



**SPECIAL STUDY REPORT
ON
TRANSFER OF SAVING
BANKACCOUNTS AND CERTIFICATES
FROM
PAKISTAN POST OFFICE DEPARTMENT
TO
CENTRAL DIRECTORATE OF
NATIONAL SAVINGS**

AUDIT YEAR 2022-2023

AUDITOR-GENERAL OF PAKISTAN

Preface

Articles 169 and 170 of the Constitution of Islamic Republic of Pakistan, 1973, read with Section 10 of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, require the Auditor-General of Pakistan, in so far as the accounts enable him so, to conduct audits, undertake studies and analysis and to do give to the federal, provincial and the district governments such information, as they may require from time to time. The Special Study on transfer of Saving Bank Accounts from Pakistan Post Office Department (PPOD) to the Central Directorate of National Savings (CDNS) was carried out accordingly.

Director General Audit, Postal and Telecommunication Services, Lahore conducted Special study on transfer of Saving Bank Accounts from PPOD to CDNS during Audit Year, 2022-23 with a view to report significant findings to the relevant stakeholders. Audit assessed the reasons behind transfer of Saving Bank Accounts from PPOD to CDNS, the transfer and execution strategy, its implications and tripartite agreement for transfer of saving accounts to CDNS besides, compliance by the management with applicable laws, rules, regulations and instructions. The audit findings included in the report have been finalized in the light of discussion with the management.

The Special Study Report is submitted to the President of Pakistan in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan 1973, for causing it to be laid before both houses of Majlis-e-Shoora (Parliament).

Islamabad
Dated: 16th January, 2024

Sd/-
(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

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Abbreviations and Acronyms

AMLA	:	Anti-Money Laundering Act
APPM	:	Accounting Policies and Procedures Manual
CCMS	:	Customers Complaint Management System
CDNS	:	Central Directorate of National Savings
CPM	:	Chief Postmaster
CTR	:	Currency Transactions Report
DA PPO	:	Director of Accounts, Pakistan Post Office
DAC	:	Departmental Accounts Committee
DSC	:	Defence Savings Certificate
DSPS	:	Divisional Superintendent Postal Services
FATF	:	Financial Action Task Force
FCF	:	Federal Consolidated Fund
FMU	:	Financial Monitoring Unit
FPO	:	Franchised Post Office
GFR	:	General Financial Rules
GPO	:	General Post Office
HO	:	Head Office
PMG	:	Postmaster General
PPOD	:	Pakistan Post Office Department
PSB	:	Post Saving Bank
P&TS	:	Postal and Telecommunication Services
RDNS	:	Regional Directorate of National Savings
SB	:	Saving Bank
SSA	:	Special Savings Account

Executive Summary

Directorate General Audit, Postal and Telecommunication Services, Lahore conducted the Special Study on transfer of saving accounts/certificates from PPOD to CDNS with effect from July, 2022 to November, 2022. The audit was conducted in the light of Terms of References approved by the Office of the Auditor-General of Pakistan.

PPOD performs its functions under the provisions of Post Office Act, 1898, and falls under the administrative control of Ministry of Communications. Primarily, PPOD delivers mail and disburses payments of money orders. Besides, PPOD performs forty-six (46) agency functions on behalf of various government departments and organizations. Pakistan Post provides postal services throughout the country through a network of around 13,000 post offices. It provides delivery services to twenty million households and businesses without cost consideration. In addition to its traditional role, Pakistan Post also performs agency functions on behalf of Federal and Provincial Governments, which inter-alia, include Savings Bank accounts, Postal Life Insurance, Collection of Taxes, Collection of Electricity, Water, Sui Gas and Telephone bills. Being a major agency function, saving bank accounts were the main sources of receipts of PPOD.

In pursuance of tripartite agreement among CDNS, DG PPOD, and Director Postal Accounts, PPOD began to transfer the saving bank accounts from GPO Rawalpindi to CDNS in December, 2020.

Keeping in view the importance and sensitivity of transfer of the major agency function of saving bank accounts, an independent examination of the transfer process of saving bank accounts was planned by the Auditor-General of Pakistan in the Audit Plan for 2022-23, the execution of which was carried out from July, 2022 to November, 2022. This study aims to assess the efficiency and effectiveness of the transfer process with a focus on ensuring transparency, accountability, and adherence to regulatory requirements. The audit findings will

provide valuable insights and recommendations to all the stakeholders.

Audit pointed out many serious issues of mismanagement on the part of PPOD in transfer of saving accounts to CDNS and discussed with the audit entities in the DAC meeting held on 1st August 2023 at Postal Staff College, Islamabad.

Key Audit Findings

- i. Currency transaction reports of savings bank transactions worth Rs. 234,994 million were not reported to Financial Monitoring Unit.
- ii. Savings bank accounts of Rs. 146.053 million were closed instead of transferred to CDNS.
- iii. Irregular deposits and withdrawals in saving bank accounts/certificates of Rs.13,085.430 million and Rs. 13,324.461 million respectively were noticed.
- iv. PPOD irregularly retained blank DSCs, SSCs and RICs of Rs. 17,379.549 million.
- v. Savings bank accounts/certificates of Rs. 11,001.795 million were not transferred to CDNS.
- vi. Cash payments of Rs. 810.146 million were made instead of cheques.
- vii. Irregular payments on account of hardship claims of Rs. 10,238.17 million, death claims of Rs. 103.584 million and deceased claims of Rs. 68.155 million were made to SB account holders without succession certificates and in violation of delegated authority.
- viii. No adequate supervisory/monitoring mechanism at headquarters level existed to enforce the tripartite agreement amongst PPOD, CDNS & DA PPO.

- ix. Death and pledged cases of Rs. 3,511.027 million of saving bank accounts were not found settled/finalized.
- x. A fraudulent drawl of Rs. 0.563 million from saving bank account was revealed.
- xi. Discrepancies of Rs. 2,115.719 million, Rs. 631.307 million, Rs. 2,140.895 million and Rs. 400.656 million during transfer of saving bank accounts/certificates to CDNS were observed.
- xii. Acknowledgment receipts of transferred special saving bank accounts of Rs. 37.177 million were not available on record.
- xiii. The revenue of PPOD declined to Rs. 266.741 million during financial year 2022-23 as compared to Rs. 1,820.072 million during financial year 2018-19.
- xiv. The GPOs' figures of transferred saving banks accounts to CDNS amounting to Rs. 6,668.142 million could not be reconciled.
- xv. The annual profit statement of saving bank accounts for the years 2008-22 could not be provided.
- xvi. Due to short deduction of withholding tax and non-deduction of Zakat, losses of Rs. 0.665 million and Rs. 0.279 million respectively were incurred to the public exchequer.

Recommendations

- i. All currency transactions of two million and above be reported to Financial Monitoring Unit.
- ii. In cases where rules and instructions of Finance Division and DG PPOD and terms and conditions of the tripartite agreement are

violated, the matter should be inquired into in order to fix responsibility against the person(s) at fault.

