to 22. The reply of the management is not tenable as procurement of services was made in violation of stated public procurement rules.

This office requested the Principal Accounting Officer / the Secretary, Aviation Division, Islamabad for holding of DAC Meeting for finalization of the Audit Report after incorporation of the Management viewpoint vide letter No.137 /

Dir.-I / AC-I / Spl.Audit / PIAC Engg. & Maint.Deptt. / 2014 - 17 / 2019 dated 08.02.2019, 25.03.2019, 17.06.2019, 24.07.2019, 23.08.2019, 16.09.2019, 21.10.2019 and 14.01.2021. However, DAC was not convened by the Principal Accounting Officer till finalization of this Report (**Annex-A**).

Audit recommends fixing of responsibility on the person (s) at fault.

#### **4.1.2 Irregular expenditure on exchange of four engines- USD 5.556 million equivalent to Rs 527.814 million**

As per Rule 4 of Public Procurement Rules, 2004, Procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

As per Rule 20 of Public Procurement Rules, 2004, the procuring agencies shall use open competitive bidding as the principal method of procurement for the procurement of goods, services and works.

As per Rule 12 (2) of Public Procurement Rules, 2004, all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. The advertisement in the newspapers shall principally appear in at least two national dailies, one in English and the other in Urdu.

During Special Audit of PIA Engineering & Maintenance Department for the years 2014 - 2017, it was noted from Minutes of Engineering Maintenance Committee meeting No.168 dated 16.04.2015 that Chief Engineer Power Plant Overhaul (PPOH) informed the house that the fleet of ATR 42-500 is facing shortage of engines and dismantled engines in shop are awaiting spare parts for their completion. Aircrafts with registration numbers AP-BHN and AP-BHM are without engines and thereby grounded. AP-BHH is grounded due to in-flight shutdown of engine. The Chief Engineer also informed that M/s. Pratt & Whitney Canada was contacted and they had offered 04 new engines in exchange of PIA's core engines. The Engineering Maintenance Committee referred the case to Central Purchase Committee (CPC). The PIAC Board in its 367<sup>th</sup> meeting dated 03.05.2015 accorded approval for exchange of four engines against PIA's rundown PW127 engines with serial numbers EB0253,



EB0277, EB0285 & EB0289 from Pratt & Whitney Canada (P&W) with a total financial impact not exceeding US\$ 5,635,940. The details are as under:

Purchase Order No.	Receipt Voucher No.	Engine Receipt Date	Engine Serial No.	Amount in USD
1505010EA	00839/15	19.05.2015	ED1112	1,358,985
1505011EA	00840/15	20.05.2015	ED1104	1,358,985
1506073EA	01139/15	22.07.2015	ED1159	1,358,985
1506063EA	01140/15	31.07.2015	ED1160	1,478,985
<b>Total</b>				<b>5,555,940</b>

The audit observed that the management made trade-in agreement and purchased four engines in exchange of PIA's core engines from M/s Pratt & Whitney Canada (P&W) with financial impact of USD 5,555,940 equivalent to RS 527,814,300 (\$=RS 95) without open competitive bidding.

Audit is of the view that contract should have been advertised and awarded in a manner whereby all the interested international firms, companies or organizations could have offered bid. Procurement without tender deprived the Corporation of the benefit of competitive and economical procurement.

The matter was reported to management on 20-08-2018. The management in its reply stated that there was critical need of four PW-127 engines for two PK fleet grounded ATR42-500 aircraft AP-BHN & AP-BHM. The unserviceable engines were exchanged through fleet enhancement programme of Pratt and Whitney Canada (OEM). The Management reply is not tenable as violation of above stated PPRA Rule is evident.

This office requested the Principal Accounting Officer / the Secretary, Aviation Division, Islamabad for holding of DAC Meeting for finalization of the Audit Report after incorporation of the Management viewpoint vide letter No.137 / Dir.-I / AC-I / Spl.Audit / PIAC Engg. & Maint.Deptt. / 2014 - 17 / 2019 dated 08.02.2019, 25.03.2019, 17.06.2019, 24.07.2019, 23.08.2019, 16.09.2019, 21.10.2019 and 14.01.2021. However, DAC was not convened by the Principal Accounting Officer till finalization of this Report (**Annex-A**).

Audit recommends fixing of responsibility on the person (s) at fault.

#### **4.1.3 Non-receipt of repaired engines from abroad after lapse of stipulated period**

Rule-5 of Public Sector Companies (Corporate Governance) Rules 2013 states that the Board shall exercise its powers and carry out its fiduciary duties with a sense of objective judgment and independence in the best interest of the company.

As per Rule 4 of Public Procurement Rules, 2004, procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient and economical.

