



**SPECIAL AUDIT REPORT
ON THE ACCOUNTS OF
UNIVERSITY OF ENGINEERING
AND TECHNOLOGY (UET) LAHORE**

**HIGHER EDUCATION DEPARTMENT,
GOVERNMENT OF THE PUNJAB
AUDIT YEAR 2020-21**

AUDITOR-GENERAL OF PAKISTAN

PREFACE

The Auditor-General of Pakistan conducts audit in terms of Articles 169 and 170 of Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 and 12 of the Auditor-General's (Functions, Powers and Terms & Conditions of Service) Ordinance, 2001. The special audit of University of Engineering & Technology (UET), Lahore was carried out accordingly.

The Directorate General of Audit, Punjab conducted Special Audit of University of Engineering & Technology (UET), Lahore for the Financial Year 2015-16 to 2019-20 during the audit year 2020-21 with a view to report significant findings to relevant stakeholders. Audit findings indicate the need for adherence to the regulatory framework besides strengthening of internal controls to avoid recurrence of similar violations and irregularities in future.

The report has been finalized in the light of the written responses of management and DAC meetings held in March, 2023.

The Report is submitted to Governor of the Punjab in pursuance of Article 171 of Constitution of the Islamic Republic of Pakistan, 1973 for causing it to be laid before the Provincial Assembly.



Dated:
Islamabad

(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

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ABBREVIATIONS & ACRONYMS

AGP	Auditor General of Pakistan
DAC	Departmental Accounts Committee
ESU	Engineering Service Unit
GST	General Sales Tax
IB&M	Institute of Business & Management
INTOSAI	International Organization of Supreme Audit Institutions
ISSAIs	International Standards for Supreme Audit Institutions
KICS	Al-Khwarizmi Institute of Computer Sciences
KSK	Kala Shah Kaku Campus
LRMS	Learning Management System
NAB	National Accountability Bureau
NRPU	National Research Project for Universities
ORIC	Office of Research, Innovation and Communication
PD	Project Director
Ph.D	Doctor of Philosophy
PEEDA	Punjab Employees Efficiency, Discipline and Accountability Act
POL	Petrol, Oil & Lubricants
PPRA	Punjab Procurement Regulatory Authority
PPRs	Punjab Procurement Rules
PST	Provincial Sales Tax
RECT	Rechna College of Engineering & Technology

TDF	Technology Development Fund
UET	University of Engineering and Technology
TTS	Tenure Track Statutes

EXECUTIVE SUMMARY

The Directorate General of Audit, Punjab conducted Special Audit of University of Engineering and Technology (UET), Lahore during the audit year 2020-21 for the period from financial years 2015-16 to 2019-20. Audit was conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs) as adopted by the Department of the Auditor General of Pakistan. Final audit findings were framed after considering the response from the auditee formation.

The main objective of the Special Audit was to test check compliance with authority as to whether internal controls structure existed so as to ascertain whether the moneys shown as expended in the accounts were duly authorized for the purpose for which they were spent. The audit examined in detail, if the expenditure incurred was in conformity with the applicable laws, rules and regulations, determining as to whether every item of expenditure was incurred with the approval of the competent authority, keeping in view the canons of financial propriety.

The report calls attention to a set of issues, including a consistent disregard of prescribed regularity framework, irregularities in appointments, inappropriate use of funds and lack of transparency in procurements. It further emphasizes upon the need for strengthening internal controls and initiating cases for effective accountability of persons responsible for irregularities.

Key Audit Findings:

Some of the main findings incorporated in the report are enlisted below:

- i. Management was overlooking the criteria in appointments, up-gradations, regularization of contract employees on lump sum packages, also allowing irregular pay fixation

- with advance increments and payment of allowances in disregard of service statutes -Rs. 3,788.808 million,¹
- ii. Defaults of overpaid inadmissible allowances and payments made to absconding Ph.D scholars was still to be recovered-Rs. 1451.761 million,²
 - iii. Non-adjustment of temporary advances/loans remained unresolved -Rs. 1,094.314 million,³
 - iv. Recovery was made out for payment of testing/consultancy share unduly disbursed to employees not involved in the core activity-Rs. 99.047 million.⁴
 - v. Irregularities related to poor financial management included provision of electricity on subsidized rate to residents of the university-Rs. 41.19 million,⁵
 - vi. Undue taxation on investment of the university Rs. 22.900 million,⁶ was consistently detected with cases of inefficient fund management -Rs. 47.83 million,⁷
 - vii. Misclassification of booked expenditure was aggravated by violation rules -Rs. 811.32 million,⁸
 - viii. Non-recovery of risk and cost default from contractors and liquidated damages in enforcement of contract could not be prevented. Non-revalidation of bank guarantees and non-obtaining of additional performance security Rs. 542.657 million were also to be taken cognizance of⁹

1 4.1.1, 4.1.2, 4.1.4, 4.1.5, 4.1.6, 4.1.7, 4.1.9, 4.1.10, 4.1.13

2 4.1.11, 4.2.1.1, 4.3.1.2

3 4.2.2.1

4 4.2.1.3

5 4.2.1.5

6 4.2.4.1

7 4.2.3.1

8 4.3.2

9 4.4.1.1, 4.4.2.3, 4.4.2.5

- ix. Non-auction of university premises Rs. 115.227 million also come to surface.¹⁰

Recommendations:

Audit recommends:

- i. To de-notify the irregular appointments and regularize issues lacking legal cover. To submit summaries for The Chancellor, seeking revision in service statutes regarding regularization of the overpaid and unlawful allowances.
- ii. To affect recoveries from employees on account of excess/inadmissible payment of pay and allowances and payments made to absconding Ph.D scholars.
- iii. To adjust advances on timely basis.
- iv. To do away with unjustified payments on account of testing/consultancy share to employees, losses due to provision of electricity on subsidized rate, less deduction of taxes by the university and under charging of income tax on profit on investment of the university withheld by the bank and investment funds efficiently.
- v. To conduct thorough probe into the cases of losses, gross negligence, irrational exercise of power viz-a-viz utilization of university funds besides fixing of responsibility along with affecting recovery from delinquents and beneficiary contractor.
- vi. To make recoveries on account of overpayments and liquidated damages from the contractors in development projects.
- vii. To optimize rental proceeds of the leased-out university premises outsourced for provision of services.

1. INTRODUCTION

The Special Audit of University of Engineering and Technology (UET), Lahore was conducted by the Directorate General of Audit, Punjab during the audit year 2020-21 on the request of the Higher Education Department vide letter No. SO (Univ.) 2-2/2019-P dated 10.06.2020 with a view to reporting significant findings to the relevant stakeholders. Prior to this, a detailed inquiry was carried out by the Chief Minister's Inspection Team for detection of instances of maladministration in University. In terms of findings of Chief Minister's Inspection Team contained in its inquiry report, the course of action for conducting special audit of the entity by the Auditor General of Pakistan had also been proposed. The execution of Audit was accordingly approved by the Auditor General of Pakistan for the audit year 2020-21 for the period covering Financial Years 2015-20.

Audit undertook scrutiny of financial statements and transactions including an evaluation of compliance with applicable statutes, rules and regulations and it included audit of internal controls and review of internal audit evaluations of the entity. In addition to this, audit coverage also pertained to value for money evaluations also embedded in audit findings, utilizing financial and other resources, including the examination of information systems, performance measurement tools, monitoring arrangements, and procedures followed by auditee organization for remedying the identified deficiencies.

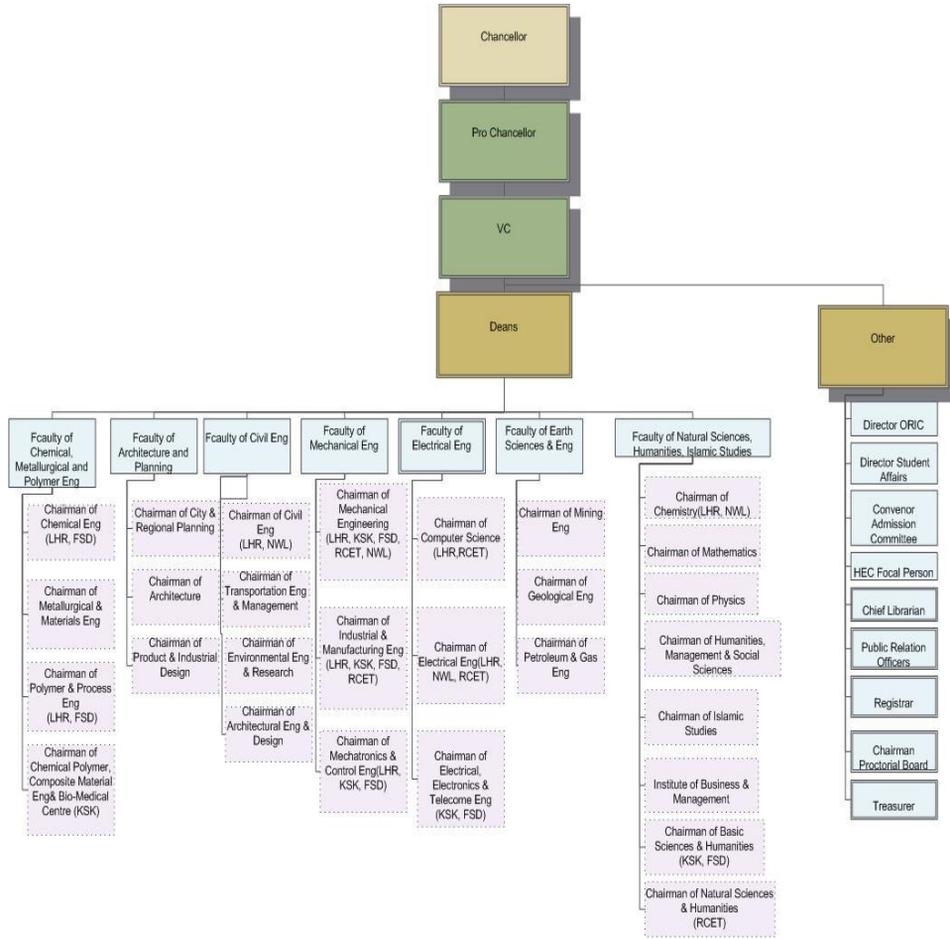
Budget & Expenditure:

The year-wise budget and expenditure of the entity was as under:

Rupee in million

Sr. No.	Financial Year	Grant from HEC	University own sources	Total Revenue	Total Expenditure
1	2019-20	1,827.58	2,050.97	3,878.54	3,921.73
2	2018-19	1,731.09	1,844.00	3,575.09	3,742.16
3	2017-18	1,670.36	1,619.96	3,290.32	3,438.70
4	2016-17	1,535.54	1,891.07	3,426.61	3,264.14
5	2015-16	1,540.57	1,421.62	2,962.19	2,838.88
Total		8,305.14	8,827.61	17,132.76	17,205.61

1.1 Organogram



(Source web site of UET Lahore, accessed on 23-05-2022)
<https://www.uet.edu.pk/administration/aboutadministration/index.html?RID=organogram>

2. AUDIT OBJECTIVES

The audit aimed at assessing whether prerequisites of compliance with authority to abide by rules, regulations and instructions were being duly observed in the case of expenditure made and government receipts collected. The main objectives of the audit were to assess:

- i. Whether recruitment processes were fair and transparent;
- ii. Whether the expenditure incurred was in conformity with the applicable laws, rules and regulations;
- iii. Whether transparency and competitiveness in procurement process was ensured;
- iv. Whether civil work/construction work was done in accordance with PC-I and as per works specifications;
- v. Whether proper record for enabling trail of subsidiary accounts and inventory retention was being maintained;
- vi. Whether work load/job description of teaching and non-teaching staff was made in accordance of applicable rules and regulations;
- vii. Whether the canons of financial propriety were observed in realization of revenue receipts as well as while incurring of expenditure; and whether every item of expenditure was incurred with approval of the competent authority;
- viii. Whether physical existence of assets with relevant specifications could be verified by test checking and walkthroughs.
- ix. Whether academic review of research and development, learning competency of the learners have been strengthened to have a reasonable assurance for optimal value addition by respective teaching faculties on the strength of UET;

3. AUDIT SCOPE & METHODOLOGY

The audit scope included scrutiny of accounts of the University of Engineering & Technology, Lahore for the period from July, 2015 to June, 2020, involving an expenditure of Rs. 17,205.61 million for non-development operating expenses and Rs. 3,209.084 million for development schemes respectively.

Audit is conducted in accordance with International Standards for Supreme Audit Institutions (ISSAIs) as adopted by the Department of the Auditor General of Pakistan.

Terms of Reference (TORs) for the special audit were as under:

- i. To examine complete record of recruitment of teaching and non-teaching staff as per approved Service Statute of UET, Lahore;
- ii. To examine expenditure of non-development budgetary allocations of last five years (2015-20), with respect to the probity and propriety of the same;
- iii. To assess adherence to the provisions of PC-I and fulfillment of all codal and procedural formalities;
- iv. To examine whether civil work/construction work was done in accordance with PC-I and as per works specifications;
- v. Scrutiny of financial record including but not limited to cash books, bank statements, stock registers, ledgers, financial statements, assets register and lists of cheques;
- vi. To examine work load/job description of teaching and non-teaching staff in the light of government instructions;

- vii. To examine deviations, if any, regarding implementation of PFR, statutory provisions, rules, policies and instructions of government for projects;
- viii. To examine inflows into unified university fund account and investment portfolio;
- ix. Verification of qualifications, degrees and diploma certificates of employees.

The Audit is executed within the capacity constraints through review of documents, data analysis and interviews of stake holders. The Audit is planned keeping in view the risk assessment, compliance with authority instructions and allocation of resources and man days to fetch better output.

4. AUDIT FINDINGS AND RECOMMENDATIONS

4.1 Organization & Management

This chapter highlights the administrative anomalies such as instances of up-gradation of posts, want of Chancellor's approval of terms and conditions of the incumbents of the posts governed by lump sum packages, appointments without advertisement and in violation of service statutes and rules. Audit findings also make a mention of irregularities in processes of regularization.

Moreover, audit further pointed out that wastage of university resources due to delivery of lesser number of lectures below the benchmarks prescribed by PEC on the part of teaching staff also came to surface, besides non-achievement of project objectives both of which turned out to be major challenges for improving efficiency of the entity.

4.1.1 Irregular payment of pay and allowances without Chancellor's approval -Rs. 1,532.97 million

As provided under sub section 2 (ii) of section 29 of the UET Act, 1974 "the draft of statutes concerning any of the matters mentioned in clauses (a) and (b) of sub section (1) envisaged that case relating to "the scales of pay and any other terms and conditions of service of officers, teachers and other employees of the University", shall be forwarded to the Chancellor and shall not be effective until it has been approved by the Chancellor.

During Special Audit of the UET, Lahore for the financial year 2015-20, it was observed that certain posts were upgraded, Special Incentive/Disturbance Allowance, Teaching Allowance, Director Allowance, Campus Coordinator Allowance, Weapon Allowance without approval of the Chancellor. Dean/Chairman/Warden/ Resident Teacher

Allowance were paid at higher rate to employees in their monthly pay without approval of the Chancellor which was evidently contrary to above rules. The detail is given in Annexure (1).

Amount in Rs.

Sr. No.	Title of Para	Nature of Irregularity	Amount (Rs.)
1	Irregular payment of salary against upgraded posts without approval of Chancellor-Rs. 1,343,191,440	Up gradation of posts without approval of the Chancellor. 621 employees working on the posts in June 2020	1,343,191,440
2	Irregular payment of Special Incentive/ Disturbance Allowance-Rs. 98,748,005	Special Incentive/ Disturbance Allowance paid without approval of the Chancellor	98,748,005
3	Irregular payment of Teaching Allowance-Rs. 46,689,713	Teaching Allowance paid without approval of the Chancellor	46,689,713
4	Irregular grant of next personal scale to 35 officers	Irregular grant of next personal scale to 35 officers without approval of Chancellor	21,858,420
5	Irregular payment of Dean/Chairman/Director/Campus Coordinator Allowance-Rs. 13,658,616	Dean/Chairman allowance paid at higher rate and Director Campus Coordinator allowance paid without approval of the Chancellor	13,658,616
6	Irregular payment of Weapon Allowance without the approval of Chancellor-Rs. 8,058,969	Weapon Allowance paid without approval of the Chancellor	8,058,969
7	Irregular payment of Warden/ Resident Teacher Allowance-Rs. 765,561	Warden/ Resident Teacher Allowance paid at higher rate without approval of the Chancellor	765,561
Total			1,532,970,724

Audit is of the view that up-gradation of posts and payment of allowances without approval the Chancellor was due to weak administrative controls resulted into irregular payments of pay and allowances Rs.1,532,970,724.

