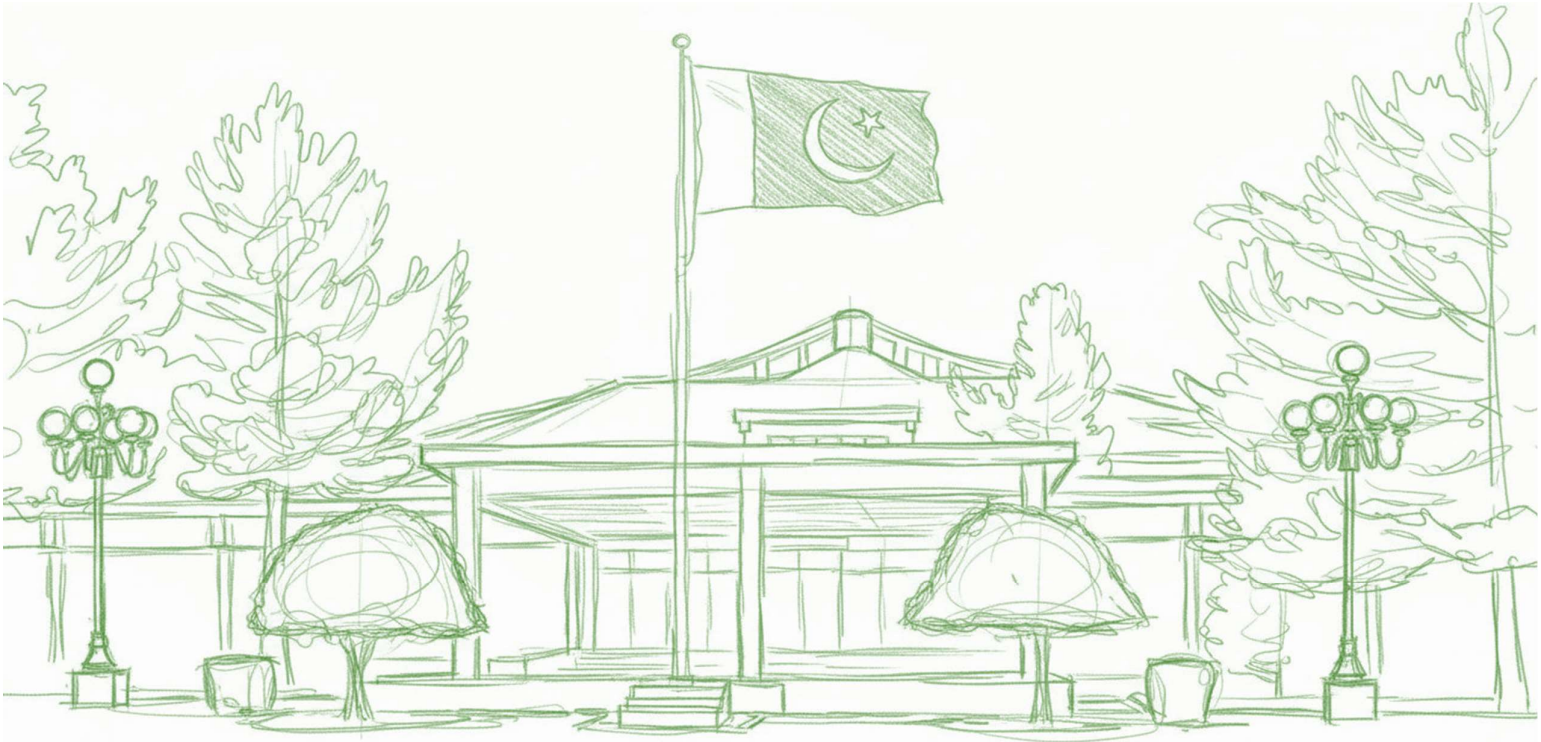




Report of the  
**PUBLIC  
ACCOUNTS  
COMMITTEE (PAC)**

*On the Examination of  
Audit Report on the Accounts of Government of Balochistan  
For the Financial Year 2021-22  
and  
Audit Year 2022-23*



**PROVINCIAL ASSEMBLY OF BALOCHISTAN**





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and  
Audit Year 2022-23*





بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

وَيْلٌ لِّلْمُطَفِّفِينَ. الَّذِينَ إِذَا أَكْتَالُوا عَلَى النَّاسِ يَسْتَوْفُونَ.

وَإِذَا كَالُوا لَهُمْ أَوْ وَزَنُوا لَهُمْ يُخْسِرُونَ.

أَلَا يَظُنُّ أُولَئِكَ أَنَّهُمْ مَبْعُوثُونَ.

لِيَوْمٍ عَظِيمٍ. يَوْمَ يَقُومُ النَّاسُ لِرَبِّ الْعَالَمِينَ.