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

During Special Audit of PIA Engineering & Maintenance Department for the years 2014 - 2017, it was observed that seven engines were sent abroad for repair in year 2017, but not received back in usual engine repair time of three months. Detail of engines is as under:

<b>S#</b>	<b>Repair Order No.</b>	<b>Dispatch Month</b>	<b>Vendor Name</b>	<b>Engine Description</b>	<b>Engine Serial No.</b>
1.	1708004	August 2017	Societe Air France	GE90-94BG12	900-433
2.	1709079	September 2017		CFM56-5B	577571
3.	1710062	October 2017		GE90-94BG14	900-432
4.	1710062	November 2017		GE90-115BG02	906-251
5.	1709001	September 2017	Pratt & Whitney	PW127E	EB0284
6.	1710073	October 2017		PW127E	ED1104
7.	1710074	October 2017		PW127E	EB0297

Audit is of the view that non-receipt of repaired engines from abroad shows poor operations and financial management.

The matter was reported to management on 20-08-2018. The management in its reply stated that delay in receiving back of the engines was due to non-payment. In two cases, shortage of parts was also a delaying factor. The reply of the management is not tenable as appropriate coordination and planning could have enabled the PIAC management to receive back the engines in time.

This office requested the Principal Accounting Officer / the Secretary, Aviation Division, Islamabad for holding of DAC Meeting for finalization of the Audit Report after incorporation of the Management viewpoint vide letter No.137 / Dir.-I / AC-I / Spl.Audit / PIAC Engg. & Maint.Deptt. / 2014 - 17 / 2019 dated 08.02.2019, 25.03.2019, 17.06.2019, 24.07.2019, 23.08.2019, 16.09.2019, 21.10.2019 and 14.01.2021. However, DAC was not convened by the Principal Accounting Officer till finalization of this Report (**Annex-A**).

Audit recommends fixing of responsibility on the person (s) at fault.

## **4.2 Asset Management**

### **4.2.1 Non-utilization of machine - USD 1.628 million equivalent to Rs162.8million**

Rule - 10 of General Financial Rules states, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

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

During Special Audit of PIA Engineering & Maintenance Department for the years 2014 - 2017, it was noted that PIA purchased Automatic Test Equipment Complex (ATEC) 5000 on 13<sup>th</sup> July, 2007 for Test Program Set (TPS) along with necessary items to test Line Replaceable Unit (LRU). The machine was installed on 27<sup>th</sup> June, 2008. However, it was observed that management used ATEC for LRU till 2015 and it remained idle since 2016. This resulted into non-utilization of machine amounting to USD 1.628 million equivalent to Rs162.8 million.

Audit is of the view non-utilization of machine indicated weak asset management and poor internal controls existing within the organization.

The matter was reported to management on 20-08-2018. The management in its reply stated that the referred item ATEC 5000 is a ground equipment used to test A310 computers as PIAC still offers -310 aircraft maintenance services as part of approved scope. The subject equipment has the potential for customer business. Management reply is not tenable as subject equipment is out of use since 2016.

This office requested the Principal Accounting Officer / the Secretary, Aviation Division, Islamabad for holding of DAC Meeting for finalization of the Audit Report after incorporation of the Management viewpoint vide letter No.137 / Dir.-I / AC-I / Spl.Audit / PIAC Engg. & Maint.Deptt. / 2014 - 17 / 2019 dated 08.02.2019, 25.03.2019, 17.06.2019, 24.07.2019, 23.08.2019, 16.09.2019, 21.10.2019 and 14.01.2021. However, DAC was not convened by the Principal Accounting Officer till finalization of this Report (**Annex-A**).

Audit recommends fixing of responsibility on the person (s) at fault, and putting in place the controls to avoid such instances in future.

#### **4.2.2 Non-utilization of engines after repair & maintenance-USD 0.39 million equivalent to Rs 39.3 million.**

Rule - 5 of Public Sector Companies (Corporate Governance) Rules, 2013 states that the Board shall exercise its powers and carry out its fiduciary duties with a sense of objective judgment and independence in the best interest of the company.

Rule - 10 of General Financial Rules states, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as

a person of ordinary prudence would exercise in respect of expenditure of his own money.

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

During Special Audit of PIA Engineering & Maintenance Department for the years 2014 - 2017, it was noted that PIA and Jordan Airmotive Ltd. Co. (Jalco) were in business over a period of five years for the engine restoration and repair of RB211-524 engines installed on PIA Boeing 747 fleet. The agreement between PIA and Jalco was previously signed for the period of five years which expired in 2012. The management did not renew the agreement till September 2014 due to low arising of RB211-524 engines and face-off plan of B747-300 fleet, even Jalco sent proposals for agreement renewal. However, the management in its EMC meeting # 161 dated 25.09.2014 gave approval for renewal of the agreement till December 2014.