The matter was pointed out to the university management in June, 2021. The management replied regarding para at Sr. No. 1 & 4. Regarding para at Sr. No. 2, the management contended that the Syndicate approved

the grant of Special Incentive. Approval of the Chancellor was not needed as no changes were made to the scales of pay and other terms and conditions of service of employees. Regarding para at Sr. No. 3, the management stated that observation has been noted. Regarding para at Sr. No. 5, the management stated that the allowance was allowed by the Vice Chancellor/Syndicate which is covered under the University of Engineering and, Technology Employees (Revision of Pay Scale-Scheme and Fringe Benefits) Statues, 1983. Regarding para at Sr. No. 6, it was stated that weapon allowance was approved by the Syndicate. Regarding para at Sr. No. 7, management stated that the Resident Tutor Allowance was allowed in accordance of Section 13 Clause (B) of Statues, 1983 of the university. Reply of the department was not tenable as approval of the Chancellor was not obtained. Similar para No.4.1.1 was raised during special audit of Lahore College for Women University Lahore 2010-20 reflecting systemic issue in universities.

The matter was also reported to the PAO. The DAC meeting was held on 2nd March, 2023. The DAC kept the paras at Sr. No. 1, 3, 5, 6 & 7 pending for ex-post facto approval/approval of the chancellor failing which recovery be made in the matter. The para at Sr. No. 2 was kept pending for showing compliance in the matter. The para at Sr. No. 4 was kept pending with the direction to get it regularized from Finance Department.

Further progress was not reported by the department till the finalization of this report.

Audit recommends for obtaining ex-post facto approval of the Chancellor besides strengthening of internal controls.

(AIR 2015-20 Special Audit UET-Paras 259, 53, 54, 437, 57, 46 & 56)

4.1.2 Non-Compliance with Approval Requirements for Consolidated Salary Appointments Resulting in Rs. 465.175 Million

As provided under sub section 2 (ii) of section 29 of the UET Act, 1974 “the draft of statutes concerning any of the matters mentioned in clauses (a) and (b) of sub section (1) envisaged that case relating to “the scales of pay and any other terms and conditions of service of officers, teachers and other employees of the University”, shall be forwarded to the Chancellor and shall not be effective until it has been approved by the Chancellor.

During Special Audit of UET, Lahore for the financial years 2015-20, scrutiny of payrolls, minutes of syndicates, personal files revealed that large numbers of contract appointments were made on lump sum / consolidated salary package basis without approval from the Chancellor which was contrary to above cited rules. Appointment on same designation was made with the anomaly that appointees of similar posts were extended salary package at variance from each other. The detail is given in Annexure (2).

Amount in Rs.

Sr. No.	Title of Para	Nature of Irregularity	Amount (Rs.)
1	Irregular appointments of teaching non-teaching staff on lump sum package in IB&M- Rs. 172.610 million	appointment of all staff on lump sum pay package in IB&M Department	172,610,000
2	Irregular appointments on consolidated/ lump sum salary basis Rs. 159,375,000	appointment 33 employees on lump sum pay package in UET Lahore	159,375,000
3	Irregular appointments of professors after retirement on lump sum basis- Rs. 91,470,000	Re-employment of 13 Professors on lump sum package	91,470,000
4	Irregular appointment of Director KICS on consolidated package of Rs. 450,000 p.m. irregular payment of- Rs. 41,720,000	Appointment of 1 officer on lump sum pay package	41,720,000
Total			465,175,000

Audit is of the view that weak administrative control resulted into payment of lumpsum pay package for Rs.465,175,000 without approval of the Chancellor.

Payment of lumpsum pay package without approval of the competent authority.

The matter was pointed out to the university management in June, 2021. The management replied regarding para at Sr. No. 1 above that appointment of teaching and Non-Teaching staff at IB&M was under the rules approved by the Syndicate in its 5/2013 meeting held on 19.12.2013. reply was not tenable as the syndicate do not have power to make rules against the Act of the university which required approval of the Chancellor for Scale of pay and terms and conditions. Regarding para at Sr. No. 2, it was replied that Selection Board of the university was empowered to recommend the name of the suitable candidates for appointment to teaching and other posts and may also recommend the grant of higher initial pay under Section 7, Clause 1 sub clause (i) of the Schedule of First Statutes of the University of Engineering and Technology Act 1974. Audit is of the view that the Selection Board have only power to recommend for appointment against the posts for which scale of pay and terms and conditions have been decided by the Chancellor. Regarding para at Sr. No. 3, it was replied that the retired professors having Ph.D. qualification were appointed on contract basis as per HEC letter dated 18.04.2007. reply is not tenable as HEC allowed appointment of retired professors but lump sum package was not got approved from the Chancellors as required by the Act of the university referred in criteria. Regarding para at Sr. No. 4, no reply was offered by the management.

The matter was also reported to the PAO. The DAC meetings were held on 2nd, 3rd & 10th March, 2023. The DAC kept the paras at Sr. No. 1 & 2 pending for ex-post facto approval/ approval of the chancellor. The

para at Sr. No. 3 was kept pending for regularization from Finance Department. The para at Sr. No. 4 was kept pending for verification of record.

Further progress was not reported by the department till the finalization of this report.

Audit recommends for obtaining ex-post facto approval of the Chancellor or regularization from Finance Department besides strengthening of internal controls to avoid reoccurrence of such lapses.

(AIR 2015-20 Special Audit UET-Paras 99, 87, 67 & 344)

4.1.3 Non production of record for-Rs. 456.465 million

According to Section 14 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, the officer in-charge of any office or the department was obliged to afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition. Any person or authority hindering the auditorial function of the Auditor General regarding inspection of accounts is to be subject to disciplinary action under relevant efficiency and discipline rules. Further, Punjab Finance Department's letter No.FD(MI)III-2/87(P-III) dated 22-02-1994 provides that DDO himself will be responsible for production of record to audit party at the time of audit and that in case of any lapse on his part, severe disciplinary action will be taken against him by the administrative secretary personally apart from submitting a report to the Chief Minister/Chief Secretary.

During Special Audit of University of Engineering & Technology (UET), Lahore for the period 2015-20, it was observed that auditable record, vouchers, invoices and bills regarding payments made amounting to Rs. 456,465,509 were not produced for audit scrutiny. The detail is given in Annexure (3).

Audit is of the view that lapse occurred due to weak supervisory and internal controls.

The matter was pointed out to the university management in June, 2021. The management did not offer any reply despite issuance of reminders.

The matter was also reported to the PAO. The DAC meetings were held on 8th, 10th & 14th March, 2023. The DAC kept the paras at Sr. No. 1, 2, 7, 8 & 11 pending for verification of record. The paras at Sr. No. 3, 5 & 13 were kept pending for production of complete record. The paras at Sr. No. 9 & 10 were kept pending for enquiry at university level. The para at Sr. No. 4, 12 & 14 were kept pending for compliance.

Further progress was not reported by the department till the finalization of this report.

Audit recommends implementation of DAC's directives/instructions.

(AIR 2015-20 Special Audit UET-Paras 449, 267, 377, 388, 368, 375, 264, 378, 387, 389, 436, 443, 384 & 110)

4.1.4 Violation of Recruitment Advertisement Requirements Leading to Irregular Payments of Rs. 414.384 million

As per Sr. No. (VIII) (ii) of contract appointment policy notified vide No.DS(O&M)5-3/2004/Contract(MF) dated 29-12-2004, Supreme Court of Pakistan in its judgment dated 19.01.1993 in Human Rights Case No. 104 of 1992, enunciated that recruitments, both adhoc and regular, without publicity and properly advertising the vacancies, were violative of fundamental rights. As such, no post could be filled in without proper advertisement, even on ad hoc or contract basis. The contract appointment policy was adopted by the university with the approval of Syndicate in its meeting dated 29-11-2005.

During Special Audit of UET, Lahore for the financial year 2015-20, it was observed that appointments of all staff of KICS department and five officers of the university were made without resorting to advertisement in press which was contrary to contract appointment policy. This deviation and departure from binding condition of recruitment after prior advertisement of posts resulted into irregular payment of Rs. 414,384,582. The detail is given in Annexure (4).

Appointments without advertisement was due to weak administrative controls resulted into non-transparent recruitment process and appointment on pick and choice basis.

The matter was reported to the University Management during May & June, 2021. The management replied that hiring of employees at KICS was conducted on contract basis through a Hiring Committee as per 'Hiring Policy' approved by the competent forum i.e. Board of Governors (BoG). No hiring was made without complying with the merit but the merit lists were not made part of the employee file. However, in order to comply with audit observation, the HR Department will maintain a merit list and will make it a part of the employees' file in future. Reply of the department is not tenable as BoG of KICS has no power to relax the contract appointment policy adopted by the university. Regarding para at Sr.No.2, 3 & 5 to 7 of the Annexure-4, the management did not offer any reply despite issuance of reminders.

The matter was also reported to the PAO. The DAC meetings were held on 2nd, 3rd, 8th & 10th March, 2023. The DAC kept the paras at Sr. No. 1, 3, 6 & 7 pending for a probe at university level. The paras at Sr. No. 2 & 5 were kept pending for verification of record. The para at Sr. No. 4 was kept pending for its regularization from Finance Department.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to regularize the matter from Finance Department besides strengthening of internal controls to avoid such lapses in future.

(AIR 2015-20 Special Audit UET-Paras 116, 268, 279, 69, 266, 347& 345)

4.1.5 Appointments exceeded sanctioned strength or lacked post approval-Rs. 147.678 million

As provided under sub section 2 (ii) of section 29 of the UET Act, 1974 “the draft of statutes concerning any of the matters mentioned in clauses (a) and (b) of sub section (1) envisaged that case relating to “the scales of pay and any other terms and conditions of service of officers, teachers and other employees of the University”, shall be forwarded to the Chancellor and shall not be effective until it has been approved by the Chancellor. Section 24 (2)(r) states syndicate have power to create, suspend or abolish such administrative, research, extension or other posts as may be necessary.

During Special Audit of UET, Lahore for the financial year 2015-20, it was observed that management made appointments either in excess than sanctioned posts as part of establishment strength or appointees to post were adjusted where such vacancies did not exist in the Service Statutes which was contrary to the above cited rules.

The detail is given in Annexure (5).

Amount in Rs.

Sr. No.	Title of Para	Nature of Irregularity	Amount (Rs.)
1	Irregular payment of Pay & Allowances beyond the sanctioned posts-Rs. 73,584,871	Posting beyond sanctioned posts. Drawn for 158 excess posts during 15-16 and 11 posts during 19-20	73,584,871
2	Irregular appointments against posts without approval of pay	Appointment 33 officers without having post in	60,548,894

Sr. No.	Title of Para	Nature of Irregularity	Amount (Rs.)
	scale and terms & conditions from Chancellor-Rs. 60,548,894	service statutes	
3	Irregular appointments of Horticulturists-Rs. 9,544,695	Appointed 3 horticulturists without having post in the service statutes	9,544,695
4	Irregular appointments of Director P&D-Rs. 4,000,000	Appointed 1 officer without having post in the service statutes	4,000,000
Total			147,678,460

Audit is of the view that weak administrative controls resulted into irregular appointments and compromised governance.

The matter was pointed out to the University Management in June, 2021. The management replied regarding para at Sr. No. 1 that the appointments were made according to dire need of the University. Generally, the candidates for senior positions were not available in the market. Due to this shortage, Lecturers and Assistant Professors were hired to meet the student-teacher ratio as desired by PEC. Regarding para at Sr. No. 2 & 3, management replied that observation had been noted for compliance. Regarding para at Sr. No. 4, the management replied that the appointment was made on the recommendations of the Selection Board and with the approval of Syndicate.

The Audit held that the management response regarding para at sr. no.1 that appointments in excess than sanctioned strength on the ground of shortage of senior staff in unjustified as recruitments were made without approval of Syndicate. Regarding para at sr. no.2, 3 & 4 did not provide current status of approval process of statutes from the Chancellor.

The matter was also reported to the PAO. The DAC meetings were held on 2nd & 3rd March, 2023. The DAC kept the para at Sr. No. 1 pending for verification of record. The paras at Sr. No. 2 & 3 were kept

pending for ex-post facto approval from Chancellor. The para at Sr. No. 4 was kept pending for its regularization from Finance Department.

Further progress was not reported by the department till the finalization of this report.

Audit recommends that either ex-post facto approval from the Chancellor be obtained or get the irregularity condoned with the approval of Finance Department, a policy may be developed to meet the emergency requirement of staff besides strengthening of controls to avoid such lapses in future.

(AIR 2015-20 Special Audit UET-Paras 91, 74, 61 & 73)

4.1.6 Irregular payment to 147 Assistant Professors not obtained Ph.D degree - Rs. 1,031.94 million

As per eligibility conditions for appointment of faculty in Engineering Information Technology, and Computing disciplines in the University and Degree awarding institutes given in service statutes of 2007, Assistant Professor shall have minimum qualification of master degree in relevant field till 2010 and with incremental progression, 30% should be Ph.Ds after 2010, by the end of 2012, 60% assistant professors should be Ph.Ds and by the end of 2015 100% should be Ph.Ds in the relevant field from an HEC recognized University / Institution.

During Special Audit of University of Engineering & Technology (UET), Lahore for the period 2015-20, it was observed that 147 number of assistant professors had not obtained degree of Ph.D in violation of service statutes as was evident from the statement of faculty sent to HEC for 2019-20, which resulted into irregular payment of Rs. 1,031,940,000 (147 Assistant professors x Rs. 130,000 pay per month x 54 months [1/2016 to 6/2020])

Weak administrative controls resulted into non-improvement of qualification of faculty and non-improvement of quality of education by the university.

The matter was pointed out to the University Management in June, 2021. The management replied that the Higher Education Commission of Pakistan during its 31st meeting held on 11.01.2016 had reviewed its earlier decision taken in its 25th meeting held on 08.03.2012 conveyed to the Universities vide HEC letter No. DG-QA/HEC/FA (50)/20212/212 dated 20.04.2012 and decided that “cutoff date for raising minimum qualification of Assistant Professor in Universities to level of Ph.D had been extended up to 01.01.2018, vide HEC letter No. 1-4 (FAC)/QA/2017.

Reply of the department was not tenable as even the extended date to improve qualification had also lapsed in 2018 and obtaining of qualification of Ph.D for Assistant Professors was mandatorily required by the service statutes 2007 but management did not strictly implemented the rules for improving qualification and quality education.

The matter was also reported to the PAO. The DAC meeting was held on 2nd March, 2023 and kept the para pending for seeking clarification from Higher Education Commission, Islamabad. The same shall be shared with Higher Education Department.

Further progress was not reported by the department till the finalization of this report.

Audit recommends that policy may be devised for forcing faculty to improved qualification and setting up a monitoring mechanism to track qualification compliance as per policy and take action in case of non-compliance.

(AIR 2015-20 Special Audit UET-Para 66)

4.1.7 Irregular appointments having lack of publications, experience and overage appointment -Rs. 120.374 million

As per section 14(1) of the University of Engineering and Technology's Act 1974, the Vice-Chancellor shall be the principal executive and academic officer of the University and shall ensure that the provisions of this Act, the Statutes, the Regulations and the Rules are faithfully observed in order to promote teaching, research, publication, administration and the general efficiency and good order of the University. He shall have all powers necessary for this purpose including administrative control over all officers, teachers and other employees of the University.

During Special Audit of UET, Lahore for the financials year 2015-20, it was observed that appointments were made contrary to required experience, qualification as approved in the Service Statutes, given the position that appointees/beneficiaries had lesser publications to their credit. The appointments made were over age had also been taken recourse to and the beneficiaries were also enjoying placements in higher BPS than the entitlement. These appointments stood held irregular due to violation of rules and resulted into irregular payment of Rs. 120,374,410. The detail is given in Annexure (6).

Audit is of the view that weak supervisory control resulted into irregular appointments due to non-verification of experience and other credentials.

The matter was pointed out to the University Management in June, 2021. The management replied regarding para at Sr. No. 1 of the Annexure-6 that Professor joined Civil Engineering Department of this University as Associate Professor on 29.05.1999. Later, he was appointed as Professor (TTS) on one-year probation period w.e.f. 01.08.2009 in accordance with the conditions prescribed in approved TTS Statutes 2006.

Regarding para at Sr. No. 3, it was replied that the appointments were made on the recommendation of Selection Committee/Board. Regarding para at Sr. No. 5, 7 & 14, the management replied that observation had been noted for compliance. Regarding para at Sr. No. 6 it was stated that the Selection Board of the University recommended appointee for the grant of higher initial pay under Section 7 Clause 1 sub clause (i) of the schedule of First Statutes of the University of Engineering and Technology Act 1974. Regarding para at Sr. No. 8, it was replied that the appointment was made with the approval of VC under section 14 (4)(viii) of Powers and duties of the Vice Chancellor. Regarding para at Sr. No. 11, it was replied that the then Vice-Chancellor appointed Administrative Officer at Faisalabad Campus of this University on short term contract basis at consolidated salary of Rs. 6990 per month. Thereafter, the post of Admin Officer was advertised and he was appointed having 18 years of experience in total (10 years of experience before his appointment at UET Faisalabad Campus and 8 years of experience as Administrative Officer at UET Faisalabad Campus). Regarding para at Sr. No. 12 replied that the post of Naib Qasid was advertised in the press and the candidates having higher qualification were preferred. The appointment was made with the recommendation of the Selection Committee and with the approval of the Vice Chancellor. Regarding para at Sr. No. 2, 4, 9, 10, 13, 15, 16 & 17, the management did not offer any reply.