- iii. All saving bank accounts/certificates should be transferred to CDNS according to rules, procedures and instructions of Finance Division and terms and conditions of the tripartite agreement.
- iv. Deposits and withdrawals must be discontinued as envisaged in the instructions of Finance Division.
- v. All kinds of blank saving certificates be returned to the quarter concerned.
- vi. The process of transfer of accounts and certificates be expedited by resolving the issues faced by field formations through meetings with stakeholders. A vigilant monitoring cell at PPOD HQ level be established to supervise the process of transfer.
- vii. Internal controls at all levels need to be strengthened to avoid losses, fraud and misappropriations.
- viii. Payments must be made through cheques instead of cash.
- ix. The saving bank accounts/certificates of deceased be transferred to CDNS after getting succession certificates as well as sanctions of the competent authority.
- x. All pending cases of deceased and pledged cases in saving bank may be resolved as per rules and instructions.
- xi. The batches of saving bank accounts/certificates transferred to CDNS may be got acknowledged.
- xii. Discrepancies in saving bank accounts/certificates pointed out by CDNS need adequate care to be addressed. Moreover, shortcomings

found while transferring saving bank accounts/certificates to CDNS must be removed and records of the saving bank accounts be maintained properly.

- xiii. Regular reconciliation should be made to eliminate the variations found in saving bank figures that occurred amongst PPOD, DAPPO and CDNS.
- xiv. Steps may be taken to increase the revenue and make PPOD profitable after discontinuation of saving bank business.
- xv. Profit statements of all GPOs may be prepared to ascertain the correct balances of the saving bank accounts to streamline the transfer process.
- xvii. All deductions of taxes, service charges and zakat etc. may be deducted as per rules and sent to the quarters concerned.

1. Introduction

PPOD performs its functions under the provisions of Post Office Act, 1898 and falls under the administrative control of Ministry of Communications. Primarily, PPOD delivers mail and disburses payments of money orders. Besides, PPOD performs forty-six (46) agency functions on behalf of various government departments and organizations. Pakistan Post provides postal services in every nook and corner of the country through a network of around 13,000 post offices. It provides delivery services to twenty million households and businesses without cost consideration. In addition to its traditional role, Pakistan Post also performs agency functions on behalf of Federal and Provincial Governments, which inter-alia, include Savings Bank accounts, Postal Life Insurance, Collection of Taxes, Collection of Electricity, Water, Sui Gas and Telephone bills. Being a major agency function, saving bank accounts were the main sources of receipts of PPOD.

Financial Action Task Force (FATF) of Asian Pacific Union placed Pakistan on the grey list in June, 2018. More than 40 recommendations were made by FATF, out of which 14 were related to PPOD. As financial services of PPOD were being performed manually, to comply with the requirements of FATF, a tripartite agreement was executed on 27th November, 2020 amongst PPOD, Central Directorate of National Savings (CDNS) and Director Accounts, Pakistan Post Office for transfer of Special Saving Schemes/Certificates and Saving Bank Accounts from PPOD to CDNS. Accordingly, Standard Operating Procedures were formulated and communicated by the Finance Division. This office planned a Special Study on Special Saving Schemes/Certificates and Saving Bank Accounts in the Audit Plan, 2022-23.

2. Define Study

2.1. Purpose of Study

In order to comply with the FATF requirements, PPOD initiated the process of transfer of accounts/certificates to CDNS. During audit of PPOD for the year 2020-21, audit observed certain irregularities in the process of transfer of SB accounts/certificates to CDNS such as payments against transferred DSCs/SSAs by GPOs, non-recording of saving accounts withdrawal transactions in ledgers after transfer of accounts to CDNS, acceptance of fresh deposits after closing of accounts, transfer of accounts to CDNS without adding profit and overpayment of profit due to wrong calculations etc., therefore; this office planned to conduct a special study to:

- i. Assess the impact of AMLA on transfer of the saving bank accounts/certificates from PPOD to CDNS.
- ii. a) See that the terms and conditions of the tripartite agreement were followed during the transfer process; b) the timeline of the transfer process was met; c) the roles and responsibilities of each party and the scope of the transfer were adequately defined; and d) the issues during the transfer process were duly highlighted and actions taken to redress them.
- iii. Assess the effectiveness of the monitoring committee established to oversee the transfer process, including the structure and composition of the committee, the frequency and scope of its meetings, and the role and responsibilities of its members.
- iv. Evaluate the impact of transfer of saving bank schemes on the PPOD's organizational structure, need of re-organization of PPOD and its impact on revenue and expenses thereof.
- v. Examine the accuracy and completeness of the records relating to the transferred saving bank schemes, including the processes used to maintain

and reconcile the records with CDNS and DA PPO, Lahore and other relevant departments.

- vi. Ascertain the communication strategy adopted during the transfer process to inform customers of the changes related to savings bank schemes and assess its effectiveness.

2.2. Special Study Scope

Scope of the Special Study covers the transfer of saving bank accounts/certificates from PPOD to CDNS with effect from the date of execution of tripartite agreement i.e., January, 2021 to June, 2022.

2.3. Beneficiary of Study

The special study report will benefit the respective stakeholders such as PPOD, CDNS, accounts holders and general public for portfolio investments. The study will also provide valuable insight for parliamentary oversight.

3. Study Design

3.1. Time Period

The study was carried out with effect from July, 2022 to November, 2022 to get sufficient results from data. Since the data was scattered across the PPOD field formations; therefore, the study was planned to be conducted in conjunction with the compliance audit activities.

3.2. Data Sampling

The study did not involve data sampling as it was a transfer of entire data related to saving bank accounts and certificates from PPOD to CDNS in accordance with the tripartite agreement as reflected in the tables below:

Circle-wise Status of saving bank of PPOD

Name of Circle	Total accounts	Accounts Transferred	Declared dead	Remaining	Amount	Remarks
Hyderabad	119,139	4,090	0	115,049	NIL	Exact amounts of all bank accounts could not be ascertained on record.
Islamabad	75,850	19,393	0	56,457		
Karachi	58,590	5,990	0	52,645		
Lahore	182,587	46,447	0	136,140		
Multan	61,197	20,708	0	0		
Muzaffarabad	229,938	95,797	0	58,884		
Peshawar	154,585	25,466	0	72,397		
Quetta	1,617	273	0	1,344		
Rawalpindi	451,748	121,745	237,705	21,849		
Grand total	1,335,251	339,909	237,705	514,765		

Name of Circle	Total Certificates	Certificates Transferred	Remaining	Amount	Remarks
Hyderabad	2,684	992	1,692	NIL	Exact amounts of all certificates could not be ascertained on record.
Islamabad	10,713	1,722	8,991		
Karachi	35,068	2,839	32,229		
Lahore	10,115	2,565	6151		
Multan	795	458	331		
Muzaffarabad	2,863	2,410	403		
Peshawar	2,677	1,066	1,523		
Quetta	795	36	58		
Rawalpindi	10,367	1,723	8,644		
Grand total	76,077	13,811	60,022		

3.3. Methodology

The Special Study was carried out on the basis of data collected from the office of DG PPO, PMGs, DA PPO Lahore and thirty-three (33) selected GPOs. Information from other sources, namely, Customers Complaint Management System (CCMS), Print & Electronic media reports, surveys from the account holders through a questionnaire and previous compliance reports etc. were also retrieved and consulted to complete the assignment. Moreover, relevant stakeholders were also interviewed where it was deemed necessary.