It was further noted that the management sent engines, serial numbers 12285 and 12213, for overhauling to Jalco on 25.04.2014 and 27.05.2014, respectively. The engines were removed from AP-BFY due to Borescope inspection and from AP-BFU # 1 as HPC blades stage 2-6 were found damaged. It was observed that the engines were received after 267 days and the same repaired engines were declared as surplus / obsolete & offered for sale by the PIA Board in its 363 meeting held on 30.12.2014. The management gave approval to renew the agreement for repair for three months before the declaration of subject engines as surplus / obsolete. The details are as under:

<b>Repair Order No.</b>	<b>Part Description</b>	<b>Serial No.</b>	<b>Receipt Voucher #</b>	<b>Engine Receipt Date</b>	<b>Repair Cost USD</b>
1404056	RB211-524C28	12285	BOD / 363	19.03.2015	196,500
1405033	RB211-524	12213	BOD / 363	19.03.2015	196,500

Audit is of the view that the management failed to charge liquidated damage to the service provider for each day beyond the guaranteed turnaround time, unjustifiably declared the repaired engines as surplus and offered for sale and renewed

the repair & maintenance agreement with the service provider for three months. This indicated poor financial management and weak internal controls to safeguard interest of the Corporation.

The matter was reported to management on 20-08-2018. The management in its reply stated that B747-300 was wide body aircraft with capacity of 503 seats which was used in Hajj & Umrah Operations. The renewal of Agreement with M/s Jordon Airmotive was on hold by the PIA Management since 2012 due phase-out plan of B747-300 fleet. Later on PIA Management decided to continue to operate this fleet in Hajj Operation. So, Agreement with M/s Jordon Airmotive for repair/overhaul of RB211 was renewed on one time basis for limited time period to complete its national/religious obligation of Hajj Operation with this fleet. Management reply is not tenable as Management declared the repaired engines as surplus and offered for sale.

This office requested the Principal Accounting Officer / the Secretary, Aviation Division, Islamabad for holding of DAC Meeting for finalization of the Audit Report after incorporation of the Management viewpoint vide letter No.137 / Dir.-I / AC-I / Spl.Audit / PIAC Engg. & Maint.Deptt. / 2014 - 17 / 2019 dated 08.02.2019, 25.03.2019, 17.06.2019, 24.07.2019, 23.08.2019, 16.09.2019, 21.10.2019 and 14.01.2021. However, DAC was not convened by the Principal Accounting Officer till finalization of this Report (**Annex-A**).

Audit recommends fixing of responsibility on the person (s) at fault.

#### **4.2.3 Non-utilization of aircraft inventory - Rs 6.743 million**

Clause 'e' of Admin Order No. 08 / 96, dated 24<sup>th</sup> July, 1996 of Pakistan International Airlines states that all such items found with expired life should not be offered for sale and should be scrapped after obtaining necessary write-off approval from the competent authority.

Rule - 23 of General Financial Rules states, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the

part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

During Special Audit of PIA Engineering & Maintenance Department for the years 2014 - 2017, it was observed that some aircraft inventory items expired their useful lives without any use. The aircraft expired inventory items amounting to Rs 6.743 million were required to be scrapped after write-off approval which was also not done. The detail is as under:

Item Code	Quantity	Cost	Rate	Amount in Rs.
21	375	EUR 7436.42	142	1,055,972
1	21	GBP 87.00	164	14,268
237	4,068	USD 47,274.44	120	5,672,933
<b>Total</b>				<b>6,743,173</b>

Audit is of the view that non-utilization of aircraft inventory and further no disposal after write-off process indicated weak asset management and poor internal controls.

The matter was reported to management on 20-08-2018. The management in its reply stated that these items are not offered for sale as per Admin Order 08/96 Clause 4 (e) and the approval of competent authority is required, which is to be done by the logistic division.

This office requested the Principal Accounting Officer / the Secretary, Aviation Division, Islamabad for holding of DAC Meeting for finalization of the Audit Report after incorporation of the Management viewpoint vide letter No.137 / Dir.-I / AC-I / Spl.Audit / PIAC Engg. & Maint.Deptt. / 2014 - 17 / 2019 dated 08.02.2019, 25.03.2019, 17.06.2019, 24.07.2019, 23.08.2019, 16.09.2019, 21.10.2019 and 14.01.2021. However, DAC was not convened by the Principal Accounting Officer till finalization of this Report (**Annex-A**).

Audit recommends fixing of responsibility on the person (s) at fault.

#### **4.2.4 Non-pricing of 15,782 items of PIA aircrafts inventory**

Rule - 162 of General Financial Rules states, Balances of stores should not be held in excess of the requirements of a reasonable period or in excess of any

preserved maximum limit. In order to ensure the observance of this rule, a periodical inspection should be made by a responsible officer, who must submit a report of surplus and obsolete store to the authority competent to issue orders for their disposal, The inspection should, unless there be good reason to the contrary, be made six-monthly in the case of perishable stores and once a year in the case of other stores. Stores remaining in stock for over a year should be considered surplus unless there is any good reason to treat them otherwise.