Audit is of the view that the aspersions on qualification are not refuted by the management at any stage. Replies of the department are not tenable are evidently without support of documentary evidence. Appointments in contrary to criteria is creating bad reputation and operational inefficiencies.

The matter was also reported to the PAO. The DAC meetings were held on 2nd, 3rd, 8th, 10th & 14th March, 2023. The DAC kept the paras at Sr. No. 1, 15 & 16 pending for probe at university level with the directions

that its report be submitted to the Administrative Department within 30 days. The paras at Sr. No. 2, 4, 5, 6, 7 & 13 were kept pending for verification of record. The paras at Sr. No. 3, 11 & 14 were kept pending for its regularization from Finance Department. The para at Sr. No. 8 was kept pending with the direction to submit point wise revised reply with documentary evidence to audit for verification. The para at Sr. No. 9 was kept pending with the direction to seek advice from Law Department regarding irregular appointment of Treasurer. Moreover, the case should be routed through Higher Education Department. The paras at Sr. No. 10 & 17 were kept pending for production with the direction to produce complete record. The para at Sr. No. 12 was kept pending for making recovery of over payment from GP Fund balance or any other dues or under the Land Revenue Act.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to fix the responsibility against who allowed appointment not meeting the criteria, strict compliance to Act and Statutes be ensured for appointments besides implementation of DAC's directives/instructions.

(AIR 2015-20 Special Audit UET-Paras 70,260,108,343,60,109,112,63,439,438,51,72,258,71,348,350&440)

4.1.8 Grant of advance increments without having approved criteria-Rs. 103.097 million

As per Sr. No. 7 of Annexure-I of the guidelines issued by the Higher Education Commission of Pakistan vide Ref.CON.QA/HEC/TTS-105/01/15 dated 20-1-2016, states that University's TTS criteria approved by the Syndicate/BOG shall be provided otherwise advance increments will not be endorsed. Later on, the syndicate have approved the criteria in its 1/2018 meeting held on 24-2-2018 for TTS faculty and prior to said approval advance increment was not legitimate.

As provided under sub section 2 (ii) of section 29 of UET Act, 1974 “the draft of statutes concerning any of the matters mentioned in clauses (a) and (b) of sub section (1) envisaged that “the scales of pay and any other terms and conditions of service of officers, teachers and other employees of the University”, shall be forwarded to the Chancellor and shall not be effective until it has been approved by the chancellor.

During Special Audit of UET, Lahore for the financial year 2015-20, it was observed that management had granted advance increments on the ground of additional qualification/ experience to employees without having approved criteria and authorization from the syndicate/ Chancellor in violation of above instructions/rules. The detail is given in Annexure (7).

Amount in Rs.

Sr. No.	Title of Para	Nature of Payment	Amount (Rs.)
1	Irregular payments to TTS staff on account of advance increments without having approved criteria-Rs. 66,250,173	Advance increments paid to 49 TTS employees without having approved criteria	66,250,173
2	Irregular grant of 776 advance increments to 172 employees recovery thereof Rs. 19,871,670	Advance increments granted without approval of Chancellor and without any approved Criteria	19,871,670
3	Advance increments made to 246 employees	Advance increments granted to non-teaching staff without approval of Chancellor and without any approved Criteria	11,490,188
4	Irregular payments of additional/ advance increments without approved criteria-Rs. 5,485,870	Advance increment paid to employees without having approved criteria	5,485,870
Total			103,097,901

Audit is of the view that weak administrative and financial controls resulted into payment of advance increments without having approved criteria and authorization.

The matter was pointed out to the University Management in June, 2021. The management replied regarding para at Sr. No. 1 that advance increment to TTS staff were awarded on the recommendation of selection board in accordance with the approved criteria by syndicate in its meeting dated 26.08.2015. Regarding para at Sr. No. 2 & 3 management did not offer any reply. Regarding para at Sr. No. 4, management replied that the appointments were made on the recommendation of the Selection Board and the Board was empowered to recommend the grant of higher initial pay to the Syndicate under Section 7 Clause 1 sub clause (i) of the Schedule of First Statutes of the University of Engineering and Technology Act 1974.

The replies of the department were not tenable as department could not place reliance on any duly approved criteria for grant of advance increments to employees.

The matter was also reported to the PAO. The DAC meetings were held on 2nd, 3rd & 10th March, 2023. The DAC kept the para at Sr. No. 1 pending with the direction to conduct a probe at university level to ascertain reason for delay and its report be shared with Administrative Department within 30 days. The para at Sr. No. 2 & 3 was kept pending for production of minutes of meeting of Selection Board/ recommendations including notification with evidence be produced to audit for verification. The para at Sr. No. 4 was kept pending with the direction to provide minutes of Selection Board and appointment orders to audit for verification purpose.

Further progress was not reported by the department till the finalization of this report.

Audit recommends implementation of DAC's directives/ instructions or affect recovery besides obtaining approval from the Chancellor for advance increments criteria.

(AIR 2015-20 Special Audit UET-Paras 62, 351, 450 & 82)

4.1.9 Unjustified payment of Better Incentive Allowance due to non-adoption of TTS version 2 -Rs. 69.724 million

HEC issued Tenure Track Process Statutes Version.1 which was adopted by the UET Lahore. As per clause 2.7.5 of Tenure Track Process Statutes 2006 of the UET Lahore, faculty members who do not join the Tenure Track System would be eligible to contest for Better Incentives. However, in supersession of above concession, the HEC have issued Tenure Track Process Statutes Version.2 in 2007 deleting the provision for Better Incentives.

During Special Audit of University of Engineering & Technology (UET), Lahore for the period 2015-20, it was observed that the university have adopted Tenure Track Process Statutes Version.1 (issued by the HEC) in 2004 and there was a provision for payment of better incentives to non TTS faculty based on the criteria given in the statutes. The HEC have issued Tenure Track Process Statutes Version.2 in 2007 (updated in 2008) and there was no provision for payment of Better Incentives to non TTS faculty. Audit observed that the University Management had made payment of Rs. 69,724,504 on account of better incentives, during 2015-20 to non TTS faculty which was a non-admissible period for such allowance. The detail is given in Annexure (8).

Due to weak administrative controls and decision making gap caused into non-implementation of Tenure Track Statutes Version.2 resulted into unjustified payment of Rs. 69.72 million on account of better incentives allowance to non TTS staff.

The matter was pointed out to the University Management in June, 2021. The management replied that the Honorable Chancellor of the University approved the TTS Statutes on 25.04.2006 and same was implemented in the University. The University drafted TTS Statutes in 2008 and then in 2010 through Syndicate and Senate and same was sent to

Secretary HED Govt. of the Punjab for gracious approval of the Honorable Chancellor vide letter No. Univ/Regu-III/10/952 dated 24.11.2010. In reply the statutes were returned back in 2015 being time barred. Meanwhile, the Syndicate in its 3/2018 meeting held on 03.11.2018 approved HEC Tenure Track Statutes version 2.0 and decided full compliance of TTS statutes version 2.0 w.e.f. 21.12.2015 and the Honorable Chancellor will be requested through the HED for according Ex- post facto approval of the initial/original model TTS 2.0.

Reply of the department was not tenable as the Syndicate had implemented the Tenure Track Process Statutes Version.2 with delay of a decade which resulted into unjustified payment of Better Incentive Allowance.

The matter was also reported to the PAO. The DAC meeting was held on 3rd March, 2023 and kept the para pending to conduct a probe at University level to ascertain reasons for delay in the matter and its report be submitted to Administrative Department as well as to audit.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to fix the responsibility for non-adoption of updated statutes, development of mechanism for timely implementation of updated regulations and guidelines, fix the responsibility besides implementation of DAC's directives/ instructions.

(AIR 2015-20 Special Audit UET-Para 81)

4.1.10 Irregular appointment of Assistant Professors on BPS after adoption of TTS statutes version 2.0 and qualification gap-Rs. 6.563 million

As per sr. no. 1.1 (e) of Model Tenure Track Process Statutes 2008 Version 2.0, once a University/Degree Awarding Institution has adopted the Tenure Track System of appointment no further appointment of Ph.D

degree holders may be made as Assistant Professors under the old (BPS) system. Such faculty members must be recruited under the Tenure Track scheme. The university have adopted the TTS Version 2.0 statutes in Dec - 2015.

As per eligibility conditions for appointment to faculty of Engineering Information Technology, and Computing disciplines in the University and Degree awarding institutes given in service statutes of 2007, Assistant Professor shall have minimum qualification of master degree in relevant field till 2010. After 2010 30% should be Ph.Ds, after 2012 60% should be Ph.Ds and by the end of 2015 100% should be Ph.Ds in the relevant field from an HEC recognized University / Institution.

During Special Audit of UET Lahore for the period 2015-20, it was observed that the university appointed seven Assistant Professors on BPS contrary to TTS statutes mentioned above and incurred expenditure of Rs. 6,563,464 (Annexure-9). As per TTS Statutes University cannot appoint Assistant Professors on BPS after the adoption of TTS Statutes version 2.

Further, three faculty members were appointed as Assistant Professors without having Ph.D degrees which was contrary to the service statutes of the university stated above and reflecting favoritism.

Audit is of the view that lapse occurred due to weak administrative controls resulted into irregular appointments and salary payment of Rs. 6,563,464.

The matter was pointed out to the University Management in June, 2021. The management did not offer any reply despite issuance of reminders. Management neither have justification nor committed for rectification.

The matter was also reported to the PAO. The DAC meeting was held on 8th March, 2023 and kept the para pending for conducting a probe at University level.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to inquire into the matter, fixing the responsibility for appointment against the law and de-notifying the irregular appointments immediately besides seeking regularization of the matter from Finance Department.

(AIR 2015-20 Special Audit UET-Para 277)

4.1.11 Favoritism extended to faculty member of-Rs.2. 507 million

As per rule 2.7.6 (f) (iii) of Tenure Track Process Statutes (amended) 2006 of the UET Lahore, eligibility for full Professor was to be a Ph.D. from a recognized and reputable institution in the relevant field with 11 years post-Ph.D teaching/research experience in a recognized University or a post-graduate institution or having professional experience in the relevant field in a National or International Organization and 15 research publications in Internationally abstracted/refereed journals recognized by the Higher Education Commission or refereed International Conference with ISN Number. Rule 2.3.2 & 2.3.3 of rules ibid required annual and mid-term review of the TTS staff.

During Special Audit of UET Lahore for the period 2015-20, it was observed that irregular payment of Rs. 2,507,755 was paid to professor of Civil Engineering Department who was appointed on TTS w.e.f 23-02-2008. Following irregularities were noticed by Audit:

1. At least 15 research publications were required for appointment of Professor on Tenure Track but no record of these publications was available. Registrar's notice to

- resolve these inconsistencies remained unheeded vide letter No.Estab./D-4140(2010)3205 dated 04-10-2010.
2. Endorsement of his TTS appointment by HED, annual review and mid-term review was not found in record.
 3. The Professor had worked as Vice Chancellor on Acting Charge basis w.e.f. 09-01-2019 to 25-06-2019 vide No.SO(Univ.) 2-4/2015 dated 04-01-2019. During this period he had drawn pay @ 611,400 per month (Rs.507,000 + 101,400 V.C. charge allowance) without provision in the appointment order to draw pay of VC. Loss amounted to Rs.1,964,243 (Rs.1,337,208 + 627,035) which was sustained by the university due to excess payment {Rs.1,337,208 difference of pay paid for Jan to April + 627,035 difference for may & 25 days of June (drawn 608,400 per month as VC– pay as prof. Rs.266,381 x may & 25 days of June 2019)}.
 4. He remained on ex-Pakistan leave from 03-07-2019 to 01-08-2019 (33 days) and retired on 19-12-2019 but he was paid LPR encashment Rs.2,076,840 for 365 days instead of for 332 days (365 – 33 days). Loss due to excess payment of LPR encashment Rs.242,344 [payable Rs.1,834,496 = $332/365 \times 12 \text{ months} \times \text{last pay drawn Rs.168,070}$ (Basic pay 146,720+ personal pay Rs.20,000 + 1,350 senior post allowance).
 5. University sustained loss of Rs.301,168 due to non-recovery of house rent & Utility bills as evident from office order No.837 dated 30-9-2020.

Weak financial controls resulted into loss of Rs. 2. 507 million to the university

The matter was pointed out to the University Management in June, 2021. The management replied that the appointment as Professor under TTS was endorsed by the HEC vide letter dated 17.08.2010. The reply of the department is not tenable as neither reply was provided regarding required publications, recoveries pointed out by audit nor was any evidence produced in support of reply.

The matter was also reported to the PAO. The DAC meeting was held on 2nd March, 2023 and kept the para pending for detailed verification by audit.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to produce publication record and endorsement record besides affecting recovery of overpayment at the earliest.

(AIR 2015-20 Special Audit UET-Para 68)

4.1.12 Non finalization of inquiry against Executive Engineer for alleged fraud of 500 million and non-recovery of loan & utility bills-Rs. 541,541

Inquiry was initiated vide order No.Univ/Estab/PF-145/335 dated 10-02-2021 against Executive Engineer for absence from duty and the inquiry committee was required to submit report within 60 days.

During Special Audit of University of Engineering & Technology (UET), Lahore for the period 2015-20, it was observed that inquiry was initiated vide order No.Univ/Estab/PF-145/335 dated 10-02-2021 against Executive Engineer for absence from duty w.e.f. 17-11-2020 and the inquiry committee was required to submit report within 60 days. A compliant was lodged by a private person against Executive Engineer regarding corruption on account of taking money from private persons for investment in UET Narowal campus projects. Another complaint was

submitted by seven persons regarding defrauding about Rs. 500,000,000 money from private persons for investment in the UET Narowal campus projects.

During Special Audit of University of Engineering & Technology (UET), Lahore for the period 2015-20, it was observed that two complaints were received against Executive Engineer Narowal Campus for alleged fraud of receiving Rs.500 million from private persons for investment in Narowal campus projects. An inquiry was initiated vide order No.Univ/Estab/PF-145/335 dated 10-02-2021 against Executive Engineer for corruption and absence from duty w.e.f. 17-11-2020 and the inquiry committee was required to submit report within 60 days. Neither inquiry was completed nor recovery affected from the Executive Engineer.

Further, the Executive Engineer received car advance Rs. 500,000 vide office order No.878 dated 24-6-2019 but recovery of the advance had not been shown to audit. Utility bills of Rs. 40,541 were also pending against him as evident from letter No.B&W/PD/733 dated 18-2-2021.

Weak administrative control resulted into non-finalization of inquiry resulted into non-effecting recovery of alleged fraud, advance and utility charges Rs.541,541.

The matter was pointed out to the University Management in June, 2021. The management replied that the Executive Engineer is absent from duty w.e.f. 17.11.2020. The Syndicate in its 2/2021 meeting-initiated inquiry against him. The Vice-Chancellor has extended the time limit upto 30.04.2021 to conclude the inquiry against the Executive Engineer. The case would be finalized after providing him the opportunity of Personal Hearing under PEEDA Act 2006 in up-coming meeting of Syndicate. Audit holds that undue delay cannot be conceded in affecting recovery of excess payments.

The matter was also reported to the PAO. The DAC meeting was held on 3rd March, 2023 and kept the para pending for verification of record by audit.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to fix the responsibility for non-submission of enquiry report in time besides finalization of the enquiry at the earliest and make the loss good.

(AIR 2015-20 Special Audit UET-Para 77)

4.1.13 Illegal regularization of fourteen lecturers appointed on lump sum pay package

As per section 3 of Punjab Regularization of Services of Act 2018, if contract employee who have continuously been serving for a period not less than three years would be eligible to be considered for appointment on regular basis except contract employee appointed on special pay package. The university adopted the Act vide notification No.Univ./Regu-III/64/30/18(a) dated 06-01-2020.

During Special Audit of UET Lahore for the period 2015-20, it was observed that the university had regularized fourteen lecturers appointed on special pay package (consolidated package) of IB&M department vide office order no.366 dated 01-04-2020 which was contrary to the Regularization Act. The detail is given in Annexure (10).

Audit is of the view irregular regularization was due to weak administrative controls.

The matter was pointed out to the University Management in June, 2021. The management did not offer any reply despite issuance of reminders. Audit is of the view that management failed to comply the Act.