4. Special Study Results and Recommendations

4.1. Compliance with tripartite agreement

4.1.1. Closure of saving bank accounts instead of transferring to CDNS

According to Finance Division letter No. 17(1)GS-I/2012-Voll-II dated 13.01.2020, PPOD is responsible to transfer SB accounts/certificates after examination of relevant record. The chief postmaster, after verifying the documents, namely, pass book and particulars mentioned in annexures A & B, the documents will be handed over to the respective focal person of CDNS.

Eight (08) formations closed saving bank accounts/certificates, having a value of Rs. 146.053 million (Annex-I) after paying the principal amount and profit thereon, to the account holders. Audit observed that PPOD closed the accounts instead of transferring the accounts with balances to CDNS in violation of the standing instructions of Finance Division, which reflects the weakness of the financial discipline of PPOD.

The matter was reported to the management during November, 2022. It was replied that DG PPOD provisionally allowed to withdraw the amount in circumstances of acute emergency and in hardship cases. Audit did not agree with the reply as after January, 2022, Finance Division did not allocate funds through LOC for saving bank payments. Further, accounts were not closed as per instructions of Finance Division.

The matter was also discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to provide breakup of the closed accounts to audit for scrutiny.

Audit recommends that the directives of the DAC may be implemented in letter and spirit.

4.1.2. Acceptance of deposits into saving bank accounts

According to para 2 (9) of Finance Division letter No. 17(1)GS-I/2012-Voll-II dated 13.01.2020, fresh deposits in the existing SB accounts will be stopped except salary and pension.

Eleven (11) formations of PPOD received Rs. 13,085.430 million and deposited in saving bank accounts (Annex-II).

Audit observed that receiving of fresh deposits was in violation of the above-stated Finance Division instructions, which reflects weak internal controls.

The matter was reported to the management during November, 2022. It was replied that no transaction was made in any SB account other than salary and pension. Audit did not agree with the reply, as it was un-substantiated.

The matter was also discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to provide the details of deposits in the SB accounts to audit for verification.

Audit suggests implementation of DAC directives.

4.1.3. Non-transfer of blank certificates to CDNS

According to Finance Division (Budget Wing) letter No.17 (1)GS-1/2012-Vol-II-65, dated 13th January, 2021, the work of Special Saving Schemes, Certificates and Saving Bank Accounts was withdrawn from Pakistan Post Office Department (PPOD) and it was directed that all such accounts be transferred to Central Directorate of National Savings (CDNS).

Twenty-seven (27) formations of PPOD held in stock a large number of different kinds of blank certificates, namely, Special Savings Certificates (SSCs), Defense Savings Certificates (DSCs) and Regular Income Certificates (RICs) of different denominations amounting to Rs. 17,379.549 million (Annex-III).

Audit observed that PPOD retained the blank certificates of such a huge value without any utility in violation of the Finance Division instructions. Audit holds that retention of blank certificates could result in misappropriation, loss and theft etc. Audit further contends that the blank certificates were required to be transferred to concern quarters for further necessary action.

The matter was reported to the management during November, 2022. It was replied that process of transferring of blank certificates was underway and assured that the case would be taken up with CDNS to resolve the issue.

The matter was also discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to transfer the blank certificates to CDNS and get them verified from audit.

Audit recommends the compliance of DAC directives.

4.1.4. Cash payments instead of cheques

According to para 1.12 (v) of Hand Book (Vol-II) issued by Central Directorate of National Savings (updated up to December 31, 2011), payment shall be made through crossed Government cheques at the centers located at places where NBP/SBP exist in one and the same city; however, payment may be allowed through crossed cheque drawn at the account of the Centre In-charge maintained with the local bank branch. Further, para 4.2.9.5 of Accounting Policies and Procedure Manual issued by the Government of Pakistan, stipulates that all payments should be made through crossed cheques instead of cash.

Eleven (11) formations of PPOD made payments of Rs 810.146 million (Annex-IV) to the account holders.

Audit observed that the payments were irregularly made in cash to account holders instead of crossed cheques, as required under the above stated rule, which reflects weak financial discipline.

The matter was reported to the management during November, 2022. It was replied that most of the payments were made in hardship cases like deceased claims. Moreover, bank accounts of the customers were not available.

The matter was also discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to provide relevant records for verification to audit.

Audit suggests implementation of DAC directives.

4.1.5. Huge withdrawals from existing saving bank accounts

According to Para 2 (10) of Finance Division letter No. 17(1)GS-I/2012-Voll-II dated 13.01.2021 regarding implementation of tripartite agreement among PPOD, CDNS & DA PPO for transfer of savings accounts and certificates from PPOD to CDNS, no cash payment will be made except for salary and pension.

All GPOs across the country allowed unauthorized withdrawals of Rs.13,324,461,010 from special saving bank accounts during the period from April, 2021 to August, 2021 as detailed below.

Period	SS Accounts
April, 2021	5,178,168,860
May, 2021	3,127,117,438
June, 2021	1,846,678,002
July, 2021	935,856,552
August, 2021	2,236,640,158
Total Rs	13,324,461,010

Audit observed that PPOD was bound, under the above-stated instructions, to transfer the saving bank accounts/certificates to CDNS instead of drawing money thereof. Audit contends that drawl of money from saving bank accounts was in violations of the above stated Finance Division's instructions.

The matter was reported to the management during November, 2022. It was replied that payments were made for hardship cases like medical treatment,

marriage of son/daughter, educational fees as well as need of money. Audit did not agree with reply as PPOD was not authorized after issuance of instructions of Finance Division to withdraw money of any kind from saving bank accounts.

The matter was also discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to refer the case to Finance Division for regularization.

Audit recommends the compliance of DAC directives.

4.1.6. Irregular withdrawals on hardship basis

According to S. No. 10 of SOPs issued by Finance Division dated 13.01.2021, no cash payment from saving bank accounts will be made except for salary and pension.

Eleven (11) formations of PPOD made a huge payment of Rs. 10,238.17 million (Annex-V) was made on hardship basis to saving bank account holders as per instructions of DG PPOD.

Audit observed that DG PPOD issued instructions for drawl of money on hardship basis in violation of Finance Division's instructions dated 13.01.2021. Audit contends that DG PPOD had no overriding powers to replace instructions of Finance Division.

The matter was reported to the management during November, 2022. It was replied that payments were made for hardship cases like medical treatment, marriage of kids, educational fees as well as need of money. Audit did not agree with reply as PPOD was not authorized after issuance of instructions of Finance Division to withdraw money of any kind from saving bank accounts.

The matter was also discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to refer the case to Finance Division for regularization.

Audit recommends the compliance of DAC directives.

4.2. Supervision of saving bank transfer process

4.2.1. Inadequate supervision and monitoring mechanism

A tripartite agreement was signed amongst PPOD, CDNS and DA PPO on 27.11.2020 for transfer of saving bank accounts and certificates to CDNS by the PPOD. Finance Division (Budget Wing) vide letter No. 17(1) GS-I/2012-Voll-II dated 13-01-2021 issued SOPs for implementation of tripartite agreement.