Rule-163 of General Financial Rule states, where a priced inventory is maintained; it is essential that, the values recorded therein shall not be materially in excess of the market value of the stores. The head of the department concerned must issue instructions to govern the fixation of prices with reasonable accuracy, the periodical review and revision of rates, and the agency to be employed in periodical revaluation.

During Special Audit of PIA Engineering & Maintenance Department for the years 2014 - 2017, it was observed that number of inventory items of PIA aircrafts are found in the system without attributing to them any price / value. The details are as under:

S#	Aircraft	Item Code	Quantity	S#	Aircraft	Item Code	Quantity
1	B-747-300	229	3,550	5	ATR	21	577
2	B-747-200	313	2,079	6	A-310	611	5,762
3	B-737-300	229	3,550	7	F-27	30	150
4	B-707	14	114	<b>Total</b>			<b>15,782</b>

Audit is of the view that large number of aircrafts inventory without cost in system shows poor assets management and weak internal controls in the organization.

The matter was reported to management on 20-08-2018, but no reply was received.

This office requested the Principal Accounting Officer / the Secretary, Aviation Division, Islamabad for holding of DAC Meeting for finalization of the Audit Report after incorporation of the Management viewpoint vide letter No.137 / Dir.-I / AC-I / Spl.Audit / PIAC Engg. & Maint.Deptt. / 2014 - 17 / 2019 dated 08.02.2019, 25.03.2019, 17.06.2019, 24.07.2019, 23.08.2019, 16.09.2019, 21.10.2019



and 14.01.2021. However, DAC was not convened by the Principal Accounting Officer till finalization of this Report (**Annex-A**).

Audit recommends disposing of obsolete inventory of the aircraft parts, fixing of responsibility on the person (s) at fault, and putting in place the controls for disposal of surplus inventory.

### **4.3 Financial Management**

#### **4.3.1 Loss due to non-recovery of liquidated damages - USD 0.28 million equivalent to Rs 28 million**

Clause 13.0 Turn Around Time (TAT) Guarantee of On Point Overhaul Engine Services Agreement between GE Engine Services, LLC and Pakistan International Airlines says that GE guarantees an 85 Day TAT for Performance Restoration Work Scope Services. Five (5) days shall be added to the TAT for engines received with Quick Engine Exchange. If GE does not meet the TAT for any item of equipment due solely to a delay which is not excusable in terms of Article 5.0 of Exhibit B, then GE shall provide customer the remedy as liquidated damages at the rate of USD 2,000 per day for each day beyond the guaranteed TAT with a liquidated damages of USD 20,000 maximum per engine per shop visit.

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

During Special Audit of PIA Engineering & Maintenance Department for the years 2014 - 2017, it was observed that PIAC management failed to recover liquidated damages of USD 0.28 million equivalent to Rs 28 million on account of significant delay in receiving back the different aircraft engines sent abroad for repair, as tabulated below:

S.No	Repair Order No.	Part Description	Serial No.	Receipt Voucher#	Engine Receipt Date	Repair Cost USD	Delay in Days
1	1401009	GE90-115BG02	906-136	0144/14	04.07.2014	5,542,386	190
2	1401001	GE90-115BG02	906-138	01698/14	09.09.2014	8,978,772	250
3	1404035	GE90-110B1G02	906-150	00547/15	16.04.2015	3,988,398	355
4	1406009	GE90-110B1G02	906-442	02102/15	20.09.2015	9,388,814	463
5	1504029	GE90-115BG02	906-251	01724/15	09.10.2015	7,599,964	164
6	1507046	GE90-115B	906-279	00097/15	22.01.2016	5,776,788	174
7	1510044	GE90-110B1G02	906-184	00342/16	30.03.2016	2,583,799	167
8	1512083	GE90-94BG12	906-453	01155/16	02.07.2016	16,482,585	190
9	1601066	GE90-115BG02	906-255	01666/16	07.09.2016	4,669,873	221
10	1605089	GE90-110B1G02	906-278	02287/16	29.12.2016	6,006,579	215
11	1606041	GE90-94BG12	900-494	02288/16	29.12.2016	18,994,907	188
12	1611094	GE90-115B	906-151	02316/17	05.10.2017	12,510,127	310
13	1402014	GE90-94BG12	900-436	02101/15	08.12.2015	8,947,511	298
14	1507015	GE90-94BG12	900-493	02286/16	29.12.2016	11,324,497	528
<b>Total</b>						<b>122,795,000</b>	

The audit is of the view that the management should have charged service provider the liquidated damages of USD 280,000 equivalent to Rs 28 million for each delayed day beyond guaranteed Turn Around Time.

Non-recovery of liquidated damages, as tabulated below, indicated poor financial management and weak internal controls.