The matter was also reported to the PAO. The DAC meeting was held on 8th March, 2023 and kept the para pending for regularization from Finance Department.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to de-notify the regularization besides condonation of irregularity with the approval of Finance department.

(AIR 2015-20 Special Audit UET-Para 278)

4.1.14 Wasteful expenditure on payment for 4541 credit hours without work costing-Rs. 16.316 million

According to the work load approved by the PAKISTAN ENGINEERING COUNCIL, Engineering accreditation and Quality Evaluation Committee Atarurk avenue (East)-G5/2 Islamabad, Manual of accreditation No. 3.1.9 provides Teaching Work Load per week for the faculty. Guidelines for weekly credit-hours are as follows:

Lecturer	8-14 Lectures in a week
Assistant Professor	8-12 Lectures in a week
Associate Professor	9-12 Lectures in a week
Professor	9 Lectures in a week

During Special Audit of University of Engineering & Technology, Lahore for the period 2015-20, it was noted that total numbers of lecturer were not according to the norms approved by the PEC. Data analysis revealed that 1518 teaching faculty performed only 8051 credit hours instead of 12,591 credit hours as per PEC criteria as evident from the time tables and workload statements provided by the departments. Resultantly 4541 credit hours were less performed and wastage of Rs. 16,315,813. This resulted in the anomaly that either the sanctioned strength was in excess or management was deliberately allowing less numbers of lectures in the classes. Abstract prepared from the Time Table and work load statements of different departments. The detail is given in Annexure (11).

Summary of less credit hour performed by teaching faculty during 2015-20

Campus	Credit hours performed	Credit hours to be performed	Credit hours less performed	Number of Faculty Members	Detail in Annexure
Main campus	5195	8,002	2,807	950	A
Kala Shah Kaku	1,002	1,575	573	192	B
Faisalabad	542	928	386	116	C
Narwoal	878	1,414	537	176	D
RECT G/wala	434	672	238	84	E
Total	8,051	12,591	4,541	1518	

Weak administrative controls resulted into wasteful payment Rs.16,315,813 for credit hours not performed by the faculty.

The matter was pointed out to the university management in June, 2021. The management did not offer any reply despite issuance of reminders. Non responsive management caused wasteful expenditure.

The matter was also reported to the PAO. The DAC meeting was held on 10th March, 2023 and kept the para pending for production of revised reply containing approved criteria with morning & evening time tables to audit for verification.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to strictly following PEC guidelines regarding minimum credit hours for future besides seeking regularization of the matter from Finance Department.

(AIR 2015-20 Special Audit UET-Para 352)

4.1.15 Irregular Admission of Two children of Resident Auditor under M-Category Session 2018 Having Less Than Five Years Service

As per application category and symbols-UET admission portal, the unmarried children of employees of UET Lahore can apply admission

in M-Category. As per check list of admission entry 2018 additional compulsory forms and documents form-V (category M only) a certificate from the Registrar of the university of UET Lahore showing that parent of the children has continually served the university for a period not less than five years.

During Special Audit of the University of Engineering & Technology, Lahore for the F.Y 2015-2020, it was observed that Resident Auditor's one son and one daughter were given admission in M-Category as evident from M-Category Merit List Entry 2018. The then Resident Auditor was on deputation to university from 17.3.2016 and had only 2 years and 6 months service to his credit at the time of grant admission in September, 2018 against required minimum service of 5 years. Audit requisitioned auditable record of disciplinary cases initiated against the employees vide audit intimation letter No.DGA/WP/Phase-II/2020-21/Special Audit/1 dated 8.3.2021, Files regarding departmental inquiries and inquiries with NAB, Anti-Corruption, FIA and other investigating agencies vide reminder No.DGA/Special Audit/20-21/Requisition No. 17, 16.3.2021 and No. 20, dated 18.3.2021 and last No.DGA/Special Audit/20-21/54 dated 8.4.2021 mentioning the stated case in particular. However, neither inquiry report was produced to audit nor admissions were cancelled.

Due to weak administrative controls admission of children of resident Auditor having less than required service was allowed.

The matter was pointed out to the University Management in June 2021. The management replied that the observation has been noted. Management just noted the observation instead of taking corrective actions.

The matter was also reported to the PAO. The DAC meeting was held on 2nd March, 2023 and kept the para pending subject to verification of continuous five-year service record along with death certificate of the concerned employee.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to investigate the matter of irregular admission for fixing responsibility by review the admission and service record and take corrective action besides strict compliance of rules for future.

(AIR 2015-20 Special Audit UET-Para 11)

4.2 Financial Management

It is the primary responsibility of the management to watch over inadmissible payments and deductions on account of pay & allowances such as house rent allowance, conveyance allowance, 05% maintenance charges and mandatory G. P. Fund deductions. However, excess payments made to retired TTS teachers such as pension, encashment, Utility bills, etc. but the said deductions were not made every month and were accumulating. Recoverable amount was allowed to escalate to the tune of millions, causing loss to the university.

4.2.1 Recovery

4.2.1.1 Unjustified payment of inadmissible allowances and less deductions-Rs. 927.835 million

As per Finance Department letter No.FD09-21/2016 dated 9-11-2016, Ph.D/ D Sc/ M.Phil/LLM allowance is admissible to all those government servants, who hold the posts where at the time of selection PhD/ D Sc / M Phil/LLM is not declared as part of the eligibility criteria or the same has not

been determined as required qualification as per service rules of the post and where the Ph.D/ D Sc / M.Phil/LLM qualification has been fixed as the prescribed qualification of a post, such post holders shall not be entitled to the same allowance. Qualification allowance was allowed across the board w.e.f 01-08-2019 vide Finance Department letter No.FD.SR.1/9-21/2016 dated 22-08-2019.

As provided under sub section 2(ii) of section 29 of UET Act, 1974 that “the draft of statutes concerning any of the matters mentioned in clauses (a) and (b) of sub section (1) of this section shall be forwarded to the Chancellor and shall not be effective until it has been approved by the chancellor” and clause ‘b’ of sub section 1 of section 29 “the scales of pay any other terms and conditions of service of officers, teachers and other employees of the University”

Finance Department letter dated 15.1.2000 House Rent Allowance with 5% of the Pay as House Rent/Maintenance Charges are required to be deducted from the officers/officials provided with government accommodation. In case of single room accommodation assessed rent only be charged.

During Special Audit of UET, Lahore during financial years 2015-20, it was observed that an amount of Rs. 927,835,920 (Annexure-12) was paid to various employees of the University on account of inadmissible Qualification Allowance, Dean Allowance. Conveyance allowance at higher rate without approval of chancellor and non-deduction of 5% HRA, GPF from salary of employees as evident from pay roll and pay bills.

Audit is of the view that weak supervisory and financial controls resulted in payment of inadmissible, payment of higher rate and non-deductions of Rs.927.835 million.

The matter was pointed out to the University Management in June, 2021. The management replied for para at Sr. No. 1 that decision was already pending in Public Accounts Committee. Regarding para at Sr. No. 02, it was replied that deduction is optional. At Sr. No. 3, it was replied that Finance Division's letter dated: 09-11-2016 & 22-08-2018 was not adopted. Regarding Sr. No. 4, the management replied that conveyance allowance was paid with the approval of syndicate. The management noted the observation at Sr. No. 5. Regarding para at Sr. No. 11, it was replied that additional charge was given by the chancellor. Moreover, transport charges are deducted from salary. Regarding para at Sr. No. 6, 7, 8, 9&10 the management did not offer any reply.

Audit is of the view that jurisdiction lawfully conferred upon Chancellor cannot be usurped. Management provided incomplete and unsubstantiated responses and need for comprehensive evidence and corrective action.

The matter was also reported to the PAO. The DAC meetings were held on 2nd, 3rd, 8th & 14th March, 2023. The DAC kept the para at Sr. No. 1 pending till decision of the PAC. The para at Sr. No. 2 was kept pending for verification of record by audit. The paras at Sr. No. 3 & 7 were kept pending for seeking clarification from Finance Department. The para at Sr. No. 4 was kept pending with the direction to get ex-facto approval of Chancellor otherwise recovery be made in the matter. The para at Sr. No. 5 was kept pending with the direction to conduct a probe at University level and its report be shared with Administrative Department. The paras at Sr. No. 6 & 11 were kept pending for regularization from Finance Department. The para at Sr. No. 8 was kept pending for production of notification of VC House as well as annexures-A & B to audit for verification. The para at Sr. No. 9 was kept pending subject to production of sanction order as well as last pay slip to audit for verification. The para

at Sr. No. 10 was kept pending with the direction for affecting recovery, otherwise it may be got regularized from Finance Department

Further progress was not reported by the department till the finalization of this report.

Audit recommends to affect recovery of overpaid pay & allowance from the concerned, implementing DAC instructions besides strengthening of financial controls to avoid lapses in future.

(AIR 2015-20 Special Audit UET-Paras 14, 50, 55, 44, 37, 451, 89, 353, 256, 358 & 76)

4.2.1.2 Non recovery of university dues from Absconder Ph.D scholars- Rs. 521.419 million

Under Clause (ix) of the deed agreement, the scholar shall return to Pakistan immediately after completion of the approved course for which he/she was sent abroad, and shall serve in any of the campuses of University of Engineering & Technology Lahore for a period of five years. Clause (xiii) states that in case of breach of any of the above terms and conditions as well as the rules / terms and conditions those governing scholarship award and / or his / her failure to return to and serve in Pakistan as directed by the University for the specified period, the scholar shall be bound to pay the University a penalty as prescribed by the University besides compensate the University by making a refund of the total amount of expenditure including travel cost incurred on him / her in Pakistan Rupees and in foreign currency or its equivalent in Pakistan Rupees at the official rate of exchange prevalent on the date of the breach of the above agreement. The amount of penalty and the compensation as prescribed and assessed by the University shall be final and conclusive.

During Special Audit of UET, Lahore for the financial years 2015-20, it was observed that amount to the tune of Rs. 521,419,221 was not recovered from Ph.D Scholars on account of scholarship paid, leave salary and penalty who did not served the UET for 5 years after completion of

Ph.D degree from abroad as per agreement even after lapse of considerable time as evident from personal files, inquiry reports and minutes of syndicate meetings.

The detail is given in Annexure (13).

(Amount in Rs.)

Sr. No	Nature of Irregularity	Amount (Rs.)
1	Non-recovery from PH.D Scholars	497,430,529
2	Non-recovery from PH.D Scholars	23,988,692
Total		521,419,221

Audit is of the view that weak managerial controls resulted in non-recovery of Rs. Rs. 521,419,221 from absconder scholars.

The matter was pointed out to the University Management in June, 2021. The management replied at Sr. No. 1 that recoveries were communicated to the concerned employees. Regarding Sr. No. 2, the management replied that most of the cases were under inquiry. Moreover, recovery will be made in due course of time. Hence, the management admitted the observations but insufficient follow-up actions and the lack of concrete steps to recover the dues.

The matter was also reported to the PAO. The DAC meeting was held on 2nd March, 2023 and kept the paras 52 &90 (Sr. No. 1 & 2) pending for showing compliance in the matter.

Further progress was not reported by the department till the finalization of this report.

Audit recommends that the matter of non-recovery of dues from the defaulters be investigated at the PAO level fixing responsibility and imposing penalty on officers/officials at fault for non-recovery. Besides, expediting recovery pointed out by audit as per agreement.

(AIR 2015-20 Special Audit UET-Para 52 & 90)

4.2.1.3 Un-authorized payment of Testing/consultancy share to employees not involved in Testing/Consultancy services- Rs. 99.047 million

As per notification issue by Regulation Branch of UET Lahore vide no.Regu.III/67/15/131& 423 dated 13-04-2015 & 11-07-2017 respectively, rates were fixed for distribution of income from testing and consultancy shares to testing team and overhead to department /university.

During Special Audit of the University of Engineering and Technology, Lahore for the period 2015-20, it was observed that an amount of Rs. 99,047,029/- (Annexure-14) was paid to the employees not remained involved in testing & consultancy which was contrary to notification referred above. It resulted into un-authorized payment of Testing & consultancy share.

Audit is of the view that weak supervisory control resulted into Rs.99.047 million unauthorized payment.

The matter was pointed out to the University Management in June, 2021. The management replied that share was distributed as per university rules. The reply of the management was not tenable without documentary evidence because signed statements had been provided by the different departments regarding payment of share to staff who were not involved in testing as evident from the engagement details for their activities notified.

The matter was also reported to the PAO. The DAC meeting was held on 2nd March, 2023 and kept the paras pending for showing compliance in the matter.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to fix responsibility, affect recovery from the concerned at fault besides strengthening of administrative and financial

controls avoiding consultancy share payment to employees not involved in consultancy.

(AIR 2015-20 Special Audit UET-Para 39)

4.2.1.4 Less Disbursement of Rs. 52.20 million on Account of Testing & Consultancy Share

As per notification issue by Regulation Branch of UET Lahore vide no.Regu.III/67/15/131& 423 dated 13-04-2015 & 11-07-2017 respectively, rates were fixed for distribution of income from testing and consultancy shares to testing team and overhead to department /university.

During Special Audit of the University of Engineering and Technology, Lahore for the period 2015-20, it was noticed that Rs. 52,200,685/- (Annexure-15) collected from testing & consultancy services was neither distributed amount staff as their share nor the amount was remitted into the main University account as acknowledgment of share disbursement on acutance roll was not shown to audit.

The irregularity occurred due weak supervisory and internal control resulted in non-disbursement of Rs.52.20 million.

The matter was pointed out to the University Management in June, 2021. The department stated that disbursement from testing and consultancy share account were not for distribution to the employees but for deduction of Income Tax and PST. However, no documentary evidence like Computerized Payment Receipt (CPRs) in support of the reply was provided to Audit.

Reply of the entity was not tenable as audit had retrieved from record list of employees unrelated to core activity in testing and consultancy but having received share of such payment.

The matter was also reported to the PAO. The DAC meeting was held on 2nd March, 2023 and kept the para pending for verification of record in the matter.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to affect recovery or CPR be produced for verification, fix responsibility after probing the matter besides strengthening of financial controls and proper record keeping to avoid such lapses in future.

(AIR 2015-20 Special Audit UET-Para 41)

4.2.1.5 Financial Loss of Rs. 41.19 million from Subsidized Electricity Supply

Under Section 16 (a) of UET Act 1974 the Treasurer shall manage the property, the finance and investment of the University.

During Special Audit of University of Engineering & Technology (UET), Lahore for the period 2015-20, it was observed from record that electricity was being supplied by the power house of the university. The record of electricity billing to the residents residing in the university premises by the PD office revealed that University Management was supplying electricity to the residents at subsidized rates which resulted into loss of Rs. 41,188,371 (Annexure- 16) to the university.

Audit is of the view that weak supervisory and internal controls resulted into loss Rs.41.19 million due to provision of electricity on subsidized rate to university residents and shops.

The matter was pointed out to the University Management in June, 2021. The department did not offer any reply. Audit is of the view that separate electricity LESCO meters be installed.

The matter was also reported to the PAO. The DAC meeting was held on 8th March, 2023 and kept the para pending with the direction that an internal mechanism be developed and installation of separate meters may be ensured. It was also directed that total cost of units should be recovered from all concerned.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to install separate LESCO meters immediately for the residencies and shops besides affecting recovery from the concerned.

(AIR 2015-20 Special Audit UET-Para 270)

4.2.1.6 Non-Recovery from Industrial Partners for Research Projects Rs. 32.49 million

As per Award letters issued by Higher Education Commission Islamabad for National Research Projects for Universities (NRPU) and TDF Projects, some portion of funds allocated had been specified for expenditure of Rs. 32,487,350 to be incurred by Industrial Partner.

During Special Audit of University of Engineering & Technology, Lahore for the period 2015-2020, it was observed that various Research Projects were awarded by Higher Education Commission Islamabad to various Principal Investigators and Rs. 32,487,350 were to be borne by the industrial partners but in spite of that the expenditures were incurred totally out of HEC component.

Further, it was observed that Management of the KICS/ORIC made Agreements with Industrial Partners without receiving/contribution

of Industrial Partners which is against the HEC policy. The detail is given in Annexure (17).

Amount in Rs.

Sr. No	Nature of Irregularity	Amount (Rs.)
1	Contribution not received	6,175,350
2	Contribution not received	26,312,000
Total		32,487,350

The matter was pointed out to the University Management in June, 2021. The management at Sr. No. 1 stated that industrial partners normally provide it in kind.

The reply of the management was not tenable because share of partners had been neither received in cash nor proof of in-kind expenditure by industrial partner was produced in support of reply. Regarding response for para at Sr. No. 2, the management did not offer any reply.