Audit examined the relevant record of the transfer process and observed that PPOD did not devise adequate mechanism at headquarters, Islamabad to oversee/monitor the transfer process due to which timely instructions could not be communicated to GPOs. As a result, the GPOs violated the instructions of the Finance Division and the terms and conditions of the Tripartite Agreement, which the Director Accounts PPO reported regularly. The record transpired that the transfer process of accounts and certificates was quite slow in some GPOs, besides ascertaining variation in data of DG PPOD and DA PPO.

The matter was reported to the management during November, 2022. It was replied that monitoring teams were constituted at PPOD headquarters as well as circle levels to supervise and compile the data. Moreover, a reconciliation process is underway to resolve the issue. The reply is not convincing as a centralized monitoring mechanism did not exist to oversee the transfer of SB accounts/certificates. Further, reconciliation was not carried out.

The matter was also discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to strengthen and streamline the monitoring process of transfer of SB accounts/certificates to CDNS. Moreover, the reconciliation process must be completed within two months under intimation to audit.

Audit suggests implementation of DAC directives.

4.2.2. Pledging of saving bank accounts money instead of settlement of death claims

As per minutes of the CDNS-PPOD core committee held on 13.04.2021, death cases may be disposed of by PPOD at their own level and pledged cases be transferred to CDNS only after release of the certificates.

GPOs under the administrative control of Postmaster General, Central Punjab, Lahore pledged Rs. 3,511,027,110 as detailed below:

Description	Amount
Deceased Claim Cases	384,547,971
Pledged Cases/Institutional investment	3,060,983,762
Mahana Amdani Accounts	65,495,377
Total Rs	3,511,027,110

Audit observed that the GPOs pledged the money instead of settling the death claims of saving bank account holders submitted to GPOs, due to which the transfer process got delayed and resulted in the agony of the account holders.

The matter was reported to the management during November, 2022. It was replied that the death claims could not be settled due to non-reception of funds from Finance Division through LOC, besides submission of incomplete death claims by the customers. However, CDNS has issued directions to dispose of the cases expeditiously. The reply is not plausible as pending cases of death claims were still outstanding.

The matter was also discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to transfer all pending cases to CDNS for early settlement under intimation to audit.

Audit recommends the compliance of DAC directives.

4.2.3. Fraudulent drawl of Rs 562,678

According to Para 23 (Chapter-2) of GFR Vol-I updated edition 2019, Every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence.

Saving bank account No.256 of Mr. Azhar Hussain and Mrs. Kishwar Sultana (Joint) was operative in Satellite Town HPO, Rawalpindi. The account was transferred to CDNS with a closing balance of Rs. 540,000 on 27th January, 2021.

Audit observed that Postmaster of Satellite Town HPO fraudulently drew an amount of Rs. 562,678 (principal & profit) from the same account on 21st April, 2021 after transferring the account to CDNS, which reflects weak financial discipline and internal control structure.

The matter was reported to the management during November, 2022. It was replied that the case was erroneously sent to RDNS due to rush of work. The CPM Rawalpindi has directed RDNS to stop the process for payment. It was further submitted that an affidavit regarding a single payment amounting to Rs. 562,978 through Satellite Town P.O has also been taken from account holders.

The matter was discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to enquire about the matter at headquarters level and share its outcome with audit.

Audit suggests implementation of DAC directives.

4.2.4. Transfer of unverified saving bank accounts/certificates to CDNS

According to para 4 of tripartite agreement circulated vide Finance Division letter dated 13.01.2020, the Chief Postmaster of GPO will verify/sign

the proforma and hand over the same along with the documents to the respective focal person of CDNS.

GPO Rawalpindi transferred 10,580 saving bank accounts/certificates of Rs. 2,140,895,079 to CDNS through cheques realizable to CDNS during FY 2021-22.

Audit observed that unverified accounts were sent by CPM GPO, Rawalpindi to CDNS in violation of tripartite agreement which could lead to fraud and misappropriation.

The matter was reported to the management during November, 2022. It was replied that the payments were made through cross cheques realizable in CDNS. Audit is of the view that the accounts were transferred through cheques realizable in CDNS without verification of the CPM.

The matter was discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to inquire the matter at PPOD headquarters level and share its outcome with audit.

Audit recommends the compliance of DAC directives.

4.2.5. Irregular payment of death claims

According to DG PPO Islamabad letter No.Sav-14-54/99(pt), dated 15.01.2020, the deceased claim over and above Rs 50,000 are required to be sanctioned by the Postmaster General on production of succession certificate issued by the concerned court after observing the prescribed rules.

Six (06) formations made payment of Rs. 68.155 million (Annex-VI) against saving bank accounts.

Audit revealed that the payments of death claims submitted by the claimants were made without the approval of the competent authority which signifies the weakness of internal control structure.

The matter was reported to the management during November, 2022. It was replied that the death claims were paid to the claimants after observing all the formalities. However, it was committed that the cases would be referred to concerned PMGs for regularization. The reply is not plausible. The unit officers were not competent to sanction the claims beyond rupees fifty thousand.

The matter was discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to inquire about the matter at headquarters level. DAC further directed to get the expenditure regularized from the concerned PMGs and get the same verified from audit.

Audit suggests implementation of DAC directives.

4.2.6. Non-acknowledgment of transferred special saving bank accounts

According to minutes of the meeting held on 26.05.2021 among DG PPOD, CDNS and DA PPO, Lahore, Regional Directorate of National Savings will send proforma H-4 on monthly basis in quadruplicate to GPO. The CPM/SPM of GPO will sign the acknowledgment portion and return a copy to RDNS as well as forward a copy to DA PPO Lahore and DG PPO respectively.

Three (03) GPOs transferred 2,691 saving bank accounts/certificates of Rs 475.714 million to CDNS according to the tripartite agreement as detailed below.

(Rupees in million)					
S.No.	Formation	Item No.	OM No.	No of accounts	Amount
1	GPO Haripur	37	03	145	37.177
2	GPO Mansehra	-	38	49	13.134
3	GPO Muzaffarabad	08	06	2,497	425.403
Total				2,691	475.714

Audit revealed that the accounts/certificates were transferred without receiving acknowledgments/confirmations from the concerned RDNS. Non-receipt of acknowledgment of transferred saving bank accounts from RDNS was in violation of the tripartite agreement which shows weak internal controls.

The matter was reported to the management during November, 2022. It was replied that the process of acknowledgments is underway. The same would be got verified from audit as and when all the acknowledgments are received. The management accepted the audit contention.

The matter was discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to obtain acknowledgments and get them verified from audit.

Audit recommends the compliance of DAC directives.

4.3. Supervision of financial transactions

4.3.1. Non-reporting of financial transactions to FMU

According to SRO 73 (1)2015 dated 21-01-2015 issued by Ministry of Finance, the minimum amount for reporting Currency Transaction Reports (CTRs) to Financial Monitoring Unit (FMU) under section 7 of the Anti-Money Laundering Act, 2010 (VII of 2010) shall be two million rupees with immediate effect.

Six (06) formations of PPOD made saving bank transactions of Rs. 234.994 million (Annex-VII) over and above the threshold of two million during FY 2021-22.