**TRANSLATION:** Devastation for those who exact full measure when they take from others, but when they measure or weigh for others give less than what is due. Do they not think that they will be raised up one day? for [presence] on a great day. The day when men will stand up before the Lord

**ترجمہ:** ناپ اور تول میں کمی کرنے والوں کے لئے خرابی ہے۔ جو لوگوں سے ناپ کر لیں تو پورا لیں۔ اور جب ان کو ناپ کر یا تول کر دیں تو کم دیں۔ کیا یہ لوگ یہ نہیں خیال کرتے کہ اٹھائے بھی جائیں گے۔ یعنی ایک بڑے سخت دن میں۔ جس دن تمام لوگ رب العالمین کے سامنے کھڑے ہوں گے۔

## ABBREVIATIONS/ACRONYMS

AG	Accountant General
APPM	Accounting Policies & Procedure Manual
BEEDA	Balochistan Employee Efficiency and Discipline Act
BCSR	Balochistan Composite Schedule of Rates
B&R	Building and Roads
BPPRA	Balochistan Public Procurement Regulatory Authority
BPFM	Balochistan Public Financial Management
BSTS	Balochistan Sales Tax on Services
C&W	Communication and Works
CDWP	Central Development Working Party
CGA	Controller General of Accounts
CNIC	Computerized National Identity Card
CPEC	China-Pakistan Economic Corridor
CSR	Composite Schedule of Rates
DAC	Departmental Accounts Committee
DAO	Divisional Accounts Officer
DDO	Drawing and Disbursing Officer
DG	Director General
ECNEC	Executive Committee of National Economic Council
GFR	General Financial Rules
GoB	Government of Balochistan
Kg	Kilogram
Km	Kilometer
MFDAC	Memorandum for Departmental Accounts Committee
MB	Measurement Book
NIT	Notice Inviting Tender
NOC	No Objection Certificate
NSR	Non-Scheduled Rate
OTCS	Online Tax Collection System
PAC	Public Accounts Committee
PACS	Premature Atrial Contractions
PAO	Principal Accounting Officer
PC-I	Planning Commission (Proforma-I)
PD	Project Director
PDWP	Provincial Development Working Party
P&D	Planning and Development
PEI	Private Educational Institutes
PFM	Public Financial Management
PFU	Project Management Unit
POL	Petroleum, Oil and Lubricants
PSDP	Public Sector Development Program
QESCO	Quetta Electric Supply Company

RCC	Reinforced Cement Concrete
Rft.	Running Feet
SAP	Systems, Applications and Products (in Data Processing)
SBKWU	Sardar Bahadur Khan Women's University
Sft.	Square Feet
SDAO	Senior District Accounts Officer
SDGs	Sustainable Development Goals
TBTP	Ten Billion Tree Tsunami Programme
TOs	Treasury Offices
UNICEF	United Nations International Children's Emergency Fund
Vol	Volume
WAPDA	Water & Power Development Authority
WHT	Withholding Tax

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## REPORT CREDIT

This report is based on the examination of the Audit Report 2022–23 by the Public Accounts Committee (PAC). It has been compiled and edited with the support of Mr. Tahir Shah Kakar, Secretary, Balochistan Assembly, and Mr. Siraj-ud-Din Lehri, Special Secretary (PAC), with assistance from the PAC staff, including \_

- **Mr. Fazal Haq**, Superintendent PAC
- **Mr. Abdul Khaliq**, Superintendent PAC
- **Mr. Muhammad Ibrahim**, Liaison Officer
- **Mr. Muhammad Ajmal Khan**, Coordination Assistant PAC
- **Mr. Imran Sumalani**, PS to Speaker/Media Incharge
- **Mr. Sanaullah**, Assistant PAC
- **Mr. Essa Shah**, Junior Clerk PAC

Respectfully submitted,

**Syed Muhammad Idrees**  
**Chief Accounts Officer (PAC).**

## P R E F A C E



The Report of the Auditor General of Pakistan on the Accounts of the Government of Balochistan for the Audit Year 2022-23 was presented to the Provincial Assembly of Balochistan on July 25, 2023, as per Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973.

Pursuant to Rule 174 of the Provincial Assembly of Balochistan's Rules of Procedure and Conduct of Business, 1974, the Speaker referred the report to the Public Accounts Committee (PAC)—a body responsible for promoting transparency, ensuring accountability, and overseeing effective financial management across government departments—for scrutiny and examination.

The PAC conducted a comprehensive review of the audit findings, focusing on key areas such as excess expenditure, unauthorized expenditure, overpayments, irregular expenditure, losses, and tax evasion. The Committee's examination aimed to identify systemic weaknesses, procedural lapses, and instances of non-compliance, with a view to recommending corrective measures and strengthening public financial management system.

This report summarizes 53 PAC meetings, covering audit findings on payments, receipts, and accounts. It includes the Committee's decisions, recommendations, summaries, tables, and charts for a comprehensive overview.

This report is a result of collective efforts by PAC members, led by Chairman Asghar Ali Tareen, and the dedicated work of PAC officers and staff. Presented to the Provincial Assembly of Balochistan under Rule 162, it aims to guide the government in strengthening financial management and promoting transparency and accountability.