The matter was also reported to the PAO. The DAC meetings were held on 2nd & 10th March, 2023. The DAC kept the para at Sr. No. 1 pending subject to verification of record by audit. The para at Sr. No. 2 was kept pending for production of agreement to audit for verification purpose.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to recover contribution from industrial partners or obtain proof of in-kind expenditure by industrial partner besides strengthening of controls.

(AIR 2015-20 Special Audit UET-Paras 17&364)

4.2.1.7 Un-authorized payment of Testing/consultancy share to the Teachers of Tenure Track Systems-Rs. 28.531 million

As per para 2.4.2 (a) Benefits of Existing Faculty Member on Tenure Track, the salary scales are all inclusive and no other allowance (PhD. allowance, medical allowance, orderly allowance etc.), or benefit will be admissible to the concerned faculty members, except gratuity equal to one month's pay for each completed year of service.

During Special Audit of the University of Engineering and Technology, Lahore for the period 2015-20, it was observed that an amount of Rs. 28,531,393 (Annexure-18) was paid to the teachers appointed under Tenure Track system (T.T.S) whereas, the teachers under T.T.S were not allowed to draw/enjoy any other financial benefit as their salary scales were all inclusive. It resulted into un-authorized payment of Testing & consultancy share to Tenured Track System teachers.

The irregularity occurred due to weak supervisory and internal control.

The matter was pointed out to the University Management in June, 2021. The department stated that there is no rule in university which debars TTS faculty from Testing Share. Moreover, testing amount is entirely generated by providing services to external sources/ industries without any differentiation between a BPS and TTS teachers.

The reply of the department was not acceptable because neither policy of HEC, Islamabad regarding payment of additional benefits to TTS teachers was observed nor any policy was got formulated and approved from Chancellor of the University.

The matter was also reported to the PAO. The DAC meeting was held on 2nd March, 2023 and kept the para 38 pending with the direction to seek clarification from Higher Education Commission, Islamabad otherwise actual recovery be made in the matter.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to fix responsibility, affect recovery from the concerned at fault besides, avoiding such payments in future and strengthening internal control.

(AIR 2015-20 Special Audit UET-Para 38)

4.2.1.8 Loss due to non/less deduction of taxes-Rs. 4.986 million

According to FBR's clarification No. U-09/951; dated 18.06.2015, the average rate of income tax deduction on cash reward and honorarium is 5%. As per section 153(2) of Income Tax Ordinance 2001, DDO was required to withhold Income tax at source @ 4.5 % and 6.5% for supplies made by the filer and non-filer respectively. Similarly, 10% and 12% for services rendered by filer and non-filer respectively, while making payment to the firms/persons. According to Section 3 (1) of the Punjab Sales Tax on Services Act 2012, a taxable service is a service listed in Second Schedule, which is provided by a person from his office or place of business in the Punjab in the course of an economic activity, including the commencement or termination of the activity. As per Sr. No. 39 of the Second Schedule of the Punjab Sales Tax on Services Act 2012, Punjab Sales Tax @16% is deductible on services provided for specified purposes including fumigation services, maintenance and repair (including building and equipment maintenance and repair including after sale services) or cleaning services, janitorial services, dredging or desalting services and other similar services etc.

During Special Audit of UET, Lahore for the financial years 2015-20, it was observed that managements did not withhold leviable taxes to the tune of Rs. 4,986,532 while making payment to the concerned

contractors/employees. The act of the management resulted in loss to government. The detail is given in Annexure (19).

Amount in Rs.

Sr. No	Nature of Irregularity	Amount (Rs.)
1	Income Tax not deducted	2,228,034
2	Income Tax & PST not deducted	1,075,217
3	Less-deduction of Income tax and PST	444,841
4	Less-deduction of Income tax and PST	320,042
5	Less-deduction of Income tax and PST	235,445
6	PST not recovered	234,535
7	PST not recovered	229,197
8	Income Tax & PST not deducted	219,221
Total		4,986,532

Audit is of the view that lapse occurred due to weak financial and supervisory controls resulted in less deduction of income tax and PST.

The matter was pointed out to the University Management in June, 2021. The management did not offer any reply for para at Sr. No. 1, 8. Regarding response to para at Sr. No. 2, the management replied that withholding tax is not applicable as per SRO-587. Regarding para at Sr. No. 6, the management replied that entries mentioned are advances for procurement and not for services. Regarding para at Sr. No.3,4&5 the management replied that there was a calculation error.

The replies of the department were not tenable without documentary support. The contention regarding reply at Sr. No. 6 above also merited referring the case to Provincial Revenue Authority for seeking clarification.

The matter was also reported to the PAO. The DAC meetings were held on 2nd, 3rd, 8th, 14th March, 2023. The DAC kept the para at Sr. No. 1 pending subject to production of justification of honorarium and deduction of income tax as well as sanctioning power to the audit for verification.

The para a Sr. No. 8 was kept pending with direction to recover the amount of taxes and get regularized the matter from Finance Department through Administrative Department. The paras at Sr. No. 2, 3, 4, 5, 6 & 7 were kept pending for verification of record as well as making recovery of PST.

Further progress was not reported by the department till the finalization of this report.

Audit recommends implementation of DAC's directives/instructions.

(AIR 2015-20 Special Audit UET-Paras 272, 105, 141, 129, 119, 45, 43 & 441)

4.2.2 Advances & Loans

Advances were granted to Rachna College of Engineering & Technology Gujranwala, Muhammad Nawaz Sharif UET Multan, Punjab Tianjin University of Technology, Lahore and others during the period but the same had not been recovered causing financial hardship to the University.

4.2.2.1 Non-adjustment of temporary advances-Rs. 1,094.314 millions

Section 16 (a) of UET Act, 1974 states that the treasurer shall manage the property, the finance and investment of the University.

During special audit of UET, Lahore for the period 2015-20, it was observed that payments of loans and advances amounting to Rs. 1,094,314,407 were made to various officers/officials/departments for different purposes but the same were not recovered till to date. The detail is given in Annexure (20).

Amount in Rs.

Sr. No	Nature of Irregularity	Amount (Rs.)	Remarks
1	Loan not recovered	1,021,218,292	Loan provided to RECT Gujranwala,

Sr. No	Nature of Irregularity	Amount (Rs.)	Remarks
			Main Muhammad Nawaz Sharif University Multan etc. during 2015-20 but nil recovered
2	Loans not recovered	38,000,000	KICS granted loan to UET Rs.25 million on 5-11-2019 and Rs.13 million on Feb-2021 but nil recovered
3	Loans not recovered	31,294,407	KICS granted loan to UET during Sep to Dec 2018 but nil recovered
4	Temporary Advances not adjusted	3,802,000	Temporary advance granted by KICS during 2019-20 not recovered
Total		1,094,314,407	

Weak internal controls on advances led to non-adjustment of advances to the stated extent.

The matter was pointed out to the University Management in June, 2021. The management replied for para at Sr. No. 1 that numbers of letters have been written for refund of loan but still no recovery has been made. Regarding paras at Sr. No. 2 & 3, the management did not offer any reply. Regarding para at Sr. no. 04 the management replied that advance had been recovered.

The reply of the department was not tenable as no documentary evidence was provided in support of reply. It was also conceded that in three cases loan refund had not materialized.

The matter was also reported to the PAO. The DAC meetings were held on 2nd, 3rd & 8th March, 2023 and it kept the paras 86, 265, 280 & 9 (Sr. No. 1 to 4) pending for verification of record by audit.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to affect recovery from the concerned besides strengthening of management and internal controls.

(AIR 2015-20 Special Audit UET-Paras 86, 265, 280 & 9)

4.2.3 Investment

G.P Fund, Funds reserved for pension, Student fee, Testing and Services charges, Group Insurance and Benevolent Funds deductions were the major sources of Investment. Due to the negligence of the management, the reserve funds were allowed to remain idle.

4.2.3.1 Financial Loss Due to Inefficient Fund Management and Underinvestment - Rs. 47.83 million

As per section 16 (a) of the University of Engineering and Technology, Lahore Act 1974, the Treasurer shall manage the property, the finances and the investment of the University

During Special Audit of UET, Lahore for the period 2015-20, it was observed that university sustained huge loss of Rs. 47,836,268 due to inefficient fund management of the university which is tantamount to negligence of management, detail in Annexure (21). Audit noticed following observations:

- 1) University sustained loss of Rs. 3,795,988 due to non-investment of fund at offered higher rate and funds were invested at lesser rate later on which caused loss in profit. For instance for investment Rs.437.107 million bank alflah offered rate 13.85% as evident from investment committee minutes dated 28-11-2019 but the management failed to invest. Retes were again called and interment was made on 07-02-20 with HBL at lesser rate 13.02 % caused loss of profit due to reduction in profit rate [Rs.3,627,988= Rs.437.107 million x (13.85% – 13.02%)].

- 2) University sustained loss of Rs. 44,040,280 due to non-investments of funds efficiently. The funds remained idle for some period after the maturity of last investment. Audit holds that if the funds were invested efficiently, well in time then the university could have earned profit of Rs. 44,040,280, detail given in annexure-21.

Audit is of the view that lapse occurred due to weak supervisory and financial control.

The matter was pointed out to the University Management in June, 2021. The management replied that all the investments were made keeping in view the highest offered rate and in the best interest of the university. The reply of the department was not tenable without support of documentary evidence. Loss was worked out from minutes of investment committee, bank statements and bids.

The matter was also reported to the PAO. The DAC meeting was held on 3rd March, 2023 and it kept the para pending with the direction to conduct a probe at University level and its report be submitted to Administrative Department as well as to audit.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to probe the matter, fix the responsibility, make the loss good besides strengthening of supervisory and financial controls to avoid such lapse in future.

(AIR 2015-20 Special Audit UET-Para 79)

4.2.4 Others

Non-implementation of financial as well as supervisory checks and lack of interest on the part of management resulted into unreliable consumptions, undue payments, un-approved budgets, un-reconciled expenditures, non-payments of scholarships, less deduction of taxes and undue retention of government receipt in university accounts.

4.2.4.1 Irregular payment of income tax on profit of investment for-Rs. 22.90 million

As per Section 126 under part-I of Second Schedule (Exemptions) of income tax ordinance updated June 2015, any income of a public sector university established solely for educational purposes and not for the purposes of profit was exempt, with effect from the 1st day of July, 2013.

As per section 16 (a) of the University of Engineering and Technology, Lahore Act, 1974, the Treasurer shall manage the property, the finances and the investment of the University

During Special Audit of University of Engineering & Technology (UET), Lahore for the period 2015-20, it was revealed that university sustained huge loss of Rs. 22,901,414 (Annexure-22) due to negligence of management. On the contrary, the university stood exempted for income tax. It was observed from the bank statements and record provided to audit that income tax Rs. 22,901,414 was withheld by the banks which was irregular in the light of income tax ordinance.

The matter was pointed out to the University Management in June, 2021. The management replied that administration had taken up the cases with the concerned bankers regarding waiver of the withholding taxes.

The matter was also reported to the PAO. The DAC meeting was held on 3rd March, 2023 and kept the para pending for compliance in the matter.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to fix the responsibility make the loss good from the concerned at fault besides strengthening supervisory and financial internal control.

(AIR 2015-20 Special Audit UET-Para 80)

4.2.4.2 Non-observance of codal formalities for incurring expenditure for consultancy service for Chief Minister’s Ujala Program-Rs. 11.8 million, non-refund of Income Tax/PST-Rs. 3.07 million

As per Rule 8 & 9 of PPRA Rules 2014, a procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The procuring agency shall advertise in advance annual requirements for procurement on the website of the Authority as well as on its website.

During Special Audit of the University of Engineering & Technology, Lahore for the F.Y 2015-2020, it was observed that Agreement between Al-Khwarizmi Institute of Computer Science (KICS), UET, Lahore and Government of the Punjab, Energy Department was executed for providing consultancy services regarding 3rd Party Validation of the Project “Provision of Solar Panels to the Households below the Poverty Line under Chief Minister’s Ujala Program during 2015-2016. Following observations came into notice;

1. Claim of Rs. 11,800,000 vide invoice No. 5016 dated 18.1.2016 was submitted to Energy Department against which Rs. 8,732,000 were paid to Director KICS UET Lahore after deduction of income tax Rs. 1,180,000 and Punjab Sales tax Rs. 1,888,000. Audit holds that withholding of taxes Rs. 3,068,000 was unjustified as KICS

is an Educational Research Institute funded by Higher Education Commission Islamabad exempt from withholding of income tax. But management of the KICS did not obtain Exemption Certificate from FBR for submission to Energy Department to avoid deduction of said huge amount. Moreover, no action was taken for claim of refund of said amount.

2. The amount received was under following sub-heads;
 - a. Transportation Charges = Rs. 1,500,000
 - b. Remuneration = Rs. 4,395,000
 - c. Daily Allowance = Rs. 2,859,500
 - d. Testing and Evaluation Equipment = Rs. 3,045,500
3. 9 team heads were appointed for 3rd party validation in different cities of the Punjab but tour programs duly approved by competent authority were not attached with claims of Daily Allowance and Transportation Charges.
4. Detail of equipment purchased their tendering process, stock entries and further installation along with paid vouchers not produced to Audit.
5. An advance of Rs. 1,800,000 was given to team leads for expenditure on transportation and daily allowance. Tender was not advertised on PPRA website.
6. Heavy expenditure incurred on refreshment services but list of participants on the day was not prepared and attached with the bills to determine necessity and justification of expenditure.
7. 16% PST Rs. 108,288 (Annexure-23) was not recovered to deposit into government treasury.

8. Deduction of withholding of income tax was required to be made @10% for rent-a-car and refreshment services. No deduction was made except Rs. 1,800 as income tax on account of rent-a-car services whereas total withholding tax on both services becomes Rs. 75,978.
9. Detail of staff for whom easy-load of Rs. 85,000 and its distribution needs to be justified.

The matter was pointed out to the University Management in June, 2021. The department stated that tax deduction is due to non-filler status of the University. Moreover, separate cash book was not maintained since the expenditure incurred from main account. Further, hiring of staff was made by advertisement on institute website campus recruitment and employee referrals besides item wise detail reply.

The reply of the management was not tenable because deduction of tax was not compulsory for government entity as it could obtain FTN. Moreover, supporting documents mentioned in the reply were not annexed and shown to Audit as evidence.

The matter was also reported to the PAO. The DAC meeting was held on 2nd March, 2023 and kept the para pending for verification of record and point-wise revised / updated reply in the matter.

Further progress was not reported by the department till the finalization of this report.

Audit recommends that mis-procurement of expenditures and non-observance of codal formalities may be got regularized besides ensuring recovery/refund of taxes.

(AIR 2015-20 Special Audit UET-Para 35)

4.2.4.3 Irregular payment of Low Power Factor Penalty to LESCO-Rs. 3.68 million

As per section 24(b) of UET Act 1974, the Syndicate shall have the powers to hold control and administer the property and funds of the University.

During Special Audit of the University of Engineering & Technology, Lahore for the F.Y 2015-2020, it was observed that Low Power Factor Penalty was being irregularly paid and Rs. 3,679,617 (Annexure-24) were paid to Lahore Electric Supply Company (LESCO) by the university authorities. No remedial steps were taken by the management to avoid the penalty charges causing undue burden on public exchequer.

The matter was pointed out to the University Management in June, 2021. The management stated that matter was discussed with LESCO in detail and expenditure on installation of capacitor was very high to reduce power factor penalty. Moreover, letters have also been written to LESCO regarding exemption of said penalty to UET Kala Shah Kaku campus. However, management is working to find an affordable solution of the mentioned matter. Hence, management accepted the observation.

The matter was also reported to the PAO. The DAC meeting was held on 2nd March, 2023 and kept the para 33 pending with the direction to conduct a probe at University level to determine as to why this penalty could not be avoided.

Further progress was not reported by the department till the finalization of this report.

Audit recommends implementation of DAC's directives/instructions.

(AIR 2015-20 Special Audit UET-Para 33)

4.3 Procurement & Contract Management

Major procurements as per produced record were Furniture, Machinery & Equipment, printing of prospectus, answer sheets, lab materials, etc. but due to non-implementation of financial as well as supervisory checks and lack of interest on the part of management, there surface quite a few violation of PPRA rules such as splitting of indents, non-uploading of annual procurement plan and bid evaluation reports.

4.3.1 Procurement in violation of PPRA Rules-Rs. 633.46 million

As per Rule 9 of Punjab Procurement Rules 2014, a procuring agency shall announce in an appropriate manner all proposed procurement for each financial year and shall proceed accordingly without any splitting or regrouping of the procurement so planned. Moreover, as per Rule 12 (1 & 2) *ibid*, procurement over one hundred thousand rupees and up to the limit of two million rupees shall be advertised on PPRA website. Procurement exceeding two million rupees shall be advertised on the website of the Authority, the website of the procuring agency, if any, and in at least two national daily newspapers of wide circulation, one in English and one in Urdu. Furthermore, as per Rule 37 & 66 *ibid*, as soon as a contract has been awarded, the procuring agency shall make all documents related to the evaluation of the bid and award of contract public. The documents should be uploaded on PPRA website to be approachable by general public.