Audit observed that the respective GPOs did not report the transactions over and above the prescribed threshold to Financial Monitoring Unit (FMU), in violation of instructions of Finance Division which reflects weak financial discipline.

The matter was reported to the management during November, 2022. It was replied that the payments were made to account holders through cheques and currency transaction reports (CTRs) were required to be generated for cash transactions only. Audit didn't agree with reply as the management did not produce any evidence in support of reply.

The matter was discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to provide relevant record for verification to audit.

Audit suggests implementation of DAC directives.

4.4. Impact on PPOD after transfer of saving bank business

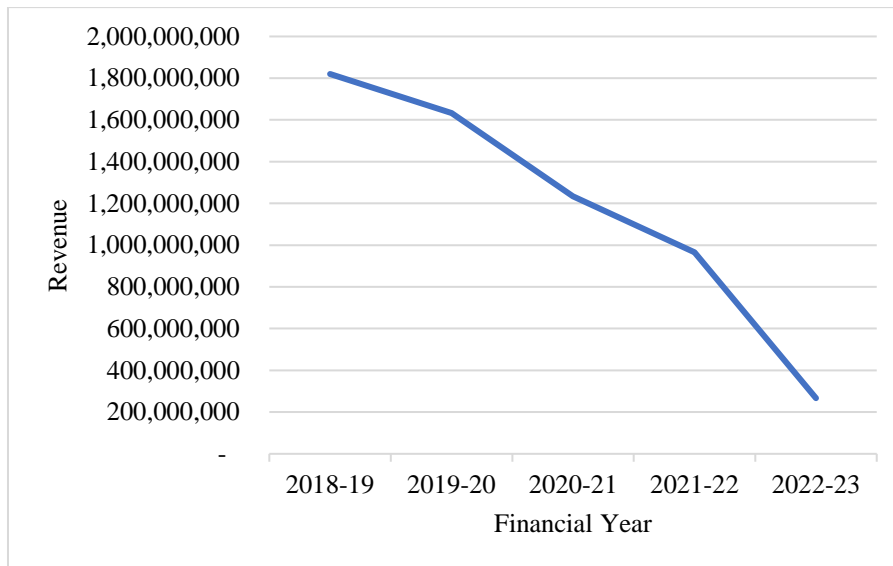
4.4.1. Impact on revenue generation

PPOD was performing various agency functions on behalf of Federal and Provincial Government departments on commission basis. One of the most important agency functions was collection and payment of Special/Ordinary Accounts, Defence Saving Certificates, Regular Income Certificates etc. upon which PPOD would charge commission @ 0.50% of the deposits.

After transfer of the saving bank accounts to CDNS, audit juxtaposed the revenue collection of PPOD during FY 2018-19 and FY 2022-23 as shown in the table and found that the revenue of PPOD declined to Rs. 266.741 million during financial year 2022-23 as compared to Rs. 1,820.072 million during financial year 2018-19 which will further decline after completion of the transfer process. The graphic representation of data has further signified the gradual decline in the revenue of PPOD.

S. No.	Year	Revenue (Rs)
1	2018-19	1,820,071,627
2	2019-20	1,632,594,341
3	2020-21	1,234,806,121
4	2021-22	965,701,734
5	2022-23 Upto April-23	266,741,294

Graph of declining revenue of PPOD of saving bank business



It is worth mentioning here that after discontinuation of saving bank business in PPOD, post office has not laid down any strategy regarding utilization of staff engaged with saving bank operations whose salaries and other benefits will be borne by the department.

The matter was reported to the management during November, 2022. It was replied that efforts were being made to enhance the business/revenue of PPOD. Audit did not agree with the reply of the management as no documentary evidence of strategy for revenue enhancement and expense curtailment was found on record.

The matter was discussed in the DAC meeting held on 01.08.2023. The DAC directed the management that strategy to enhance the business of PPOD be shared with audit.

Audit recommends the compliance of DAC directives.

4.5. Record maintenance and reconciliation process

4.5.1. Non-return of original pass books to DA PPO, Lahore

According to Para 450 of Post Office Manual Vol-VI, when a depositor wishes to close his account, he must present or send his passbook with the application for withdrawal of the balances shown therein as at his credit. Further, as per minutes of the meeting of the Central Directorate of National Savings (CDNS) and Pakistan Post Office Department (PPOD) Core Committee held on 13.04.2021, DA PPO, Lahore requested that the original passbooks and original certificates of the account holders, as the case may be, would be returned to the concerned GPO through registered post/UMS under intimation to DA PPO, Lahore. The GPO will submit the original passbooks/ saving certificates to DA PPO, Lahore on the pattern of closure of accounts/ discharge of certificates.

Seven (07) GPOs of PPOD transferred saving bank accounts/certificates of Rs. 2,638.257 million (Annex-VIII) to CDNS for further process during the period from 27.11.2020 till date of audit (November, 2022).

Audit observed that the GPOs failed to get returned the original passbooks as well as certificates for onward submission to DA PPO Lahore for closure of accounts in violation of the decision of Core Committee. In some cases, guard files of saving certificates, withdrawal forms and specimen signatures of account holders were not available which reflects weak internal controls.

The matter was reported to the management during November, 2022. It was replied by the DA PPO that DG PPO was pursuing the case for provision of original passbooks which was still awaited. The reply is not plausible as the original passbooks of transferred accounts were not received back from CDNS and provided to DA PPO, Lahore for necessary action.

The matter was discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to expedite the early resolution of the issue under intimation to audit.

Audit suggests implementation of DAC directives.

4.5.2. Inadequate maintenance of record and incomplete transfer of cases to CDNS

According to para A (1) (a to d) of CDNS letter No. F-11 (7)/PD/PPOD/2020, of January, 2021, the focal person of the concerned Regional Directorate of National Savings (RDNS) will receive the date wise batches of cases from PPOD as follows: (a) covering letter showing the scheme wise (Annex-F) total number of cases duly signed by the CPM; (b) Registration number wise summary / Consolidated statement of the accounts reported (Annex-G) by GPO; (c) Relevant proforma for each individual customer duly signed by the CPM. The proforma will be annexed by attested copies of ledger, passbook or Savings Certificates and CNICs; (d) Record/data received from PPOD should be complete in all respects. In this regard, cutting/overwriting and handwritten proforma shall not be accepted.

PPOD transferred saving bank accounts/certificates to CDNS in batches. Audit selected a sample of the transferred cases and found that 2,348 saving bank accounts/certificates of Rs. 631.307 million (Annex-IX) were returned to GPOs by CDNS due to incomplete information, wrong calculation of profit/withholding tax, posting errors, non-bearing of investment dates, non-matching of balances of ledgers and passbooks of account holders etc.

Audit observed that particulars of accounts holders were not properly filled in and their names were mismatched with CNICs of account holders, besides non-availability of Form B of minors and invalid date of birth. Further, copies of CNICs were missing and wrongly entered. The deficiencies pointed out by CDNS were not addressed by the concerned formations which were lying pending due to weak internal control.

The matter was reported to the management during November, 2022. It was replied that the discrepancies pointed out by concerned RDNS have been addressed, by and large; however, the process for removing shortcomings in the

remaining accounts is going on. The reply is not satisfactory as the accounts were not sent back to CDNS after removing the discrepancies.