**Tahir Shah Kakar**  
**Secretary.**

**Quetta:** Dated 16th April, 2026.

## EXECUTIVE SUMMARY

It gives me utmost pleasure to present the Report of the PAC on the Appropriation Accounts 2021-22 and Audit Report 2022-23 before this August House. The Report of Auditor General for the Audit Year 2022-23 was tabled in the House on 25<sup>th</sup> day of July, 2023 and then referred to the PAC for detailed scrutinization.

1. It is a fundamental principle of any Parliamentary System that Federal, Provincial and Local Governments must be held accountable to the Legislature (by whose authority it governs) and through the Legislature to the taxpayers at large. This process is explicitly reflected in Articles 169-171 of the Constitution of the Islamic Republic of Pakistan, 1973 whereby the Auditor General of Pakistan submits Annual Audit Reports to the Governor, Balochistan who causes them to be laid before the Provincial Assembly. These reports are then referred to the PAC under rule 174 of the Provincial Assembly of Balochistan, Rules of Procedure and Conduct of Business, 1974.
2. Assembly, in fact, is meant to play the most important role in framing an effective and robust legal framework and ensuring the law and practice of accountability/transparency through legislative oversight. In the oversight function, the legislatures hold the executive accountable for use of public money and this function is performed by PAC. Crucial aspect of a transparent system involves an independent assurance of the integrity of public spendings through an independent audit process, and the scrutiny of its outcomes by the representatives of the people, in the form of legislative setup i.e. PAC.
3. At the commencement of its tenure, the current Assembly faced multitude challenges, but still kept accountability and transparency high on its agenda because of the commitment of all parties represented in the Provincial Assembly to strengthen public accountability. The members of the PAC also recognized that accountability and transparency are essential for strengthening democracy, for which significant sacrifices have been made in the country's democratic history.
4. The current PAC was constituted on 23<sup>rd</sup> May, 2024 and I was elected as Chairman on 19<sup>th</sup> July, 2024 under Rule 160 of the Rules *ibid* having in hands the responsibilities/functions as envisaged in rule 161.
5. Soon after assuming the charge the PAC decided to examine the Report of the Auditor General for the Audit Year 2022-23 being the latest Audit Report in its hands. PAC examined Audit Report 2022-23, containing 34 Appropriation Accounts, 05 Public Financial Management Issues and 252 Audit Paras/Observations in fifty-three (53) sittings held from 13<sup>th</sup> August, 2024 to 18<sup>th</sup>

December, 2025. The Committee completed this task with the denotation, transparency and guidance to the institutions for corrective actions. The Committee also kept a regular check on the progress of implementation of directives issued to the departments on previous Audit Reports.

6. As a result of the Committee's efforts, large amount of public money was recovered. Till 18<sup>th</sup> March 2026, the Auditor General Office verified recoveries of Rs.6,552.690/- million against the Audit Report 2022-23.
7. The proceedings of the PAC remained open throughout to the media and journalists encouraged public interest in the work of PAC.
8. Persistent follow up of the Paras was cry of the day for officialdom to get compliance through bureaucratic chaos. In the following paragraphs, I would like to highlight few instances that speak volume of the inefficiency, mismanagement, un-professionalism that prevail in the system through decades. Sole intention to highlight these issues is to invite attention of this August House and to urge upon them to devise a mechanism to get rid of flaws in this obsolete and rotten administrative system. Many significant issues surfaced during the Committee's deliberations on the Report of the Auditor General. At the end of each PAC meeting, replies by the Principal Accounting Officers (PAOs) and the directives issued by the PAC as a result of discussion on each Para were issued for the necessary actions by the PAOs which are appended to this Report.
9. The PAC discussed and covered many important issues, keeping in view of the fact that due to various forms of irregularities and exercising of powers beyond delegated powers, masses of Balochistan has suffered a lot. Committee, in its sittings, carefully discussed all of the observations related roles, responsibilities, functions, achievements and performance of the Government departments and Autonomous Bodies, and decided all issues in the best interest of the masses of Balochistan.
10. As Chairman PAC, I came to the conclusion that Administrative System in the Departments is deeply entrenched in the obsolete conventional techniques and tries their best to maintain the status quo. In certain cases, they try to take in the Committee by concealing the facts and resorting to the bureaucratic complications. During the course of meetings, I very strongly felt that the executives have not adjusted themselves to the changed dynamics of the society for reasons unknown. Every time, a new excuse peeped up; and made its way and a new bureaucratic innovation to obstruct the implementation of relevant law/procedure.