No. of Engines	Liquidated damage per Engine - USD	Total Amount USD	Rs. in million
14	20,000	0.28	28.00

The matter was reported to management on 20-08-2018. The management in its reply with respect to engines at serial No.1 to 9 stated that the engines were sent to the Original Equipment Manufacturer (OEM) in compliance of FAA AD and not for the performance restoration work scope service. The engine at serial No.10 to 12 got delayed due to supply chain issues. The management provided no reply for delay against engines at serial No.13 & 14. The reply of the management is not tenable as delay on the part of service provider is evident which was not compensated.

This office requested the Principal Accounting Officer / the Secretary, Aviation Division, Islamabad for holding of DAC Meeting for finalization of the Audit Report after incorporation of the Management viewpoint vide letter No.137 /

Dir.-I / AC-I / Spl.Audit / PIAC Engg. & Maint.Deptt. / 2014 - 17 / 2019 dated 08.02.2019, 25.03.2019, 17.06.2019, 24.07.2019, 23.08.2019, 16.09.2019, 21.10.2019 and 14.01.2021. However, DAC was not convened by the Principal Accounting Officer till finalization of this Report (**Annex-A**).

Audit recommends fixing of responsibility on the person (s) at fault.

#### **4.4 Internal Controls**

##### **4.4.1 Non-disposal of surplus inventory - Rs 5,360.20 million**

Admin Order No. 08 / 96, dated 24<sup>th</sup> July, 1996 of Pakistan International Airlines states that all aircraft parts including consumables, rotables and insurance type shall be reviewed periodically as to their obsolescence and utilization / serviceability by PIA for their fleet of Aircraft. Items which become obsolete and /or surplus to requirement shall be disposed off.

Rule - 162 of General Financial Rules states, Balances of stores should not be held in excess of the requirements of a reasonable period or in excess of any preserved maximum limit. In order to ensure the observance of this rule, a periodical inspection should be made by a responsible officer, who must submit a report of surplus and obsolete store to the authority competent to issue orders for their disposal, The inspection should, unless there be good reason to the contrary, be made six-monthly in the case of perishable stores and once a year in the case of other stores. Stores remaining in stock for over a year should be considered surplus unless there is any good reason to treat them otherwise.

During Special Audit of PIA Engineering & Maintenance Department for the years 2014 - 2017, it was observed that PIAC inventory of assets reflected that it has different aircraft parts amounting to Rs5,360.20 million which are still lying idle in the stockroom despite the fact that the aircrafts were de-registered during 2005 - 2016 (**Annex-B**).

The audit is of the view that the Corporation has failed to carry out periodical inspections and thereby there is inappropriate asset management. This indicated weak asset management and poor internal controls existing within the organization.

The matter was reported to management on 20-08-2018. The management in its reply stated that a minute for declaration of surplus / obsolete inventory was submitted to DGM Shipping & Disposal for further action.

This office requested the Principal Accounting Officer / the Secretary, Aviation Division, Islamabad for holding of DAC Meeting for finalization of the Audit Report after incorporation of the Management viewpoint vide letter No.137 / Dir.-I / AC-I / Spl.Audit / PIAC Engg. & Maint.Deptt. / 2014 - 17 / 2019 dated 08.02.2019, 25.03.2019, 17.06.2019, 24.07.2019, 23.08.2019, 16.09.2019, 21.10.2019 and 14.01.2021. However, DAC was not convened by the Principal Accounting Officer till finalization of this Report (**Annex-A**).

Audit recommends disposing of surplus / obsolete inventory of the assets, fixing of responsibility on the person (s) at fault, and putting in place the controls for disposal of surplus inventory.

#### **4.4.2 Unjustified purchase of de-registered aircraft parts – Rs226.591 million**

Rule - 10 of General Financial Rules states, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

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

During Special Audit of PIA Engineering & Maintenance Department for the years 2014 - 2017, it was observed that the management was purchasing spare parts of different aircrafts which were de-registered during 2006 to 2016. Purchase of parts of the de-registered aircrafts amounting to Rs226, 591,431 and subsequent issuance was unjustified (**Annex-C**).

Audit is of the view that inventory received and issued after de-registration of aircrafts indicated poor asset management and weak internal controls within the organization.

The matter was reported to management on 20-08-2018. The management in its reply stated that most of the reported items were used on other aircrafts.

This office requested the Principal Accounting Officer / the Secretary, Aviation Division, Islamabad for holding of DAC Meeting for finalization of the Audit Report after incorporation of the Management viewpoint vide letter No.137 / Dir.-I / AC-I / Spl.Audit / PIAC Engg. & Maint.Deptt. / 2014 - 17 / 2019 dated 08.02.2019, 25.03.2019, 17.06.2019, 24.07.2019, 23.08.2019, 16.09.2019, 21.10.2019 and 14.01.2021. However, DAC was not convened by the Principal Accounting Officer till finalization of this Report (**Annex-A**).