The matter was discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to submit a consolidated reply within three days and send back all the cases to CDNS after removing the discrepancies under intimation to audit.

Audit recommends the compliance of DAC directives.

4.5.3. Variation in accounts due to inadequate reconciliation process

DA PPO, Lahore, vide letter No. SB/PPOD-CDNS/2020/2135 dated 16.02.2021 circulated a mechanism for accounting and reconciliation for transfer of SB accounts and certificates. According to devised mechanism, GPO will prepare a special schedule of SB Accounts / Certificates transferred to CDNS as per detail of Acceptance Form H & H-1 of CDNS and forward it to DA PPO, Lahore along with weekly Saving Bank returns. The amounts equal to the said special schedule will be reflected in the monthly cash accounts on payment side under relevant head of SB accounts/certificates and credit will be made on receipt side under exclusively opened exchange account head G10432 in relevant sub heads as mentioned in above referred letter.

PPOD transferred saving bank accounts and certificates to CDNS in accordance with the tripartite agreement executed among DG PPOD, CDNS and DA PPO dated 27.11.2020.

Audit examined the record and found a huge variation between the cash accounts of CDNS and GPOs which reflects weak reconciliation process. Detail is as under:

(Rupees in million)			
Name of Formation	Figures provided by GPOs	Figures as per Reconciliation Statement	Difference
DG PPO Islamabad	2,889.413	-	2,889.413
PMG Islamabad	7,759.000	4,074.000	3,685.000
GPO Sukkur	9.434	103.163	93.729

The matter was reported to the management during November, 2022. It was replied that reconciliation was under process and audit would be informed accordingly.

The matter was discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to complete the reconciliation process and get it verified from audit.

Audit suggests implementation of DAC directives.

4.5.4. Non-reflection of opening balances of saving bank accounts/certificates and non-preparation of profit statements

According to para A (1) (a to d) of CDNS letter No. F-11 (7)/PD/PPOD/2020, of January, 2021, the focal person of the concerned Regional Directorate of National Savings (RDNS) will receive the date wise batches of cases from PPOD as follows: (a) covering letter showing the scheme wise (Annex-F) total number of cases duly signed by the CPM; (b) Registration number wise summary / Consolidated statement of the accounts reported (Annex-G) by GPO; (c) Relevant proforma for each individual customer duly signed by the CPM. The proforma will be annexed by attested copies of ledger, passbook or Savings Certificates and CNICs; (d) Record/data received from PPOD should be complete in all respect. In this regard cutting/overwriting and handwritten proforma shall not be accepted. Further, according to the instructions contained in Rule 489 (2) of Post Office Manual Vol-VI, in head offices, the annual statement of profit ought to be received not later than the 15th of September in each year if it is not received by that date, a report should be made to the head of the circle.

PPOD transferred 95,849 saving bank accounts/certificates to CDNS. Audit examined the relevant record of the following formations and observed that neither opening balances and values of saving bank accounts/certificates were recorded nor closing balances could be ascertained. Audit holds that non-availability of opening balances may lead to fraud and misappropriation.

S.No.	Formation	Item No.	OM No.	No of accounts
1	GPO Rawalpindi	46	14	71,879
2	GPO Chakwal	44	08	8,894
3	GPO Faisalabad	31	18	15,076
Total				95,849

Audit also revealed that the opening and closing balances of saving bank accounts were not recorded as the annual profit statements of saving bank accounts for the years 2008-22 of all GPOs and its attached sub-offices were not prepared by the Director of Accounts, Pakistan Post Office Lahore. Audit is of the view that non-preparation of profit statements and non-reflection of the balances of the saving bank accounts could cause loss & fraud and misappropriation.

The matter was reported to the management during November, 2022. It was replied that opening and closing balances were available on record. DA PPO added that after transfer of SB business to CDNS, the preparation of profit statements had been discontinued. The reply is not plausible as the opening and closing balances of the accounts could not be produced for verification, besides non-preparation of profit statements of all GPOs by DA PPO.

The matter was discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to provide the relevant record of opening balances for audit verification. DAC further directed to forward a case for non- preparation of profit statements to Finance Division for clarification under intimation to audit.

Audit recommends the compliance of DAC directives.

4.5.5. Irregular payment to legal heirs/nominees without succession certificates

According to para 2 of Finance Division (Budget Wing) notification dated 29.04.2020, in case of death of account holder, payment of the principal amount and profit accrued thereon, if any, in respect of account of deceased shall be payable to his legal heirs according to succession certificate issued in accordance

with the law for the time being in force.

PPOD made payments of the principal amounts along with profits to the legal heirs of the account holders. Audit examined the relevant record and found that eight (08) formations allowed payments of Rs.103.584 million (Annex-X) to the legal heirs/nominees without or with doubtful succession certificates during FY 2021-22. Hence, the payment made to nominees without succession certificates was in violation of Finance Division's instructions.

The matter was reported to the management during November, 2022. It was replied that most of the objected accounts were Joint Accounts and in such cases succession certificates were not required. Audit did not agree to the reply as relevant record to authenticate the veracity of the joint accounts was not provided.

The matter was discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to provide the relevant record to audit for verification.

Audit suggests implementation of DAC directives.

4.5.6. Non-recording of “Realizing only in CDNS” on the issued crossed cheques

According to para (vi) of Finance Division (Budget Wing) vide letter No. F-17(1)GS-1/2012-Vol-IV-1352 dated 13.08.2021, the authorized officer of PPOD shall close the account on the basis of the order passed by the authorized officer. The authorized signatories shall issue government cheque crossed as “Realizable only in CDNS” to the account holder after which the contractual relationship between PPOD and the customer shall not exist.

PPOD was under obligation to issue crossed cheques in the name of CDNS bearing, “Realizable only in CDNS” to safeguard the financial instrument. Audit found that in the following three (03) formations, 502 accounts of Rs. 400.656 million were closed and transferred to CDNS through cheques but

the cheques were not crossed as “Realizable only in CDNS” in violation of instruction of Finance Division.

(Rupees in million)

S.No.	Formation	Item No.	OM No.	No of accounts	Amount
1	GPO Islamabad	05	23	05	12.535
2	GPO Al-Hydri Karachi		02	368	371.893
3	GPO Abbottabad	34	14	129	16.228
Total				502	400.656

The matter was reported to the management during November, 2022. It was replied that the payments were made in deceased cases to the legal heirs of depositors. Moreover, no instructions regarding affixing such stamps were received from high-ups. The reply is not plausible as the amounts paid through cheques without crossing “as realizable in CDNS” were in violation of the instructions of Finance Division.

The matter was discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to submit consolidated reply at headquarters level to audit for scrutiny.

Audit recommends the compliance of DAC directives.

4.5.7. Short deduction of withholding tax on profits

According to Section 151 (I) (a) of Income Tax Ordinance 2001, income tax shall be withheld @ 10% for filer & 20% for non-filers on profit from Saving Bank schemes during 2019-20. In case of profit exceeding amount of Rs. 500,000 the rate of tax for filers was @15% and non-filer was @30 % during 2020-21.