**ISSUES OBSERVED BY PAC:****11. While examining the Appropriation Accounts for the Financial Year 2021-22 and Audit Report 2022-23 thereon, the PAC observed the following issues: -**

- i. significant savings and excesses against the final grant;
- ii. failure to surrender budgetary savings by 15th May, 2022;
- iii. abnormal variations in the figures of various components of the grant;
- iv. inability of the departments to prepare Appropriation Accounts as per required format;
- v. release of non-printed supplementary grants by the Finance Department;
- vi. financial indiscipline;
- vii. administrative negligence;
- viii. ineffective financial management;
- ix. ineffective internal control over spending of budget;
- x. lack of transparency measures;
- xi. reluctance to produce auditable record to Audit;
- xii. violation and non-observance of Rules and Regulations;
- xiii. delays in compliance to PAC directives;
- xiv. non-maintenance of proper record;
- xv. non-maintenance of Stock Accounts;
- xvi. non-recovery of Government taxes, duties and other dues on timely basis;
- xvii. hesitation of PAOs to appear before the PAC in person;
- xviii. rush of expenditure during the month of June, 2022;
- xix. late releases of funds by the Finance Department;
- xx. pending cases of Courts, NAB, Anti-Corruption and CMIT in various Departments;
- xxi. not holding of DAC meetings on timely basis;
- xxii. non-implementation of DAC decisions;
- xxiii. non-implementation of PAC directives in true spirit and in given time frame;
- xxiv. late submission of replies by departments;
- xxv. non-achievement of revenue targets;
- xxvi. repetition of similar nature of irregularities; *and*
- xxvii. non-observance of prescribed procedures in execution of development schemes.
- xxviii. Audit analysis shows the General Financial Rules had the most violations, with additional breaches in tax laws, procurement rules, and departmental

codes. The Public Accounts Committee is concerned and urges strict compliance with all regulations. It directs Principal Accounting Officers to certify full compliance before approving payments and emphasizes stronger internal controls to reduce violations and ensure proper use of public funds.

### **DIRECTIVES OF PAC:**

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12. **All the above issues were discussed in detail and following directives were issued by PAC: –**

- i. Every Department should hold meetings of DAC on timely basis.
- ii. Financial discipline and prevailing Rules, Policies and Procedures shall strictly be adhered to by the departments.
- iii. The PAOs should be fully prepared and supported with relevant record before appearing in the PAC.
- iv. The PAOs shall ensure compliance to PAC directives on timely basis.
- v. The financial management system should be strengthened to minimize savings and control excess expenditure.
- vi. The transparency measures in financial management system and administrative system should be adopted.
- vii. All sorts of tactics that delay official proceedings should be discouraged by every head of department.
- viii. Planning and Development Department shall timely authorize and submit the demands for Development Expenditure to the Finance Department for releasing of funds to the departments.
- ix. Inquiries directed by the PAC should be pursued within the given time frame.
- x. Human resource dealing with the Accounts and Budget should be skilled & trained for such assignments to maintain proper accounts and control abnormal variations of expenditure against approved budget.
- xi. Finance Department shall improve the budgeting system and build effective budgetary controls/checks over expenditure and ensure timely release of funds to and surrender of excess budget from the executing departments.
- xii. PAOs shall ensure timely surrender of excess budget, if any in future, to the Finance Department for making it available to other development works/projects in the province.
- xiii. Finance Department shall, in consultation with revenue generating departments, set rationalized and attainable revenue targets.

- xiv. PAOs shall ensure that financial and other benefits are not extended beyond the approved ceilings.
- xv. PAOs should give personal attention and priority to the Court, NAB, Anti-Corruption and CMIT cases.
- xvi. Proper use and safeguarding of Government vehicles and other assets should be ensured.
- xvii. Practice of spending beyond delegated financial powers shall strictly be avoided in future.
- xviii. All organizations receiving funds from public exchequer or established by Government shall get their accounts audited by the Auditor General of Pakistan under the Article 170-(2).
- xix. Finance Department and office of the Accountant General Balochistan shall deploy Fixed Assets Management Module of SAP to ensure proper accounting, recording, monitoring and managing of the fixed assets in the departments of Government of Balochistan.
- xx. PAOs shall ensure to recover/withhold/collect Government taxes, duties and other dues on timely basis.

### **ACHIEVEMENTS OF PAC:**

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13. **The Committee has achieved the following in a short span: –**
  - Examination of six (06) Audit Reports.
  - Recovery of Rs.6,552.690/- million against scrutinization of Audit Report 2022-23.
  - First PAC in the region to digitalize its proceedings through development of Public Accounts Committee Information System (PACIS).

### **ACKNOWLEDGEMENTS:**

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14. I extend my sincere gratitude to the Honourable Speaker, Captain (R) Abdul Khaliq Khan Achakzai, for his continued guidance, support, and encouragement throughout this process. His unwavering commitment to institutional accountability has been instrumental in facilitating the work of the PAC.
15. I also wish to express my heartfelt appreciation to the Members of the PAC for their active participation, valuable insights, and dedication to the public interest. Their collaborative efforts during extensive and demanding session significantly contributed to resolving critical issues, and to ensuring transparency and promoting financial discipline in the province.