During Special Audit of University of Engineering & Technology, Lahore for the financial years 2015-20, it was observed that procurements of Rs.633,461,530 were made which tantamount to mis-procurement as the same were made without devising annual procurement plan, advertisement on PPRA website/press, uploading of evaluation reports on website of authority and splitting the indents to avoid tendering process. The detail is given in Annexure (25).

Audit is of the view that lapse occurred due to weak financial and supervisory controls.

The matter was pointed out to the University Management in June, 2021. The management at Sr. No. 3 replied that neither financial nor human resource for bulk procurement of medicine was available. Regarding para at sr. no. 4, it was replied that contract was made for three years, stamp duty shall be deposited. Regarding para at Sr. No. 6, 8 & 13, it was replied that purchases were made as and when required. Regarding para at Sr. No. 14, it was replied that services were hired for specific period. Regarding para at Sr. No. 15, it was replied that hired items were of different specification and from different vendors. Regarding para at Sr. No. 16, it was replied that purchase of materials was made after utilization of one material and its respond. Regarding para at Sr. No. 1, 2, 5, 7, 9-12 & 18 no reply was offered by the management.

The replies of the management were not tenable because the management did not observe PPRA rules as well evident from the fact that annual procurement plan, bid evaluation reports for the rejected bids, bid evaluation criteria had not been uploaded by the entity on the PPRA web site. Moreover, replies were also not supported by the documentary evidences.

The matter was also reported to the PAO. The DAC meetings were held on 2nd, 3rd, 8th, 10th & 14th March, 2023. The DAC kept the paras 340, 356 & 452 (Sr. No. 1, 5 & 11) pending for production of point wise revised reply with documentary evidence to audit for verification purpose. The para 261 (Sr. No. 2) was kept pending with the direction to seek clarification from the Technical Wing of Finance Department that as to whether the matter involves recovery or not. The paras 4, 3, 371, 13, 370, 383, 342, 42 & 5 (Sr. No. 3, 4, 6 to 8, 14 & 16 to 18) were kept pending for regularization from the Finance Department. It was further directed that a copy of challan may be provided to audit for verification. Moreover,

it was directed that medical policy may be reviewed keeping in view medical allowance, health card facility and health insurance. The para 113 (Sr. No. 9) was kept pending for production of complete record Audit for verification. The para 6 (Sr. No. 10) was kept pending for showing compliance in the matter. The paras 104, 102, 269, 106, 103&271 (Sr. No. 12, 13, 15, 19, 21 & 22) were kept pending for verification of record by audit. The para 28 (Sr. No. 20) was kept pending for submission of a revised / updated reply in the matter with all relevant record and recovery of income tax may also be effected.

Further progress was not reported by the department till the finalization of this report.

Audit recommends implementation of DAC's directives/instructions.

(AIR 2015-20 Special Audit UET-Paras 340, 261, 4, 3, 356,371,13,370,113,6,452,104,102,383,269, 342,42,5,106,28,103&271)

4.3.2 Misclassification of expenditure of-Rs. 811.32 million

As per paragraph 5 of Finance Department letter No.PS/FS/ 808/78 dated 26-02-1978, the Principal Accounting Officer should issue instruction to the Controlling and Disbursing Officer under him that all payment are correctly classified under the appropriate heads of accounts.

During Special Audit of the University of Engineering and Technology, Lahore for the period 2015-20, it was noticed that an amount of Rs. 811,324,197 (Annexure-26) were sanctioned and drawn against the irrelevant head of account and expenditure charged irregularly in violation of the above rule. It resulted into irregular drawl and incurred misclassification of expenditures to the irrelevant head of account.

The irregularity occurred due to weak supervisory and internal control.

The matter was pointed out to the University Management in June, 2021. The management did not offer any reply.

The matter was also reported to the PAO. The DAC meeting was held on 8th March, 2023 and kept the para 257 pending for verification of record by audit.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to fix the responsibility besides seeking regularization of the matter from Finance Department.

(AIR 2015-20 Special Audit UET-Para 257)

4.4 Construction works

4.4.1 Cost Estimation Anomalies

According to Finance Department's letter No. RO (TECH) FD 2-3/2004, dated 02-08-2004, the Chief Engineer on the basis of input rates notified by Financial Department on its website shall fix the rate of each item of the work for rough cost estimates for admin approval and detailed estimate for technical sanction.

During Special Audit of UET Lahore for the financial year 2015-20 it was observed that contrary to the stated provisions, the management of the department accepted the TSE with following defects:

- i. application of in correct rates
- ii. change of design
- iii. Approval of rate analysis without supporting documents and calculations in various items
- iv. Non-utilization of available earth

- v. Increase in scope of work beyond permissible limit of 14.5% i.e., for acceptance of tender 4.5% and 10% in scope of work/PC-1 provisions
- vi. Required revision of TSE/PC-1 from the competent forum
- vii. Advance payments like mobilization advance, secured advance, non-obtaining of additional performance guarantee in case of below tender rates with respect to TSE
- viii. Non-deduction of government taxes or late deposit in to government account etc.

The department is required to recover the overpayments by applying government instruction/rules and strengthen the internal control.

4.4.1.1 Overpayment of-Rs. 412.667 million

According to the instructions issued by the Finance Department, vide No.RO(Tech)FD-18-23/ 2004, dated 21.09.2004, rate analysis for the non-standardized items shall be prepared by the Executive Engineer, clearly giving the specifications of the material used and approved by the competent authority not below the rank of Superintending Engineer on the basis of input rates of relevant quarter placed at website of Finance Department.

During Special Audit of UET, Lahore for the financial year 2015-20, it was observed that management of the University have been paid overpayment or excess payments on account of charging higher rate, non-reduction of rate, non-utilization of earth, non-deductions for Rs. 412,667,464 in 99 number civil works cases relating to six developments schemes of HEC funded required recovery from the contractors or the person held responsible. The detail is given in Annexure (27).

Audit is of the opinion that negligence of the management resulted into the excess/overpayments to the contractors.

The matter was pointed out to the University Management in June, 2021. The management replied that all payments were made as per actual measurements and revised estimates will be got approved from the authority. The difference amount was withheld as security. 100% harrow sand was used in RCC works. The variation was covered in clause 42 of the contract agreement. Transportation charges were not included in the imported items. The management did not reply despite issuance of letters/reminders and verbal requests except Sr. No. 10, 14,15, 17, 18, 24, 27,28, 31, 37, 47,48, 50, 57, 60, 63, 67, 70, 72, 77, 80, 86, 90-91(only 24 cases instead of 99).

Audit does not agree with the contention of the management. The management itself has admitted that revised estimates were still to be moved for technical sanction. The correct application of input rates was accordingly a matter yet to be substantiated. Further replies were evasive being without support of documentary evidence hence not acceptable to audit.

The matter was also reported to the PAO. The DAC meetings were held on 3rd, 7th, 8th, 10th & 14th March, 2023. The DAC kept the paras 236, 304, 230, 151, 213, 282, 426, 302, 321, 120, 242, 318, 167, 134, 244, 309, 181, 403, 231, 144, 308, 292, 215, 296, 245, 288, 145, 307, 291 & 289 (Sr. No. 1, 5, 9, 12 to 14, 18, 19, 25 to 27, 34, 36, 41, 42, 43, 49, 50, 56, 62, 66, 75, 77, 78, 79, 82, 86, 89, 90, 91 & 98) pending for production of relevant record. The Paras 300, 154, 396, 337, 398, 237, 397, 430, 313, 411, 405, 415, 331, 254 & 328 (Sr. No. 2, 8, 16, 28, 35, 38, 57, 58, 65, 67, 74, 84, 87 & 88) were kept pending for record verification by audit. The Paras 402, 239, 241& 250 (Sr. No. 24, 2, 71 & 94) were kept pending with the direction to seek clarification from the Technical Wing of Finance Department whether recovery in the instant matter is involved or not accordingly, get it verified by audit. The paras 229, 228, 224, 249, 163, 178, 252, 146, 217, 312, 127, 180 & 301 (Sr. No. 4, 5, 7, 10, 15, 31, 33,

45, 46, 47, 48, 51 & 96) were kept pending with the direction to recover the actual amount from the concerned, so worked out on template of Finance Department and get it verified by audit. The paras 226 & 423 (Sr. No. 6 & 22) were kept pending with the direction to seek advice from Finance Department through Higher Education Department. The paras 235, 427, 246, 147, 152, 199, 311, 185, 137, 159, 133, 169, 216, 135, 416, 130, 126, 293, 211, 183 & 425 (Sr. No. 11, 17, 20, 21, 23, 30, 32, 37, 52, 53, 54, 55, 63, 64, 68, 72, 76, 81, 93, 95 & 97) were kept pending with the direction to make actual recovery. The paras 198, 196, 201, 197 & 200 (Sr. No. 39, 59, 70, 73 & 80) were kept pending to probe the matter through a committee constituted with the members of Punjab University and submit a detailed probe report through Administrative Department to audit for verification within 30 days. The Para 424 (Sr. No. 40) was reduced to the extent of Rs. 966,599 as an amount of Rs. 166,163 has been recovered from refundable security. The paras 429, 138, 131, 122, 121, 418 & 422 (Sr. No. 60, 61, 69, 83, 85, 2 & 99) were kept pending with the direction to conduct a probe at University level and its report be submitted to Administrative Department as well as to audit within 30 days. The University may provide comparative statement for verification of both type of sand and also provide verification of harrow sand.

Further progress was not reported by the department till the finalization of this report.

Audit recommends implementation of DAC's directives/instructions.

*(AIR 2015-20 Special Audit UET-Paras
236,300,304,229,228,226,224,154,230,249,235,151,213,282,163,396,427,319,426,246,147,423,152,402,302,32
1,120,337,239,199,178,311,252,242,398,318,185,237,198,424,167,134,244,397,146,217,312,127,309,181,301
137,159,133,169,403,430,313,196,429,138,231,216,135,411,144,405,416,131,201,241,130,197,415,308,126,29
2,215,296,200,293,245,122,331,121,288,254,328,145,307,291,418,211,250,183,180,425,289&422)*

4.4.1.2 Non-forfeiture of bank guarantee due to non-recovery of mobilization advance-Rs. 147.09 million

As per Finance Department notification No.RO(Tech) FD 18-44/2006 dated 7.12.2007, in case the contractor fails to execute the work in accordance with the terms of contract the security offered in respect of mobilization advance shall be forfeited to the credit of the government.

During Special Audit of UET Lahore for the financial year 2015-20, it was observed that management of the University did not forfeit bank guarantee due to non-recovery of mobilization/secured advance for Rs. 99,905,678 for which details were given in original paras. Moreover, the contractors failed to execute the work in accordance with the terms of contract but the management did not forfeit the bank guarantee due to non-recovery of mobilization advance.

Amount in Rs.

Sr. No	Description	Amount (Rs.)	Recovery (Rs.)
1	Non-forfeiture of bank guarantee due to non-recovery of mobilization advance	31,350,000	31,350,000
2	Non-recovery of mobilization advance	28,673,156	28,673,156
3	Non-forfeiture of bank guarantee due to non-recovery of mobilization advance	11,112,579	11,112,579
4	Unauthorized/unauthentic payment of mobilization advance against unauthentic Bank guarantee Rs 11.112 million	11,112,579	11,112,579
5	Unauthorized/unauthentic payment of mobilization advance against unauthentic Bank guarantee Rs 31.350 million	31,346,505	31,346,505
6	Non-recovery of mobilization advance	11,112,579	11,112,579
7	Non-recovery of secured advance	12,101,074	12,101,074
8	Non- forfeiture of performance bank guarantee	5,556,290	5,556,290
9	Non-recovery of secured advance-Rs 4.721 million	4,720,589	4,720,589
Total		147,085,351	147,085,351

Violation of FD's instructions resulted in non-forfeiture of bank guarantee of mobilization advance.

The matter was pointed out to the University Management in June, 2021. The management did not offer any reply despite issuance of letters/reminders and verbal requests except for para at Sr. No. 3-5 above for which the management apprised that the matter was sub-judice.

Audit is of the view that documentary evidence in support of justification for non-recovery of permanent advance was still withheld. Furthermore, replies were evasive being without support of documentary evidence hence not acceptable to audit.

The matter was also reported to the PAO. The DAC meetings were held on 3rd & 7th March, 2023. The DAC kept the paras 207, 206, 175, 208, 209, 174 & 176 (Sr. No. 1, 2, 3, 5, 6, 7 & 9) pending with the direction to probe the matter through a committee constituted with the members of Punjab University and submit a detailed probe report through Administrative Department to audit for verification within 30 days. The Paras 177 & 148 (Sr. No. 4 & 8) were kept pending with for verification.

Further progress was not reported by the department till the finalization of this report.

Audit recommends implementation of DAC's directives/instructions.

(AIR 2015-20 Special Audit UET-Paras 207,206,175,177,208,209,174,148&176)

4.4.1.3 Loss to Government/HEC account for-Rs. 75.655 million

According to the instructions issued by the Finance Department, vide No.RO (Tech)FD-18-23/ 2004, dated 21.09.2004, rate analysis for the non-standardized items shall be prepared by the Executive Engineer, clearly giving the specifications of the material used and approved by the competent authority not below the rank of Superintending Engineer on the

basis of input rates of relevant quarter placed at website of Finance Department.

During Special Audit of UET Lahore for the financial year 2015-20, it was observed that management of the University was put to loss for Rs. 75,655,330 Govt. accounts due to application of incorrect rates, delay in completion, non-disposal of available earth etc. in 8 number different civil works relating to six developments schemes funded by HEC. The detail is given in Annexure (28).

Audit is of the opinion that negligence of the management resulted into the loss to Government/HEC accounts

The matter was pointed out to the University Management in June, 2021. The management replied that the rate analysis is attached. The tender was cancelled due to stay order. The contractor was paid for removal of unsuitable soil on the recommendation of the committee. MRS item no.8 (i) chapter 3 is for excavation in open cutting for storm water channel, drains and roads streets lanes which is not applicable due to different nature of excavation. Audit holds that excavation shown to be of different nature has not been corroborated by the management. The management replied only for five cases out of 8 cases. Further replies were evasive being without support of documentary evidence hence not acceptable to audit.

The matter was also reported to the PAO. The DAC meeting were held on 3rd, 7th, 8th, 10th & 14th March, 2023. The DAC kept the paras 401 & 400 (Sr. No. 1 & 3) pending for production of NESPAK agreement to audit for verification. The paras 248 & 173 (Sr. No. 2 & 5) were kept pending with the direction to probe the matter through a committee constituted with the members of Punjab University and submit a detailed probe report through Administrative Department to audit for verification within 30 days. The para 157 (Sr. No. 4) was kept pending for calculation of recovery on template of Finance Department and gets it verified by

audit. The paras 227, 240 & 189 (Sr. No. 6, 7 & 8) were kept pending for record verification by audit.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to fix the responsibility for getting the matter regularized from project approving authority i.e., HEC besides effecting recoveries from the respective contractors or the persons held responsible and to produce completion documents like final bill of contractor for each work, revised TSE if any, completion report, inventor report, handing over taking over, functional report, & PC-IV duly approved from the quarter concerned for audit verification.

(AIR 2015-20 Special Audit UET-Paras 401, 248, 400, 157, 173, 227,240 &189)

4.4.1.4 Non-forfeiture of security deposits-Rs. 56.77 million and non-blacklisting contractors

As per Law and Parliamentary Affairs Department Letters No.DP-15(119)/2001/400/392/C dated 25th October 2001 and No.FD (D-11) 3(5)81 volume-II dated 6th February 1990, Clause 60 and 61 of contract agreement are complementary to each other and are to be operated simultaneously. As per clause 60 of the contract agreement, if contractor fails to complete the work in time and declared defaulter under clause 60, his security deposit lying either in bank or deposit of department may be forfeited.

As Sr. No. 19 “Blacklisting of suppliers and contractors”, Section-IV of Procurement Rules Chapter-10 issued vide No.MD.PPRA/1-1/2009, the procuring agencies shall specify a mechanism and manner to permanently or temporarily bar, from participating in their respective procurement proceedings, suppliers and contractors who either consistently fail to provide satisfactory performances or are found to be indulging in corrupt or fraudulent practices. Such barring action shall be

duly publicized and communicated to the PPRA: Provided that any supplier or contractor who is to be blacklisted shall be accorded.

During Special Audit of UET Lahore for the financial year 2015-20, it was observed that management of the University did not forfeit security for Rs.56,769,589 deposited by the contractor as, the contractors did not complete the works even during extended period and work was rescinded by the Project Director UET. The Project Director awarded the balance work to other contractors under clause 60 & 61. Contractor security was not forfeited by the management although contractors were declared defaulter under clause 60 & 61 of contract agreement for which details are as under:

Amount in Rs.