Four (04) formations of PPOD deducted withholding tax of Rs. 1,018,334 on account of profits earned by the account holders during FY 2021-22.

Audit observed that the following GPOs deducted withholding tax amounting to Rs. 1,018,334 @ 15% instead of @ 30%; thereby deducting short tax of Rs. 1,018,334. Audit further observed that the accounts holders were non-filers and they were liable to be taxed @ 30% as required under the above stated rule but they were taxed @ 15%. Detail is as under:

(Rupees in million)

S.No.	GPO	Item No.	OM No.	Profit	WHT due @30%	WHT deducted @ 15%	WHT short deducted
1	Lahore Cantt	24	24	2.686	0.806	0.403	0.403
2	Muzaffarabad	08	36	1.280	0.384	0.192	0.192
3	Jhelum	09	34	1.208	0.362	0.181	0.181
4	Bhimber	06	32	1.615	0.484	0.242	0.242
Total Rs.				6.789	2.036	1.018	1.018

The matter was reported to the management during November, 2022. It was replied that deduction of withholding tax is underway. As and when the cases are finalized, audit will be informed.

The matter was discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to recover the withholding tax and get it verified from audit.

Audit suggests implementation of DAC directives.

4.5.8. Non-deduction of Zakat from defence and special saving certificates

According to Para 2 (II) of Procedure for Collection of Zakat, Post Offices are required to deduct Zakat on compulsory basis from the assets namely: S.B (Ordinary) accounts, Special saving accounts, Defense saving certificates, non-refundable advances from GPF etc.

Two (02) formations of PPOD paid Rs 11.204 million on account defence saving certificates and special saving accounts to certificates/account holders on maturity.

Audit observed that Zakat @ 2.5% was not deducted on disbursement of defence saving certificates and special saving accounts from the certificates/account holders; thereby causing a loss of Rs. 0.280 million as detailed below:

(Rupees in million)

S.No.	Formation	Item No.	OM No.	Sum	Zakat @ 2.5%
1	GPO Rawalpindi	09	34	4.475	0.112
2	GPO Bhimber	04	20	6.729	0.168
Total				11.204	0.280

The matter was reported to the management during November, 2022. It was replied that deduction of zakat is underway. As and when the cases are finalized, audit will be informed.

The matter was discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to recover the Zakat amount and get the same verified from audit.

Audit recommends the compliance of DAC directives.

4.6. Customer communication strategy

4.6.1. Slow transfer of SB accounts and certificates

DG PPO Islamabad showed serious concern over the slow pace of transfer of SB accounts/certificates to CDNS vide letter No.Sav.2-6/2010 (iii), dated 16.07.2021, circulated to all PMGs and issued directions to transfer at least 150 saving accounts on daily basis to CDNS.

PPOD was under obligation of the terms and conditions of tripartite agreement to transfer the saving bank accounts/certificates to CDNS.

Audit examined the relevant record on test check basis and revealed that twenty-seven (27) formations of PPOD did not transfer 273,420 saving bank

accounts/certificates of Rs. 11,001.795 million (Annex-XI) to CDNS. Audit also observed that PPOD did not approach the customers through notices in respect of saving bank schemes to complete the transfer process to meet the timelines which showed that the management did not pay proper attention to comply with the instructions of Finance Division as well as tripartite agreement.

The matter was reported to the management during November, 2022. It was replied that major portion of the saving bank business had been transferred to CDNS/closed; however, efforts were underway to complete the task. The reply is not acceptable as the saving bank accounts/certificates were not fully transferred to quarter concerned despite lapse of cut-off date.

The matter was discussed in the DAC meeting held on 01.08.2023. The DAC directed the management to submit a consolidated reply containing latest information regarding transferred accounts/certificates including reasons for non-compliance with the deadline and get it verified from audit.

Audit suggests implementation of DAC directives.

5. Conclusion

The study concludes that PPOD did not observe the standing instructions of the Finance Division and did not comply with rules, procedures and terms & conditions of the tripartite agreement. As a result, plenty of irregularities and deviations were observed during the saving bank transfer process, which could not be completed in the given timelines. The delay in transfer exacerbated the problems of the accounts and certificate holders as well as affected the smooth transfer of the accounts to CDNS. The transfer of saving bank accounts and certificates from PPOD to CDNS also impacted the revenue of the former; however, the management of PPOD did not take appropriate measures to enhance its revenue and curtail the current expenditure due to redundancy of the employees dealing with the saving bank accounts. The delay in transfer also provided opportunities for the management to withdraw irregular amounts from the accounts due to lack of inadequate supervision and monitoring. In fact, the transfer of accounts from PPOD to CDNS revealed non-transparency and incapacity of the PPOD as a whole.

Acknowledgement

Audit acknowledges the cooperation and facilitation extended by the management of PPOD, which proved fruitful in the flow of information throughout the field audit activity.

Annexures

Annex-I

Irregular closing of saving bank accounts instead of transferring to CDNS – Rs. 146.053 million

(Rupees in million)

S.No.	Formation	Item No.	OM No.	No of accounts	Amount
1	GPO Mardan		34	44	12.786
2	GPO Bhimber	07	33	30	10.853
3	GPO Mansehra		40	44	63.686
4	GPO Kohat	33	14	44	30.680
5	GPO Multan	32	32	31	7.418
6	GPO Jhelum	07	36	30	6.227
7	GPO Muzaffarabad	03	33	50	8.522
8	GPO Lahore		51	9	5.881
Total				282	146.053

Annex-II

Irregular deposit in saving bank accounts – Rs. 13,085.430 million

(Rupees in million)

S.No.	Formation	Item No.	OM No.	Amount
1	GPO Chakwal	37	21	164.091
2	GPO Attock		02	4.227
3	GPO Rawalpindi	33	40	35.638
4	GPO Kasur		28	1.100
5	GPO Bhakkar		25	6.489
6	GPO Lahore		53	27.821
7	GPO Lahore		54	9.061
8	GPO Sargodha	31	05	2.281
9	GPO Islamabad		28	610.027
10	GPO Karachi	04	03	0
11	GPO Multan	29	29	48.169
12	GPO Multan	28	28	12.292
13	DG PPO	64	64	12,164.234
Total				13,085.430

Annex-III

Irregular retention of DSCs, SSCs and RICs-Rs. 17,379.549 million

(Rupees in million)

S.No.	Formation	Item No.	OM No.	Amount
1	GPO Sialkot	27	29	54.150
2	GPO Khushab	24	20	4.029
3	GPO Lahore		20	640.214
4	GPO Haripur	35	20	26.941
5	PMG Islamabad	30	12	13,147.206
6	GPO Gujranwala	27	06	27.816
7	GPO Peshawar	38	32	30.124
8	GPO New Town Karachi	1	1	1.757
9	GPO Islamabad	03	09	1,818.272
10	GPO Sheikhpura		13	14.050
11	GPO Korangi Karachi		02	11.501
12	GPO Mansehra		35	176.225
13	GPO Bhimber	02	05	21.930
14	GPO RY Khan		16	53.159
15	GPO Jhelum	02	05	278.218
16	GPO Quetta		04	212.755
17	GPO Sahiwal		05	35.119
18	GPO Gujarat	02	07	85.164
19	GPO Sukkur		01	24.353
20	GPO Muzaffarabad	05	09	362.560
21	GPO Mardan		32	26.704
22	GPO Nowshera		27	28.795
23	GPO Khanewal		04	41.868
24	GPO Kohat	36	29	71.457
25	GPO Multan	31	31	4.502
26	GPO Bahawalpur		05	74.680
27	GPO Saddar Karachi		04	106.000
Total				17,379.549