16. My special thanks to the Accountant General Balochistan, Mr. Nasrullah Jan, and the Director General Audit Balochistan, Mr. Shuja Ali, along with their dedicated teams, whose professionalism, expertise, and tireless efforts made it possible to accomplish this important task with excellence.
17. I also appreciate the efforts of PAOs who personally attended the PAC meetings, cooperated with the Audit team, held their DAC meetings in time, implemented PAC directives and submitted the replies against meeting notices without delay.
18. I further extend my appreciation to the representatives of Law & Parliamentary Affairs Department, Finance Department and Planning & Development Department for their valuable participation and support during the Committee's proceedings. Their input and cooperation contributed meaningfully to the deliberations and overall effectiveness of the PAC's work.
19. I also recognize the contribution of the media representatives, whose dedicated coverage in print, electronic, and social media platforms played a vital role in highlighting key issues discussed by the PAC, thereby reinforcing the principles of transparency and accountability in public discourse.
20. Lastly, I would like to place on record my deep appreciation for the unwavering commitment and hard work of the PAC Secretariat staff. Their efforts in arranging and conducting the meetings—including all pre-meetings preparations, support during the proceedings, and post-meetings follow-up—were instrumental in ensuring the smooth functioning of the Committee. In particular, I would like to acknowledge:
  - **Mr. Tahir Shah Kakar**, Secretary Assembly
  - **Mr. Siraj ud Din Lehri**, Special Secretary PAC
  - **Syed Muhammad Idrees**, Chief Accounts Officer PAC
  - **Mr. Fazal Haq**, Superintendent PAC
  - **Mr. Abdul Khaliq**, Superintendent PAC
  - **Mr. Muhammad Ibrahim**, Liaison Officer
  - **Mr. Muhammad Ajmal Khan**, Coordination Assistant PAC
  - **Mr. Imran Sumalani**, PS to Speaker/Media Incharge
  - **Mr. Sanaullah**, Assistant PAC
  - **Mr. Essa Shah**, Junior Clerk PAC
21. Their diligence, coordination, and professionalism in organizing PAC meetings, maintaining records, and drafting this Report are truly commendable. Together, the collective efforts of all stakeholders have made this report a meaningful contribution toward strengthening public financial management system in the province.

## **CLOSING REMARKS:**

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22. In conclusion, the PAC reaffirms its commitment to promote transparency, accountability, and sound financial management in the province. The Committee expects that the PAOs will comply with these directives with zeal and zest, in true spirit, and within the stipulated time frame. It is the collective responsibility of all stakeholders to implement these recommendations effectively, and through such coordinated efforts, the Province of Balochistan can achieve strengthened governance, improved financial discipline, and sustained prosperity for its people.

**Asgar Ali Tareen**  
**Chairman,**  
**Public Accounts Committee.**

**Siraj-ud-Din Lehri**  
**Special Secretary (PAC).**

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## COMPOSITION OF PUBLIC ACCOUNTS COMMITTEE (PAC)



Mr. Asghar Ali Tareen  
(Chairman)



Engr. Zmarak Khan Achakzai  
(Member)



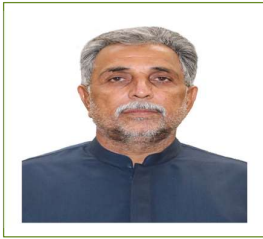
Mr. Zabid Ali Reki  
(Member)



Mr. Rehmat Saleh Baloch  
(Member)



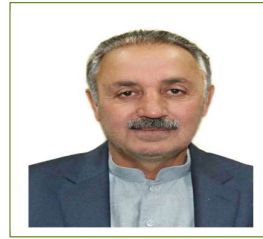
Mir Shoaib Noshervani  
(Member)



Mr. Muhammad Khan Lehri  
(Member)



Mr. Wali Muhammad Noorzai  
(Member)



Mr. Fazal Qadir Mandokhail  
(Member)



Mir Ghulam Dastagir Badini  
(Member)



Mr. Muhammad Zarain Khan  
(Member)



Mr. Ubaidullah Gorgage  
(Member)



Ms. Safia Fazal Ur Rehman  
(Member)

## RECOMMENDATIONS

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Based on the examination of Audit Report 2022-23 and Appropriation Accounts 2021-22, the recommendations of Public Accounts Committee are as under –

1. The Excess Budget Statement for the financial year 2021-22 be regularized in accordance with the Public Financial Management Act and provisions of the Constitution;
2. In future, all departments should ensure timely surrender of savings to the Finance Department and Supplementary grant should not be requested unless complete executing plan and reasonable time for its implementation is available;
3. In future, the finance department should not release the non-printed supplementary grants to the departments;
4. Orientation programs, on regular basis, be organized by the Pakistan Audit & Accounts Academy for the representatives of administrative departments to properly prepare/maintain Appropriation Accounts and submit appropriate replies on the audit observations through PACIS;
5. To overcome irregular expenditure (in Audit Report 2022-23 it amounts to Rs. 32,673.737 million/66.77% of total audit observations), an effective internal control system should be established in each Government Department;
6. The Audit Report for the year 2022–23 reported recoveries amounting to Rs.10,645.188 million, representing 21.75% of the total audit observations, which indicates weaknesses in the internal control system regarding the recovery of government dues. The PAOs are therefore advised to ensure that government dues are recovered in a timely and effective manner in the future;
7. Keeping in view the recurring nature of irregularities reported by Auditor General Pakistan, in its annual audit reports and lags in follow-up/compliance mechanism of DAC and PAC directives by the departments, it is strongly recommended that an independent Internal Audit system/function should be established in each department to ensure effective internal controls, which include safeguarding of Public Assets, adherence to Rules/Regulations, Policies/Procedures of the Provincial & Federal Governments, accuracy of records, financial reporting and risk assessment. The recommended functions of Internal Audit system, to be framed, may include—
  - i. Internal Audit team shall be responsible for managing and coordinating overall Internal Audit functions including planning, execution, reporting, quality assurance and follow-up;