Sr. No	Description	Amount (Rs.)	Recovery (Rs.)
1	Non-forfeiture of security deposits	15,629,561	15,629,561
2	Non-forfeiture of security deposits	12,052,706	12,052,706
3	Non-forfeiture of security deposits	11,233,570	11,233,570
4	Non-forfeiture of security deposits	9,783,826	9,783,826
5	Non-forfeiture of security deposits	4,720,589	4,720,589
6	Non-forfeiture of security deposits	3,349,337	3,349,337
7	Non blacklisting of contractor	0	0
Total		56,769,589	56,769,589

Audit is of the opinion that negligence of the management resulted the into loss to Government/HEC accounts

The matter was pointed out to the University Management in June, 2021. The management replied that the amount was retained from the bills of contractors. Recovery of secured advance was made as per clause of the agreement. Audit holds that risk and cost failure attracts the notices of default and blacklisting. The replies were evasive being without support of documentary evidence hence not acceptable to audit.

The matter was also reported to the PAO. The DAC meeting was held on 7th March, 2023. The DAC kept the paras 192, 203, 193 & 179 (Sr. No. 1, 3, 5 & 7) pending with the direction to probe the matter through a committee constituted with the members of Punjab University and submit a detailed probe report through Administrative Department to audit for verification within 30 days. The paras 170 & 186 (Sr. No. 2 & 4) were kept pending with the direction to work out revenue credit of security deposits. It was also directed to recover balance amount in the matter. The para 219 (Sr. No. 6) was kept pending with the direction to recover an amount of Rs. 3,349,337 from the contractor and produce its vouchers to audit for verification.

Further progress was not reported by the department till the finalization of this report.

Audit recommends implementation of DAC's directives/instructions.

(AIR 2015-20 Special Audit UET-Paras 192, 170, 203, 186, 193, 219 & 179)

4.4.1.5 Misappropriation/embezzlement of material-Rs. 8.37 million

According to clause 45 of contract agreement read with para 2.98 of Buildings and Roads Code, secured advance will be given to the contractor on imperishable material brought at site @ 75% of the supplied material. The material would be the property of government and contractor would be responsible for any loss to the material.

During Special Audit of UET Lahore for the financial year 2015-20, it was observed that management of the University did not recover embezzled materials from the contractor in detail below 02 number civil work for Rs. 8,374,599 which resulted into the loss to Government/HEC accounts. Either material cost be recovered from the

contractors or the person held responsible or written off from HEC. Detail is as under:

Amount in Rs.

Sr. No	Description	Amount (Rs.)	Recovery (Rs.)
1	Misappropriation/embezzlement of material	4,720,589	4,720,589
2	Misappropriation/embezzlement of material costing	3,654,010	3,654,010
Total		8,374,599	8,374,599

Audit is of the opinion that negligence of the management resulted into the loss to Government/HEC accounts

The matter was pointed out to the University Management in June, 2021. The management replied that the amount was recovered as per contract agreement. Regarding para at Sr. No. 2 the management did not offer any reply. The reply was evasive being without support of documentary evidence hence not acceptable to audit.

The matter was also reported to the PAO. The DAC meeting was held on 7th March, 2023 and the paras 194 & 210 (Sr. No. 1 & 2) were kept pending with the direction to probe the matter through a committee constituted with the members of Punjab University and submit a detailed probe report through Administrative Department to audit for verification within 30 days.

Further progress was not reported by the department till the finalization of this report.

Audit recommends implementation of DAC's directives/instructions.

(AIR 2015-20 Special Audit UET-Paras 194 & 210)

4.4.2 Contractual Breaches

As per para 1 (ii) and 3 of Finance Department Letter No.RO(TECH)FD-2-3/85 Vol-IV dated 7th January, 1992 acceptance of

tenders shall be subject to the condition that the rates quoted and/or amount tendered are such that, total cost of the project will not exceed the amount for which technical sanction has been accorded by more than 4.5%.

Contrary to the stated provisions & weak internal controls the management of the department have been accepted the tender beyond permissible limit i.e., 4.5% and increase in scope of work 10% in scope of work/PC-1 provisions and payments without approval of revised TSE/PC-1. Non-obtaining of additional performance guarantee in case of below tender rates with respect to TSE, acceptance of defective bank guarantee without confirmation from issuance bank, non-revalidation of bank guarantee of contractors. The department was required to recover the overpayments by applying government instruction/rules and strengthen the internal control.

4.4.2.1 Non-recovery of liquidated damages due to non-completion of work within stipulated (extended) period-Rs. 297.054 million

According to Clause-39 of the agreement, the maximum of 10% of the contract cost was required to be imposed / recovered from the contractor if contractor fails to complete the work within stipulated period as per acceptance letter.

During Special Audit of UET Lahore for the financial year 2015-20, it was observed that management of the University granted various times extensions to the respective contractor's but the contractors did not complete the said works within extended time period yet. So, under clause-39 of contract agreement, the penalty of liquidated damages was required to be imposed as the contractor did not apply full resources to execute the work within given period. The detail is given in Annexure (29).

Violation of contractual obligation resulted in non-recovery of compensation for delay in completion of work within stipulated period for Rs. 297,054,948.

The matter was pointed out to the University Management in June, 2021. The management replied regarding para at Sr. No. 1 that multiple factors like rains, fog and shortage of funds were the reasons for the delay of the project. The project was extended by the authority. For rest of the para the management did not offer reply despite issuance of reminders.

The reply was not tenable as the time extension cannot be allowed whimsically. The period of extension needs to be covered in terms of explained reasoning involving instances of calamities and circumstances covering force major clause of the contract for the entire period of extension coverage which was not the case with these instances.

The matter was also reported to the PAO. The DAC meetings were held on 3rd, 7th, 8th, 10th & 14th March, 2023. The DAC kept the paras 155, 255, 323, 407, 316, 409, 29, 333, 45, 421, 453, 128, 218 & 166 (Sr. No. 1, 4 to 13, 15 & 17) pending for verification of final bill and recovery of penalties imposed at the time of EOT. The paras 238, 128, 136 & 117 (Sr. No. 2, 14, 16 & 18) were kept pending for verification of letters dated 30-6-20 and 30-9-20 by audit. It was also directed to provide final bills as well as the detail of paid penalty bills for verification by audit. The para 160 (Sr. No. 3) was kept pending with the direction to recover penalty on account of delayed supply from the supplier.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to fix the responsibility, get the matter regularized from project approving authority i.e., HEC besides effecting recoveries from the respective contractors or the person held responsible and to produce completion documents like final bill of contractor for each work, revised TSE if any, completion report, inventory report, handing

over taking over, functional report, and PC-IV duly approved from the quarter concerned for audit verification.

(AIR 2015-20 Special Audit UET-Paras 155,238,160,255,323,407,316,409,299,333,435,421,453,128,218,136, 166 & 117)

4.4.2.2 Non-revalidation of performance Bank Guarantee- Rs. 70.25 million

According to Clause-7 of the agreement read with para-(h) of the memorandum of the work, the performance security in the form of bank guarantee was required to be obtained until the completion of maintenance period @ 5% of the accepted tender price in case of tenders with cost exceeding Rs. 50 million.

During Special Audit of UET Lahore for the financial year 2015-20, it was observed that the management of the university had obtained performance bank guarantees amounting to Rs.70,251,717 which were expired but the same were not got revalidated from the contractors although the contractual engagement were yet to terminate. The renewed bank guarantees were required to be obtained up till the completion of maintenance period in compliance of contract clause as quoted above in following cases;

Amount in Rs.

Sr. No	Description	Amount (Rs.)
1	Non-revalidation of performance Bank Guarantee	31,350,000
2	Non-revalidation of performance Bank Guarantee	11,461,178
3	Non-revalidation of performance Bank Guarantee	10,448,900
4	Non-revalidation of performance Bank Guarantee	6,641,500
5	Non-revalidation of performance Bank Guarantee	6,641,500
6	Non-revalidation of performance Bank Guarantee	3,708,639
Total		70,251,717

Violation of contractual obligation and weak financial controls resulted into non-revalidation of performance bank guarantee for Rs. 70,251,717.

The matter was pointed out to the University Management in June, 2021. The management replied that the revalidation could not be made because of rescinded contracts. The reply of the department was not acceptable as compliance failure was not ruled out.

The matter was also reported to the PAO. The DAC meetings were held on 3rd, 7th, 8th & 14th March, 2023. The DAC kept the paras 205, 191, 204, 172 & 188 (Sr. No. 1, 2, 3, 4 & 5) pending with the direction to probe the matter through a committee constituted with the members of Punjab University and submit a detailed probe report through Administrative Department to audit for verification within 30 days. The para 406 (Sr. No. 6) was kept pending for regularization from Finance Department through Administrative Department i.e. Higher Education Department.

Further progress was not reported by the department till the finalization of this report.

Audit recommends implementation of DAC's directives/instructions.

(AIR 2015-20 Special Audit UET-Paras 205, 191, 204, 172, 188 & 406)

4.4.2.3 Undue financial aid due to non-reduction of disproportionate rate-Rs. 104.68 million

As per Clause 47-A of the Contract Agreement, if a contractor quotes such disproportionate rates in his tender which deviate from the rates provided in the technically sanctioned estimate, the payment of items whose rates are lower will be made at tendered rates in full on the execution of items (s) but the payment of items whose rates are higher shall be made at the rates depicted in technically sanctioned estimate on the execution of such items, the balance payment shall be withheld by the Engineer In-charge till the completion of the work item.

During Special Audit of UET Lahore for the financial year 2015-20, it was observed that the management of the university awarded the various works contracts for Rs.104,684,373 on item rates basis detail in original paras. Audit observed that the contractor quoted disproportionate rates of the items but payments against items carrying high rates were made at quoted / higher rates instead of the rates as provided in TS estimate.

Amount in Rs.

Sr. No	Description	Amount (Rs.)	Recovery (Rs.)
1	Undue financial aid due to non-reduction of disproportionate rate	42,581,458	42,581,458
2	Undue financial aid due to non-reduction of disproportionate rate	28,702,496	28,702,496
3	Undue benefit to the contractor due to disproportionate rates	28,654,481	28,654,481
4	Undue benefit to the contractor due to disproportionate rates	4,333,057	4,333,057
5	Undue financial benefit to the contractor due to disproportionate rates	412,881	412,881
Total		104,684,373	104,684,373

Violation of contractual obligations resulted in non-reduction of disproportionate rates amounting to Rs. 104,684,373.

The matter was pointed out to the University Management in June, 2021. The management replied regarding para at Sr. No. 1 that clause 47-A is not applicable on this contract and regarding para at Sr. No. 2, the management contended that the payments were made after invoking of clause 47-A. The executing agency paid quoted rates to the tenderer as per conditions of the contract.

Audit is of the view that rates could not be admitted over and above the TS estimates on any pretext what so ever.

The matter was further reported to the Administrative Department. The department did not provide any reply.

The matter was also reported to the PAO. The DAC meetings were held on 3rd & 7th March, 2023. The DAC kept the paras 164, 149 & 306 (Sr. No. 1, 2 & 9) pending with the direction to provide final bill including financial statement to the audit for verification purpose. The paras 184 &

190 (Sr. No. 4 & 5) were kept pending with the direction to probe the matter through a committee constituted with the members of Punjab University and submit a detailed probe report through Administrative Department to audit for verification within 30 days.

Further progress was not reported by the department till the finalization of this report.

Audit recommends implementation of DAC's directives/instructions.

(AIR 2015-20 Special Audit UET-Paras 164, 149, 306, 184 & 190)

4.4.2.4 Non-recovery of risk and cost from the defaulting contractor-Rs. 59.74 million

According to clause 60 and 61 of Contract Agreement, if a contractor fails to complete the work as per the terms of agreement, his work will be rescinded and remaining work will be completed at risk and cost of the original contractor, besides forfeiting his securities.

During Special Audit of UET Lahore for the financial year 2015-20, it was observed that management of the University had not been able to recover risk & cost valuing Rs.59,735,611 from the defaulting contractors. The contractor did not complete the work even during extended period and his job order was rescinded, burdening the balance work on the management.

Amount in Rs.

Sr. No	Description	Amount (Rs.)	Recovery (Rs.)
1	Non-recovery of risk and cost from the defaulting contractor	15,527,246	15,527,246
2	Non-recovery of risk and cost from the defaulting contractor	11,212,882	11,212,882
3	Non-recovery of risk and cost from the defaulting contractor	5,517,776	5,517,776
4	Non-awarded of balance work at risk & Cost of the original contractor	11,893,057	11,893,057
Total		59,735,611	59,735,611

Audit is of the opinion that violation of contractual obligation resulted in non-recovery of risk & cost for Rs. 59,735,611 which may be recovered from the contractors.

The matter was pointed out to the University Management in June, 2021. The management replied that recoveries have been affected. Regarding para at Sr. No. 4 the management did not offer any reply.

Audit is of the view that risk and cost failure attracts the notices of default and blacklisting. The replies were evasive being without support of documentary evidence hence were not acceptable to audit.

The matter was also reported to the PAO. The DAC meetings were held on 7th & 10th March, 2023. The DAC kept the paras 187&195 (Sr. No. 1 & 3) pending with the direction to probe the matter through a committee constituted with the members of Punjab University and submit a detailed probe report through Administrative Department to audit for verification within 30 days. The para 171 (Sr. No. 2) kept pending with the direction to work out revenue credit of security deposits. It was also directed to recover balance amount in the instant matter. The para 325 (Sr. No. 4) was kept pending for conducting a probe by the Project Director of the University within 30 days.

Further progress was not reported by the department till the finalization of this report.

Audit recommends implementation of DAC's directives/instructions.

(AIR 2015-20 Special Audit UET-Paras 187, 171, 195 & 325)

4.4.2.5 Non-recovery of pre-shipment charges-Rs. 2.805 million

As per sub clause-51.5(d) of contract agreement, the contractor shall arrange at his own cost factory visit(s) for pre-shipment inspection/testing. One Consultant/Engineer's representative and one

Employer's representative accompany with Contractor's representative will visit manufacture's premises. Business Class Air-fare to and from inspector's home town, boarding and lodging and transport for two persons shall be contractor's responsibility. The Contractor shall arrange visa for the inspectors and all for formalities and costs in this respect shall also be the contractor's responsibilities. In addition, the contractor shall provide (for two persons) daily allowance in US\$ for out of pocket expenses at 200 US\$ per day per person for not less than 5 days. Further, as per sub-clause 51.12(f), in case of absence of pre-shipment inspection for any reason, Engineer will deduct suitable amount of pre-shipment inspection or direct the contractor to change the make / country of origin of the equipment if so required.

During Special Audit of UET Lahore for the financial year 2015-20, it was observed that the Project Director, UET Lahore Narowal Campus, Narowal awarded the work "Supply, installation, commissioning, operation and maintenance of HVAC works for innovation Center at UET Narowal Campus" and made payments on account of purchase of Chillers, Hot water Generators, Cooling Towers, Air Handling Units (AHU) and Fans coils units (imported items). Audit observed that the pre-shipment of imported items was not made as no documents/record regarding the pre-shipment inspection, origin manufacturer country, brand, Performa Invoice and guide manual of the manufacturer was produced. In the absence of said documents, the conformity of brand with specifications and country of origin was not verified/ confirmed. Further, the cost of pre-shipment inspection charges was inbuilt in quoted rates of the imported items so, the cost of pre-shipment and other allied expenditure was required to be deducted/recovered from the contractor in compliance of contract clauses as quoted above.

Violation of contractual obligation and weak financial and managerial controls resulted in non-recovery of pre-inspection charges for Rs. 2,805,600. The detail is as under:

Amount in Rs.

Sr. No.	Name of imported item	State of origin (as per detail provided)	Pre-shipment charges including visa and all other allied exps, (approx. for 2 persons) (Rs.)
1	Chillers	Italy	500,000
2	Hot water Generators	Turkey	500,000
3	Cooling Towers	China	500,000
4	Air Handling Units (AHU)	Malaysia	500,000
5	Fans coils	Malaysia	500,000
6	Daily allowance charges (2 person x 200 US\$ per day per person)	US\$200xRs152.80x2x5	305,600
Net recovery			2,805,600

The matter was pointed out to the University Management in June, 2021. The management replied that pre-shipment report were attached. The reply of the department was not tenable without support of documentary evidence.

The matter was also reported to the PAO. The DAC meeting was held on 7th March, 2023 and kept the para 161 pending with the direction to recover pre-shipment charges from the concerned.

Further progress was not reported by the department till the finalization of this report.

Audit recommends implementation of DAC's directives/instructions.

(AIR 2015-20 Special Audit UET-Para 161)

4.5 Asset Management

This chapter highlights the issues regarding uncompetitive leasing out of university premises (agriculture land, canteens, shops etc.), non-realization of lease amount, non-allotment of university residences to

employees and un-reliable consumption of stores and durable assets inventories.