Annex-IV

Irregular payments in cash instead of cheques– Rs. 810.146 million

(Rupees in million)

S.No.	Formation	Item No.	OM No.	Amount
1	GPO Narowal	23	05	1.902
2	GPO Haripur	36	04	366.949
3	GPO Al Haidri		04	14.228
4	GPO Kohat	31	10	11.918
5	GPO Khanewal		23	0.500
6	GPO Nowshera		07	1.121
7	GPO Mardan		36	10.012
8	GPO New Town Karachi	02	02	69.769
9	GPO Quetta		03	29.232
10	GPO Bahawalpur		31	1.702
11	GPO Saddar Karachi		03	302.813
			Total	810.146

Annex-V

Irregular payment to saving bank account holders on hardship basis - Rs. 10,238.17 million

(Rupees in million)

S.No.	Formation	Item No.	OM No.	Amount
1	GPO Narrowal	24	22	1.108
2	GPO Khushab	19	18	315.071
3	GPO Khushab	22	26	9.083
4	GPO Khushab	23	23	4.475
5	GPO Lahore Cantt	19	19	33.404
6	GPO Rawalpindi	35	26	10.903
7	PMG Rawalpindi	25	20	3,461.039
8	GPO Faisalabad	34	26	0.179
9	GPO Chakwal	38	44	6,351.788
10	GPO Kohat	34	15	28.268
11	GPO Jhelum	06	20	6.790
12	GPO Sahiwal		23	1.568
13	GPO Mardan		35	14.494
			Total	10,238.17

Annex-VI

Irregular payment on account of deceased claims beyond competency – Rs. 68.155 million

(Rupees in million)

S.No.	Formation	Item No.	OM No.	Amount
1	GPO Abbottabad	36	19	20.673
2	GPO Gujranwala	31	28	2.189
3	GPO Bhimber	05	30	15.826
4	GPO Bhakkar	-	27	1.406
5	GPO Jhelum	06	30	2.667
6	GPO Gujarat	05	35	25.394
			Total	68.155

Annex-VII

Non-reporting of currency transaction report of special savings account to Financial Monitoring Unit -Rs. 234.994 million

(Rupees in million)

S.No.	Formation	Item No.	OM No.	Amount
1	GPO Abbottabad	35	18	9.136
2	GPO Lahore Cantt	23	23	6.302
3	GPO Chakwal	43	25	14.070
4	GPO Mansehra	-	41	171.840
5	GPO Sukkur	-	04	4.146
6	GPO Karachi	05	01	29.500
			Total	234.994

Annex-VIII

Irregular transfer of saving bank accounts/certificates to CDNS – Rs. 2,638.257 million

(Rupees in million)

S.No.	Formation	Item No.	OM No.	Description	Amount
1	GPO Gujranwala	32	30	Original pass books and certificates were not available	2,115.719
2	GPO Bhakkar	-	28	-do-	84.627
3	GPO Kasur	-	22	-do-	377.699
4	GPO Rawalpindi	45	28	-do-	0.041
5	GPO Rawalpindi	43	13	Guard file not available	42.525
6	GPO Faisalabad	33	24	SB 7 memo missing	0.360
7	GPO New Town Karachi	09	09	Specimen signature book was not available	2.464
8	GPO Khushab	20	19	SB 7 memo missing	14.722
9	GPO Rawalpindi	44	07	Variation in pass book and ledger	0.100
Total					2,638.257

Annex-IX

Discrepancies in transfer of accounts to CDNS with balances of - Rs. 631.307 million

(Rupees in million)

S.No.	Name of Formation	Item No.	OM No.	No. of cases	Amount
1	GPO Narowal	19	7	129	56.811
2	GPO Sialkot	26	30	49	16.029
3	GPO Khushab	21	21	84	30.604
4	GPO Narowal	20	08	6	0.501
5	GPO Lahore		39	346	186.184
6	GPO Kasur		30	133	31.453
7	GPO Attock		25	991	195.683
8	GPO Sargodha		16	97	24.890
9	GPO Jhelum	04	34	40	47.801
10	GPO Muzaffarabad	04	05	35	6.645
11	GPO Multan	34	34	438	34.014
12	GPO Kohat	37	32	10	0.014
13	GPO Nowshera		21	10	0.169
14	GPO Khanewal		16	11	0.509
Total				2348	631.307

Annex-X

Unjustified payment of death claims without succession certificates - Rs. 103.584 million

(Rupees in million)

S.No.	Formation	Item No.	OM No.	Amount
1	GPO Narowal	22	03	1.331
2	GPO Khushab	25	27	0.820
3	GPO Khushab	26	24	0.214
4	GPO Khushab	27	25	0.192
5	GPO Gujranwala	28	29	1.190
5	GPO Rawalpindi	34	33	39.350
7	GPO Faisalabad	29	15	22.908
8	GPO Chakwal	41	23	5.864
9	GPO Rawalpindi	42	46	9.997
10	GPO Sargodha	02	03	1.257
11	GPO Mansehra		37	20.382
12	GPO Narowal	27	02	0.079
Total				103.584

Annex-XI

Non transfer of saving bank accounts/certificates to the CDNS -Rs. 11,001.795 million

(Rupees in million)

S.No.	Formation	Item No.	OM No.	No of accounts	Amount
1	GPO Islamabad		27	1,981	0
2	GPO Sargodha	28	15	39,064	1,241.969
3	GPO Abbottabad	31	11	41,208	1,601.618
4	GPO Gujranwala	33	31	18,805	78.131
5	GPO Peshawar	39	33	11,563	0
6	GPO Lahore Cantt	20	20	8,417	206.116
7	GPO Haripur	34	09	4,928	482.015
8	GPO Rawalpindi	40	44	7,096	0
9	PMG Rawalpindi	17	21	22,375	4,569.083
10	GPO Faisalabad	30	17	4,588	35.907
11	GPO Korangi Karachi		01	526	23.511
12	GPO Mansehra		36	50,630	1,731.239
13	GPO Bhakkar		29	46	0.597
14	GPO Kasur		31	4,510	110.616
15	GPO Bhimber	01	13	4,852	31.030
16	GPO Muzaffarabad	02	19	9,837	9.875
17	GPO Al-Haidri Karachi		03	1,092	124.810
18	GPO Sukkur		03	63	4.885
19	GPO Gujarat	01	16	4,414	18.097
20	GPO Sahiwal		19	7,637	0
21	GPO Quetta		02	758	58.707
22	GPO Jhelum	01	13	9,650	11.303
23	GPO Kohat	32	13	1,521	83.294
24	GPO Mardan		33	11,103	54.943
25	GPO Nowshera		02	2,603	142.995
26	GPO Saddar Karachi		02	3,982	355.719
27	GPO Chakwal	08	30	171	25.335
Total				273,420	11,001.795