- ii. Internal Audit team shall prepare annual risk based Internal Audit plan, keeping in view the resources at disposal of Internal Audit, solicit due approval of the PAO and divide the plan in executable segments for operational purposes;
- iii. Internal Audit shall report its findings of serious nature to the PAO as soon as possible. It shall convey directions of the PAO to officers concerned and shall periodically follow-up the compliance and report the compliance status to the PAO;
- iv. Internal Audit team shall ensure that approved Internal Audit recommendations pertaining to department concerned are carried out and followed up. It shall oversee or monitor the implementation of approved recommendations in case of organizations or departments. It shall follow-up on behalf of PAO, in case the actions are required by sections, on the Internal Audit recommendation;
- v. Internal Audit team shall review internal control in the department, pertaining to areas of budget, revenue, expenditure and finance, under the guidance and supervision of PAO;
- vi. Internal Audit shall assist and advise the PAO in enforcing the internal controls and for preventing irregularities, waste, fraud, and shall exercise internal checks and balances. It shall work consistently to improve the internal controls in departments;
- vii. Internal Audit shall make sure that the internal control is based on applicable Legislation, Regulations, Rules, Procedures, Codes, Instructions and Precedents as well as integrity and ethical values. It shall carry out financial activities under the Act, Regulations and Rules, Instructions issued by Finance Department on the subject;
- viii. Internal audit shall inform PAO on deviations from applicable Laws, Rules, Regulations, Instructions, in matters relating to his role and responsibilities and follow up the orders of the PAO;
- ix. It shall undertake annual exercise to assess or evaluate risks faced by the department, maintain an internal audit risk register and cause a similar activity in the entities under the department. Internal Audit shall initiate risk response measures with the approval of PAO regarding risks faced by the department's risk profile; and
- x. When specific situations arise or the incidents happen that need to be seen in their relevant perspective which may require improvements in managing

- risk, internal audit may assist PAO in changing existing audit controls or adopt new controls;
8. Departments generally prepare and submit their budget proposals to the Finance Department on an incremental basis, often without adequate planning, justification, or realistic forecasting. This practice frequently results in either substantial savings or excess expenditure at the end of the financial year. The Finance Department, in coordination with the PAOs, should consider adopting Zero-Based Budgeting (ZBB) in place of the traditional incremental budgeting system to enhance efficiency, transparency, and rational allocation of resources.
  9. PAOs need to comply strictly with General Financial Rules, Balochistan Sales Tax on Services Act, 2015, Income Tax Ordinance, 2001, Balochistan Public Procurement Rules, 2014, Central Public Works Accounts Codes, Composite Schedule Rates 2018/1998 and Sales Tax Act, 1990 which are most frequently violated during the period reported upon;
  10. Civil work executing departments shall strictly comply with Prescribed Procedures/Composite Schedule Rates (CSR) and strictly avoid Non-Scheduled Rates (NSR);
  11. PAOs should give serious and personal attention to the cases pending with Courts, NAB, Anti-Corruption and CMIT;
  12. Prior to appearing before the Public Accounts Committee (PAC), the Administrative Secretaries should ensure thorough preparation on the relevant audit observations and departmental matters. This will help avoid any awkward situations and ensure that the Committee's time is utilized efficiently and productively;
  13. Non-production of record constitutes a serious violation of applicable rules and laws, as it obstructs the audit process and reflects non-compliance with prevailing legal requirements. The PAOs should take appropriate disciplinary action against officials found responsible for the non-production of records to audit teams;
  14. Finance Department, in collaboration with revenue generating departments, shall ensure setting renationalized revenue targets and PAOs of such departments shall make serious efforts to meet those targets;
  15. Public money should not be retained in commercial bank accounts without justification and permission from the Finance Department;
  16. Efforts need to be taken by the PAOs to recover overpaid amounts, in time;