Audit recommends fixing of responsibility on the person (s) at fault.

#### **4.4.3 Inappropriate Maintenance, Quality Assurance and Airworthiness Management System of ATR aircrafts**

Rule-5 of Public Sector Companies (Corporate Governance) Rules 2013 states, the Board shall exercise its powers and carry out its fiduciary duties with a sense of objective judgment and independence in the best interest of the company.

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

During Special Audit of PIA Engineering & Maintenance Department for the years 2014 - 2017, it was noted that PIA purchased four PW127 engines in 2015 from Pratt & Whitney Canada. The aircraft, AP-BHO (ATR) with engine, PW127, was damaged during a landing at Lahore on 30<sup>th</sup> May, 2009. Its engine failed in year 2014. This aircraft crashed on 7<sup>th</sup> December, 2016 while flying from Chitral to Islamabad. By the time of crash, it had recorded more than 18,700 flight hours.

It was observed from report of Pakistan Civil Aviation Authority (CAA) shakedown on the operations of ATR that CAA Airworthiness Field Officers indicated shortcomings in maintenance, quality assurance and airworthiness management system of PIAC, non-compliance with regulatory requirements and recommendations of Original Equipment Manufacturer of ATR aircrafts. Besides, the CAA report entailed that the health monitoring of engines being the prime responsibility of PIAC was not appropriately carried out. It was further observed from data on premature failure of PW127 engines that PIA had 20 incidents of in-flight shutdown due to high pressure turbine blades failures. Besides turbine blades failures, a number of engines failed due to bearings failure, high EGT, surging of compressors, seizure of impellers, breaking of spine shaft of accessory gear box, etc. Total cases of engine removals were 90 and most of the cases are attributed to core engine component failure. For assessing the internal conditions of all the installed engines, internal conditions of ATR engines by shakedown inspections was also not appropriately carried by PIAC specialist staff. The audit required record on schedule of maintenance and history of maintenance of ATR aircrafts and their engines with financial impact which was not produced for scrutiny.

The audit is of the view that PIA engines and ATR aircraft crashed due to inappropriate maintenance, quality assurance and airworthiness management system of ATR aircrafts. This reflected weak internal controls.

The matter was reported to management on 20-08-2018. The management in its reply stated that as per Pakistan Civil Aviation requirement, engine data was sent to PWC for review and analysis. PWC clears all engines. The reply of the management is not tenable as it did not provide details on schedule of maintenance and actual maintenance carried out by ATRs in PIAC fleet nor did it substantiate its reply with documentary evidence.

This office requested the Principal Accounting Officer / the Secretary, Aviation Division, Islamabad for holding of DAC Meeting for finalization of the Audit Report after incorporation of the Management viewpoint vide letter No.137 / Dir.-I / AC-I / Spl.Audit / PIAC Engg. & Maint.Deptt. / 2014 - 17 / 2019 dated 08.02.2019, 25.03.2019, 17.06.2019, 24.07.2019, 23.08.2019, 16.09.2019, 21.10.2019 and 14.01.2021. However, DAC was not convened by the Principal Accounting Officer till finalization of this Report (**Annex-A**).

Audit recommends that controls may be put in place to ensure timely maintenance, quality assurance and airworthiness management of ATR aircrafts.

#### **4.4.4 Poor inventory management due to non-conducting of physical verification of stores**

Admin Order No. 08 / 96, dated 24<sup>th</sup> July, 1996 of Pakistan International Airlines states that all Aircraft parts including consumables, rotables and insurance type shall be reviewed periodically as to their obsolescence and utilization / serviceability by PIA for their fleet of Aircraft. Items which become obsolete and /or surplus to requirement shall be disposed off.

Rule - 159 of General Financial Rules states, a physical verification of all stores should be made at least once in every year under rules prescribed by competent authority.

During Special Audit of PIA Engineering & Maintenance Department for the years 2014 - 2017, it was observed that PIA management has not carried out any physical verification of stores. Its inventory management is inappropriate as the management is not using a method of product identification with barcode. It was further observed that existing PIA software, PIA Online Store System (POSS), has not been improved and upgraded since long. Besides, there is no optimum utilization of services of a large number of IT department employees.

The audit is of the view that the Corporations has failed to carry out periodical inspections and thereby there is excessive balance of stores lying beyond the prescribed maximum period. Further, the management has not made optimum use of inventory management software and IT professionals to reduce inventory carrying costs, retrieve information on spare parts. This indicated weak inventory management and poor internal controls existing within the organization.

The matter was reported to management on 20-08-2018, but no reply was received.