4.5.1 Loss due to lease out university premises without open competition and non-leasing out of agriculture land and less recovery of rent and utility bills Rs. 101.346 million

Section 16 (a) of the UET Act, 1974 states that the treasurer shall manage the property, the finance and investment of the University. Further, Section 14 (1) of ibid states that the Vice-Chancellor shall be the principal executive and shall ensure that the provisions of this Act, the Statutes, the Regulations and the Rules are faithfully observed in order to promote administration and the general efficiency and good order of the University.

During Special Audit of University of Engineering & Technology (UET), Lahore for the period 2015-20, it was observed that shops and canteens were leased out without open competition. Agriculture land remained idle for long time, unserviceable items were not auctioned, less recovery of rent and electricity dues of PTCL tower, ATM Machines and general store resulted into estimated loss of Rs. 101,346,671. The detail is given in Annexure (30).

The matter was pointed out to the University Management in June, 2021. The management stated regarding Sr. No. 1 that University tendered various shops in side of the university and at Ghorey Shah Road for award on competitive basis under PPRA Rules 2014. No one participated in auction process and existing licensees succeeded to obtain stay order from civil court. The university Assets Management Committee recommended fresh estimation of fair market rent. Regarding para at Sr. No. 2, the management replied that the new agreement was not made after expiry of previous agreement and no taxes/rent could be charged from PTCL yet. The canteen and photocopy shops were auctioned through tendering

process and thereafter rent was increased by 10%. Regarding para at Sr. No. 3, the management replied that university administration is in process to make a contract with HBL regarding rent and utility bills for ATMs. Regarding para at Sr. No. 4 the management replied that auction could not be made due to Covid-19. Regarding para at Sr. No. 5, 6 & 9 the management did not offer any reply. Regarding Sr. No. 7, it was stated that auction had been made w.e.f. 01-09-2019 to 31-08-2021. The management at Sr. No. 8 & 10 replied that it has been decided to get the vehicle repaired instead of seeking auction. The reply of the department was not tenable as no documentary evidence was produced in support of reply.

The matter was also reported to the PAO. The DAC meetings were held on 2nd, 3rd & 14th March, 2023. The DAC kept the paras 12 & 93 (Sr. No. 1 & 8) pending with the direction to conduct probe at University level within 30 days and report be shared with Administrative Department. The para 29 & 31 (Sr. No. 2 & 7) was kept pending for recovery and detail verification of record by audit. The para 30 (Sr. No. 3) was kept pending for making actual recovery in the matter. It was also directed to make contract agreement with the bank authority to determine rent of ATM space and bank Booth. The para 20 (Sr. No. 4) pending for showing compliance in the matter. The para 392 (Sr. No. 5) was kept pending with the direction that recovery made be got verified by audit. It was also directed to get the matter regularized from Finance Department. The para 32 (Sr. No. 6) was kept pending with the direction to prepare a revised /updated reply containing justification as well as documentary evidence. The para 390 (Sr. No. 9) was kept pending with direction that matter may be enquired by Vice Chancellor/Registrar Office, open auction of canteen through advertisement besides regularization from Finance Department. The para 367 (Sr. No. 10) was kept pending for production of annotated revised reply and record to audit for verification.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to fix the responsibly for delay conceded regarding an open advertisement at competitive rates, besides making the loss good.

(AIR 2015-20 Special Audit UET-Paras 12, 29, 30, 20, 392, 32, 31, 93, 390 & 367)

4.5.2 Irregular auction of unserviceable articles without advertisement-Rs. 4.107 million

Section 16 (a) of UET Act, 1974 states that the Treasurer shall manage the property, the finance and investment of the University.

During Special Audit of (UET) Lahore for the period 2015-20, it was observed that unserviceable fixed assets like machinery & equipment, furniture, office equipment, tyres, batteries and used Mobil oil etc. were auctioned for Rs. 4,107,325 without openly advertising auction notice whereas reserve value of each item meant for disposal was more than Rs. 100,000. The detail is given in Annexure (31).

The matter was pointed out to the University Management in June, 2021. The management replied that the auction was conducted as per policies and rules of Auction committee of UET, Lahore. The reply of the department was not tenable as advertisement for open auction had not materialized at any stage.

The matter was also reported to the PAO. The DAC meeting was held on 2nd March, 2023 and kept the para 25 pending for provision of record and revised/updated reply.

Further progress was not reported by the department till the finalization of this report.

Audit recommends that the irregularity may be got condoned from the Finance Department besides fixing the responsibility for the lapses.

(AIR 2015-20 Special Audit UET-Para 25)

4.5.3 Non-allotment of university residences at Narowal Campus.

Section 16 (a) of the UET Act, 1974 states that the Treasurer shall manage the property, the finance and investment of the University.

Further, all the Field Officers are required to maintain a pool register comprising information regarding availability of residential facility, one page should be for one residence where proper entry regarding allotment and in case of vacancy, proper certificate be given on the register as per letter No.FD(M-I)1-15/82-P.I, dated 15.1.2000.

During Special Audit of UET, Lahore and its sub-campus for the period 2015-20, it was observed that residences have been constructed and handed over to the university management on 02.9.2019 at Narowal Campus but the same had not been allotted. Due to non-allotment of official accommodation, university had paid House Rent Allowance to officer and staff and this amount could be saved.

The matter was pointed out to the University Management in June, 2021. The management did not offer any reply despite issuance of reminders.

The matter was also reported to the PAO. The DAC meeting was held on 10th March, 2023 and kept the para pending with the direction to conduct an inquiry in the matter and the responsibility be fixed against the defaulter within 30 days positively.

Further progress was not reported by the department till the finalization of this report.

Audit recommends implementation of DAC's directives/instructions and allotment of residences on merit to the concerned officers/staff.

(AIR 2015-20 Special Audit UET-Para 366)

4.6 Monitoring & Evaluation

This chapter highlights the issues of monitoring and evaluation system of the university, for instance, non-establishment of internal audit cell and non-achievement of project objectives.

4.6.1 Non obtaining financial self-sufficiency and non-producing Ph.Ds reflecting wasteful expenditure Rs. -Rs. 732.36 million

The Khwarizmi Institute of Computer Sciences (KICS) was established through a project (2002-06) with the specific objectives as evident from copy of PC-1 provided to audit by the management. Project objectives includes producing 15 Ph.Ds, 30 to 50 Msc/M.Phil, obtaining self-sufficiency in first three year, earn minimum 30 million from selling of patents and technologies per anum, make available 100 to 150 hours of highly specialized teaching staff per week for other institutes.

During Special Audit of UET, Lahore for the period 2015-20, it was observed that The Khwarizmi Institute of Computer Sciences (KICS) was established in the premises of the university. Expenditure of Rs. 732,358,192 was incurred during the period under for its operation cost from receipt from projects instead of generating its own revenue by selling patent and technology. The institute failed to achieve its following core objective:

1. The core objective was to produce 15 Ph.Ds and 30-50 Msc/M.Phil in Computer Science and IT per annum to meet the shortage of properly qualified teachers/professors of IT and Computer Science. Audit also noted that department did not produce a single Ph.D/MSc/M.Phil even after expiry of 18 years of establishment of the institute (Sr. No.4, 8 &11 [page 11] of the PC-1). The department had not started MS.c, M.Phil and Ph.D programs. It was in practice that the department hired research staff for a project and earned money, instead of

research work done by the students under the supervision of the full time faculty.

2. The objective and operation of KICS was designed to become a self-sufficient organization within first three years of its establishment by selling patents and technologies generated as result of research activities. This may ultimately lead to a highly profitable government owned institute owning several products and technologies like Bell Labs USA or the RANK institute of USA. Audit observed the department failed to earn a single Rupee from selling of technology or patent.
3. The department was required to earn minimum of 30 million per anum through selling of patents and technologies. The department have earned zero in 18 years and was wholly depending on recurring grants received from HEC and consultancy/testing services as was evident from the statement provided to audit.
4. The institute was to make available 100 to 150 hours of highly specialized teaching staff per week (6000 hours per annum) to other educational institutes affiliated with KICS e.g., UET, Govt. College Lahore, FAST, LUMS etc. Audit observed that neither the department had started classes nor it had qualified teachers service to provide to affiliated institutes (sr. no.5 of PC-I).

Detail of expenditure incurred during 2015-20 by KICS is as under:

Amount in Rs.

Sr. No.	Financial Year	Expenditure (Rs.)
1	2015-16	99,408,310
2	2016-17	151,550,158
3	2017-18	149,138,207

Sr. No.	Financial Year	Expenditure (Rs.)
4	2018-19	167,457,893
5	2019-20	164,803,624
Total		732,358,192

Weak administrative controls resulted in non-achievement of self-sufficiency, production of qualified students, earning from patent registration targets resulted into wasteful expenditure Rs.732.35 million.

The matter was pointed out to the University Management in June, 2021. The management replied that Al-Khwarizmi Institute of Computer Science (KICS), UET, Lahore was established by the Government of Punjab in 2002 as a center of excellence for R&D in the area of IT and Telecom. KICS operational and policy matter are governed by its BoG. The strategic direction is set by the BoG and its constituted Technical Committee consisting of eminent scholars and educationalist of the country. Reply of the management was not tenable as no reply was provided to specific audit findings. Audit holds that KICS had not achieved the desired objectives and is meeting its expenditure from different projects.

The matter was also reported to the PAO. The DAC meeting was held on 3rd March, 2023 and kept the para pending with the direction to conduct a probe at University level and its report be submitted to Administrative Department as well as to audit.

Further progress was not reported by the department till the finalization of this report.

Audit recommends to probe the matter, fix the responsibility besides development of plan for achievement of objectives.

(AIR 2015-20 Special Audit UET-Para 114)

4.6.2 Internal Audit Cell not established

Sr. No. 7.5.19 of Financial Audit Manual (FAM) provides that internal audit control is in itself an internal control. It acts an independent

check on performance. It can be effective in helping management fulfill its monitoring role. Sr. No. 7.5.20 of Financial Audit Manual (FAM) provides that internal audit must not become part of the operational controls. The internal audit unit should not be performing checks on an ongoing basis. It should audit and review after the fact, or as a separate independent and additional check, to ensure that the management and staff have been carrying out their duties properly.

During Special Audit of UET, Lahore for the financial year 2015-20, it was observed that the university is comprising campuses and department i.e., Main Campus, Faisalabad Campus, Narowal Campus, RCET Gujranwala, IB&M, KICS, New Campus Kala Shah Kaku and ESU Pak. Moreover, expenditure on five development projects, 51 NPU Research Projects, TDF Projects, other Research Projects had been incurred but no Internal Audit exercise has been carried out to monitor systems, processes, culture and tasks to support management in achieving the government/university policies and objectives. Many instances of illegal appointments, overpayments, non-realization of university dues and non-compliance of government/university laws reported and these could be averted, if internal audit control mechanism had been in place and implemented.

It was hardly possible for Vice Chancellor, Registrar, Treasurer and Resident Audit Officer to inspect/check the subsidiary record maintained in the departments thoroughly before/after passing a claim/pre-audit in routine. External Audit also executes compliance with authority audit/regularity audit on sample/test-audit basis. It is alarming that no SDAC/DAC has been convened during the last five years and therefore no audit para settled or compliance reported. The audit observations may be placed before the Syndicate/Senate for implementation and further necessary action.

The matter was pointed out to the university management in June, 2021. The management noted the observation for compliance.

The matter was also reported to the PAO. The DAC meeting was held on 10th March, 2023 and kept the para pending for showing compliance in the matter.

Further progress was not reported by the department till the finalization of this report.

Audit recommends that an Internal Audit Cell may be established, and internal audit be carried out besides placement of audit observations before syndicate/senate for implementation and further necessary action.

(AIR 2015-20 Special Audit UET-Para 373)

5. OVERALL ASSESSMENT

1. **Relevance:** University of Engineering and Technology (UET), Lahore has a vision for improving quality of higher education through faculty development and internationalization and facilitating UET graduates to enter the workforce through career counseling, internships and job placement.
2. **Economy:** Tendering process was partially followed. Procurements at higher rates, liquidated damages on late completion, provision of electricity at subsidized rate, recoveries on account of taxes and defaulting scholars were also not imposed. Thus, the economy was rated low.
3. **Efficiency:** Many important sectors were neglected by the management and many key posts were filled on look after/ additional charge. Thus, the efficiency was rated low.
4. **Effectiveness:** Since the University is a going concern, objectives, targets and desired results are being achieved at a slow pace.
5. **Risk rating:** Medium.

6. CONCLUSION

During Special Audit of the University of Engineering and Technology (UET) Lahore, many systemic failures in internal control structure were identified. The issues pertaining to human resource management like appointments, up-gradation, pay fixation with advance increments and irregular payment of various allowances granted in contrary to UET Lahore Act 1974, Statutes and TTS were pointed out with a view to sensitize the management regarding the weaknesses in the existing control structure. The financial management system of the University was scrutinized and issues like inefficient fund management, undue taxation on investment of the university, procurements in violation of PPRA rules, non-recovery of taxes, risk and cost recoveries from the defaulting contractors and non-recovery of liquidated damages in development projects, and non-auction of university premises were highlighted that indicated weaknesses in the internal control structure. The core issues highlighted warrant a prompt and pro-active approach on the part of the management to avert the weaknesses in the internal control environment that are hindering the financial and administrative discipline. The adherence to the recommendations of audit will improve the overall performance of the management.

7. ACKNOWLEDGEMENT

We would like to express our special thanks to the management of UET. The completion of this Special Audit assignment couldn't have been possible without the assistance and cooperation of staff of UET.

ANNEXURES

Annexure-1	https://docs.google.com/document/d/1682ZF0cJHLvFeODTa6x-FkQBq5WwgGVv/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-2	https://docs.google.com/document/d/1xItq_9Kpd9yJtSSnnC0XqKgrgtMYWH05/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-3	https://docs.google.com/document/d/1eQvzcdOtMuK9IFd2T055ULBkiNg-jPbf/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-4	https://docs.google.com/document/d/1VE0V03Obf91O1z8M14rAJgYowAIAJTbk/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-5	https://docs.google.com/document/d/1Yh3tkeH-nXRm5KtdpLDx_pmfeXYJLD4G/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-6	https://docs.google.com/document/d/1tmvsg2Sh-NWfX2_yya5WxJrJjg2oz2F/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-7	https://docs.google.com/document/d/111TxaJtMARfDjHQhucXYisCrZQrnMsQ/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-8	https://docs.google.com/document/d/19hIZkSVH1mCluRfM9w6KBSC-H3uaECGw/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-9	https://docs.google.com/document/d/1DBTgOPbO9edq53sSU1Vg0ekzaDIF-KOQ/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true

Annexure-10	https://docs.google.com/document/d/1uxrhsSgc2CqpRNOpJ8aGvd604_Hvdsln/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-11	https://docs.google.com/document/d/16P-KEkTIYYcsyez9-25LiKVPMYq11PRu/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-12	https://docs.google.com/document/d/1XeBLfAMxTMExswATxrJsNYeIZwZNIY6N/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-13	https://docs.google.com/document/d/1aNzFD7qFR_qfBj_UW8_ZM0p6S8rY2fsL/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-14	https://docs.google.com/document/d/1EJcBuSXGoFj8FxBPd6jfEekh7GLa99gY/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-15	https://docs.google.com/document/d/14dMVL8IH5mJWAQAGRKO0jMXRgKqNNFfc/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-16	https://docs.google.com/document/d/12sVp4LTpjyhFFFjMO-xuYXJZ_L5Ubz6Q/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-17	https://docs.google.com/document/d/1OBQa91586GxAicGxWIMXezFLtZeSJCDz/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
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Annexure-19	https://docs.google.com/document/d/1xNutzR6PEEFBRWWtPlodiXSWibk7lxKc/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true

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Annexure-22	https://docs.google.com/document/d/14jYnrYJEE5y4Jb3nxUp-tUUAQzZB0QP/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
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Annexure-24	https://docs.google.com/document/d/1YIRkY86prITSyj4yuXEWzkyBD2aYi81j/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-25	https://docs.google.com/document/d/1yZnZMZIKxova5dojQlfpXTq56JP-J6_x/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-26	https://docs.google.com/document/d/1wGu7XuvxSiqLD5taq3txkmwD2QwgZC/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
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Annexure-28	https://docs.google.com/document/d/1eSdF_DbMqdFZ1k8D8LJey0794vLFOpto/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
Annexure-29	https://docs.google.com/document/d/1sMLpkH8nYy1JJfMmYzSZ8p-XA7T1gVZx/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true

Annexure-30	https://docs.google.com/document/d/1fFri19xZpdDhqQHnLHbhQlHQ9XwI8dRK/edit?usp=drive_link&oid=110933061039122366722&rtpof=true&sd=true
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