17. PAOs should establish a mechanism of management controls with built-in check and balance to prevent unauthorized practices and utilization of public assets;
18. PAOs should timely convene DAC meetings and its decision be strictly implemented;
19. PAOs should instruct their attached departments and field offices to respond to the directives of PAC well, in time;
20. All PAOs should establish PAC sections in their departments and hold pre-PAC meetings to streamline submission of proper and timely replies to PAC;
21. During the examination of the Audit Report 2022–23, the Committee observed that several departments had split public procurements to circumvent open competitive bidding, as required under the procurement rules. The Principal Accounting Officers (PAOs) are therefore directed to ensure that all procurements exceeding the prescribed threshold are electronically advertised, in order to ensure full compliance with the B-PPRA Rules, 2014;
22. During the examination of the Audit Reports 2022–23 and while reviewing compliance with the directives of previous PACs on earlier audit reports, the Committee observed that several minor and immaterial matters are repeatedly brought before the PAC, which should have been resolved at the DAC level. The Committee noted that the inclusion of such issues unnecessarily consumes valuable time that should otherwise be devoted to more significant matters. The Committee therefore directed that the Office of the Auditor General of Pakistan should focus on substantive and strategic audit issues, and only matters of significant importance should be presented before the PAC for discussion and examination;
23. The Committee observed that many audit observations could have been addressed at the pre-audit stage, such as the non-deduction or under-deduction of government taxes from contractors. The Accountant General Balochistan is directed to strengthen the pre-audit system in his office to ensure that all payments and withdrawals from the Consolidated Fund and Public Account of the Government of Balochistan are made in strict compliance with the approved budgetary provisions, applicable rules, regulations, policies, and procedures of the Government;
24. The Director General Audit, Balochistan, shall ensure complete transparency throughout the audit process, including planning, fieldwork, evaluation of findings, reporting, and follow-up. A risk-based audit approach should be implemented to focus audit resources on areas most susceptible to corruption,

mismanagement, and irregularities. Furthermore, only significant and strategic issues of material impact should be brought before the Committee, while minor or immaterial matters should be resolved at the departmental level, ensuring that the Committee's time is utilized efficiently and effectively;

25. The Office of the Director General Audit shall ensure that once a Para is printed in the Audit Report, it falls within the mandate and jurisdiction of the Committee for decision-making. During the examination of the Audit Report 2022-23, it was observed that, in certain instances, the Office of the Director General Audit, Balochistan, held DAC meetings with auditee departments even after the Para had been printed in the Audit Report. Going forward, it must be strictly ensured that the Audit Office shall not convene DAC meetings on such Paras unless specifically directed by the Committee.

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# SUMMARIES, TABLES & CHARTS

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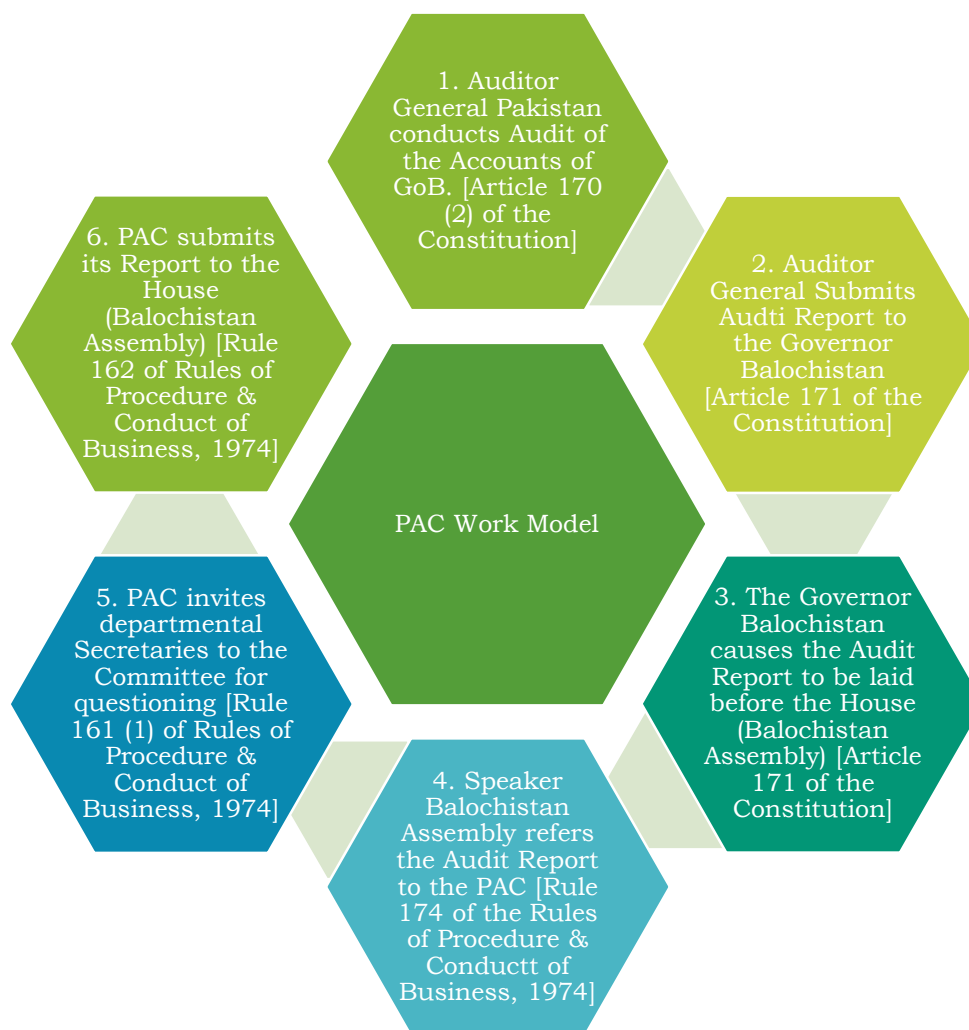
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**PUBLIC ACCOUNTABILITY CYCLE IN BALOCHISTAN**