This office requested the Principal Accounting Officer / the Secretary, Aviation Division, Islamabad for holding of DAC Meeting for finalization of the Audit Report after incorporation of the Management viewpoint vide letter No.137 /

Dir.-I / AC-I / Spl.Audit / PIAC Engg. & Maint.Deptt. / 2014 - 17 / 2019 dated 08.02.2019, 25.03.2019, 17.06.2019, 24.07.2019, 23.08.2019, 16.09.2019, 21.10.2019 and 14.01.2021. However, DAC was not convened by the Principal Accounting Officer till finalization of this Report (**Annex-A**).

Audit recommends fixing of responsibility on the person (s) at fault.

## **5. CONCLUSION**

### **5.1 Key Audit Findings:**

- xiii. Irregular expenditure on repair of aircraft engines without competitive bidding - USD 126.8 million equivalent to Rs 12,681.53 million
- xiv. Irregular expenditure on exchange of four engines - USD 5.556 million equivalent to Rs 527.814 million
- xv. Non-receipt of repaired engines from abroad after lapse of stipulated period
- xvi. Non-utilization of machine - USD 1.628 million equivalent to Rs 162.8 million
- xvii. Non-utilization of engines after repair & maintenance - USD 0.39 million equivalent to Rs 39.3 million
- xviii. Non-utilization of aircraft inventory - Rs 6.743 million
- xix. Non-pricing of 15,782 items of PIA aircrafts inventory
- xx. Loss due to non-recovery of liquidated damages - USD 0.28 million equivalent to Rs 28 million
- xxi. Non-disposal of surplus inventory - Rs 5,360.20 million
- xxii. Unjustified purchase of de-registered aircraft parts - Rs 196.95 million



- xxiii. Inappropriate Maintenance, Quality Assurance and Airworthiness Management System of ATR aircrafts
- xxiv. Poor inventory management due to non-conducting of physical verification of stores

## **5.2 Main Audit Recommendations**

- vi. Need assessment / analysis may appropriately be carried out to assess the requirements of end-users.
- vii. The management may put in place mechanism so that procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the Corporation and the procurement process is efficient and economical.
- viii. There should be clear policy for acquisition, use, replacement and disposal of the assets.
- ix. The management shall ensure timely maintenance, quality assurance and airworthiness management of aircrafts.
- x. The management may dispose of obsolete inventory of the aircraft parts and put in place the controls for disposal of surplus inventory.

## **ACKNOWLEDGEMENT**

We wish to express our appreciation to the management and staff of PIA Engineering and Maintenance Department for the assistance and cooperation extended to the auditors during this assignment.



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Office of the **DIRECTOR GENERAL**  
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No. 220 /Dir-III/Special Audit/PIA Engr./2014-17

Dated: 14-01-2021

**The Audit Officer (CA&E),**  
O/o the Auditor-General of Pakistan,  
Constitution Avenue,  
**Islamabad.**

*AS*  
14/1/21

**SUBJECT: SPECIAL AUDIT REPORT ON THE ACCOUNTS OF PIA  
ENGINEERING & MAINTENANCE DEPARTMENT FOR THE  
YEARS 2014-2017.**

Please refer to your office letter No. F-24/CA&E/SAR/PIA Engrin & Maint. 14-15/AY 18-19/723 dated 06-01-2021 on the subject cited above and justification for delayed subject audit report as under.

2. It is submitted that first draft of the Special Audit Report was issued to the management on 20-08-2018 for response of the same report.

3. Furthermore, Internal QCC meeting on the subject audit report was held on 13-14, January, 2020 and External QCC meeting was also held on 06-08-2020 to review the subject draft Special Audit Report. Different correspondence was also made with the AGP Office on the subject audit report, in addition, this office earlier correspondence vide letter dated 25-01-2019 to the Secretary Aviation Division, Govt. of Pakistan for holding of DAC meeting and even letter dated 25-03-2019, 17-06-2019, 24-07-2019, 23-08-2019, 16-09-2019 and 21-10-2019 (copies enclosed), however, DAC meeting was not convened by the Principal Accounts Officer (PAO) till finalization of this report.

4. Submitted for kind perusal and further necessary guidance, please.

*AS*  
(Altaf Ahmed Shaikh)  
Director General

**Annex-B Para -4.4.1 Non-disposal of surplus inventory**

<b>Aircraft Number</b>	<b>Description</b>	<b>Items</b>	<b>Qty</b>	<b>Cost (in Rupees)</b>
B-747-200	Consumable	13,239	368,924	727,096,998
	Consumable High Cost	111	407	72,336,765
	Consumable Recoverable	190	1,148	166,077,613
	Category E, G & J	158	2,472	13,568,476
B-747-300	Consumable	6,272	202,797	683,730,419
	Consumable High Cost	27	182	24,963,604
	Consumable Recoverable	80	2,375	92,967,227
	Category G	21	365	286,999
	Category J	47	85	25,630,841
F-27 (Foker)	Consumable	3,593	43,336	131,302,311
	Consumable High Cost	14	32	2,897,511
	Consumable Recoverable	46	115	13,575,700
	Category E	5	24	15,583
	Category I	54	260	346,181
	Category J	3	35	114,529
B-707	Consumable	1,151	114,074	17,924,536
	Consumable High Cost	10	48	3,965,487
	Consumable Recoverable	16	193	6,554,801
	Category J	2	25	10,913
B-737	Consumable	10,337	906,392	622,004,207
	Consumable High Cost	28	87	17,024,322
	Consumable Recoverable	228	2,918	266,855,533
	Category G & J	103	1,726	24,392,642
A-310	Consumable	16,265	424,070	1,519,121,315
	Consumable High Cost	43	119	33,646,537
	Consumable Recoverable	263	1,283	141,112,105
	Category G & J	150	871	39,704,456
A-300	Consumable	2,560	37,045	28,084,245
	Consumable High Cost	7	22	1,929,331
	Consumable Recoverable	38	202	5,960,343
	Category G & J	32	1,200	37,181
B-777	Consumable	4,894	67,705	289,428,406
	Consumable High Cost	1	1	377,924
	Consumable Recoverable	307	437	114,076,588
	Category J	3	4	1,668,996
ATR	Consumable	2,548	52,022	224,170,809
	Consumable High Cost	1	4	863,492
	Consumable Recoverable	57	105	46,449,240
<b>Total</b>				<b>5,360,274,166</b>

<b>S. No.</b>	<b>Aircraft</b>	<b>Date of Induction</b>	<b>Date of De-registration</b>
1	AP-BCA	8-Jun-85	10-Jan-13
2	AP-BCB	8-Jun-85	17-Jul-13
3	AP-BCC	25-Jun-85	15-Jul-09
4	AP-BCD	25-Jun-85	Case pending due to Customs NOC
5	AP-BFT	28-Jun-85	15-Apr-15

6	AP-BCF	24-Jun-86	Case pending due to Customs NOC
7	AP-BEH	10-Sep-92	21-Aug-13
8	AP-BDZ	26-Jun-91	16-Sep-15
9	AP-BEB	31-Jul-91	5-Mar-15
10	AP-BEC	6-Sep-91	Case pending due to Customs NOC
11	AP-BEG	24-Sep-92	7-Sep-16
12	AP-BEQ	22-Dec-93	Case pending due to Nab proceedings
13	AP-BEU	12-May-94	26-Mar-18
14	AP-BGO	24-Dec-03	9-Feb-18
15	AP-BGP	10-Mar-04	2-Sep-18
16	AP-BGN	26-Mar-04	1-Jul-16

### Annex-C Para-4.4.2 Unjustified purchase of de-registered aircraft parts

Aircraft Number	Description	Inventory Received Period	Items	Qty	Cost (in Rupees)
B-747-200	Consumable	28.05.2013 to 19.05.2015	10	128	608,338
	Inventory Category E, G & J	04.06.2013 to 21.03.2014	3	8	3,871,260
	Consumable High Cost	14.04.2014 to 26.10.2014	3	36	8,516,472
	Consumable Recoverable	09.11.2013 to 08.08.2016	10	71	19,514,440
	Inventory Category E, G & J	18.01.2013 to 28.04.2016	10	318	67,354
	Consumable	11.01.2013 to 21.03.2017	585	54,682	27,812,567
B-747-300	Consumable	19.09.2016 to 14.10.2016	2	16	255,804
	Consumable	08.09.2016 to 24.03.2017	73	15,990	14,080,343
	Consumable Recoverable	14.11.2016 to 26.03.2017	4	370	7,515,167
B-737-300	Consumable	17.11.2016 to 05.01.2017	2	118	8,240
	Consumable	20.04.2015 to 30.03.2017	402	691,622	34,189,677
	Consumable Recoverable	27.05.2015 to 19.02.2017	10	327	28,284,661
	Inventory Category G & J	23.07.2015 to 05.01.2017	4	27	137,483
A-300	Consumable	31.12.2007 to 06.12.2012	10	402	604,750
	Consumable	13.03.2007 to 30.03.2017	84	2,019	1,440,136
	Consumable Recoverable	21.02.2007 to 29.08.2014	5	17	1,248,866
	Inventory Category G & J	18.09.2009 to 01.09.2012	6	126	4,244
F-27	Consumable	02.01.2006 to 14.07.2016	285	2,607	26,351,723
	Consumable (High Cost)	01.02.2006 to 17.08.2016	4	9	2,268,490
	Consumable	03.01.2006 to 20.09.2016	541	11,765	45,541,790
	Consumable (High Cost)	12.04.2006 to 29.12.2006	3	8	1,686,226
B-707	Consumable	03.03.2006 to 14.07.2016	13	1,449	776,686
	Consumable	02.01.2006 to 09.03.2017	213	63,844	1,806,714
<b>Total</b>					<b>226,591,431</b>