1. Budget proposal (Demand for Grants) is considered and approved by the Provincial Assembly of Balochistan and schedule of Authorized Expenditure is authenticated by the Chief Minister Balochistan as per Articles 120-125 of the Constitution the Islamic Republic of Pakistan, 1973 and rules 116-127 of the Provincial Assembly of Balochistan, Rules of Procedure and Conduct of Business, 1974.
2. Schedule of Authorized Expenditure/Grants is forwarded to the executing departments/Principal Accounting Officers through Finance Department, Government of Balochistan.
3. Accountant General Balochistan, under Section-5(a) of the Controller General of Accounts Ordinance 2001, prepares and maintains the accounts of the Government of Balochistan in such forms and in accordance with such methods and principles as the Auditor-General Pakistan may prescribe from time to time.
4. Auditor General of Pakistan Conducts the Audit of the Accounts of the Government of Balochistan and any authority or body established by the Provincial Government under Article 170(2) of the Constitution of the Islamic Republic of Pakistan, 1973. Auditor General's Report is submitted to the Governor Balochistan under Article 171 of the Constitution of Islamic Republic of Pakistan, 1973.
5. Governor Balochistan under Article 171 of the Constitution causes the Auditor General's Report to be laid before the Provincial Assembly of Balochistan.
6. Speaker Balochistan Assembly under rule-174 of the Provincial Assembly of Balochistan, Rules of Procedure and Conduct of Business, 1974 refers the Auditor General's Report to the Public Accounts Committee (PAC).
7. Public Accounts Committee under rule-161(1) of Rules *ibid*, invites departmental Secretaries/Principal Accounting Officers (PAOs) to the Committee for questioning and examining Appropriation Accounts of the Government of Balochistan and the report of the Auditor-General thereon.
8. Under rule-162 of Rules *ibid*, the PAC presents its Report to the House within a period of one year from the date on which reference was made to it unless the Assembly on a motion being made, directs that the time for the presentation of the report be extended to a date specified in the motion.

## PAC WORK MODEL IN BALOCHISTAN



The Public Accounts Committee (PAC) Work Model in Balochistan outlines a coordinated process through which government audit findings are handled. The Auditor General of Pakistan conducts the audit of the Government of Balochistan's accounts under Article 170(2) of the Constitution and submits the completed audit report to the Governor as required by Article 171. The Governor ensures that the report is laid before the Balochistan Assembly in accordance with the same constitutional provision. Once placed before the Assembly, the Speaker refers the audit report to the Public Accounts Committee under Rule 174 of the Rules of Procedure and Conduct of Business, 1974. The PAC then examines the report by inviting departmental secretaries for clarification and questioning as provided under Rule 161(1). After completing its review and deliberations, the PAC prepares its findings and submits its final report to the Balochistan Assembly under Rule 162, thereby completing the audit oversight cycle.

**PIONEERING DIGITAL GOVERNANCE: PUBLIC ACCOUNTS COMMITTEE INFORMATION SYSTEM (PACIS) ENABLES EFFICIENT DISCUSSION OF THE FIRST AUDIT REPORT.**

The Public Accounts Committee (PAC) has successfully pioneered digital governance by leveraging the Public Accounts Committee Information System (PACIS) to facilitate the discussion of the first audit report, Audit Report 2022-23. This milestone marks a significant shift towards digital transformation in the PAC's processes.

Prior to PACIS, the process was manual and cumbersome. Notices of PAC meetings were served manually, and departments had to submit replies on Audit Paras and Appropriation Accounts in hard copy, resulting in thousands of papers being used. This not only wasted resources but also made it challenging to manage and track the documents.

With PACIS, the system has become streamlined and automated. Notices are sent to departments through the system, and they can submit their replies online. The Audit Office and the Office of the Accountant General can add their comments online, and the final case is displayed on screen before the committee for discussion and decision-making.

One of the significant benefits of PACIS is its ability to generate various types of reports, which helps the PAC Branch prepare reports for the legislature efficiently. This digital transformation has not only improved the committee's productivity but also enhanced transparency and accountability in the use of public funds.

Moreover, the implementation of PACIS has had a positive impact on the environment and public expenditure. The significant reduction in paper usage has resulted in a substantial decrease in the committee's carbon footprint and a considerable saving in the cost of paper. This eco-friendly initiative is a step in the right direction, aligning with the global efforts to reduce waste and promote sustainability.

The successful discussion of the first audit report, Audit Report 2022-23, through PACIS demonstrates the committee's commitment to embracing technology to enhance governance and accountability.

**THE WORKFLOW AT PAC AFTER DEPLOYMENT OF PACIS:**



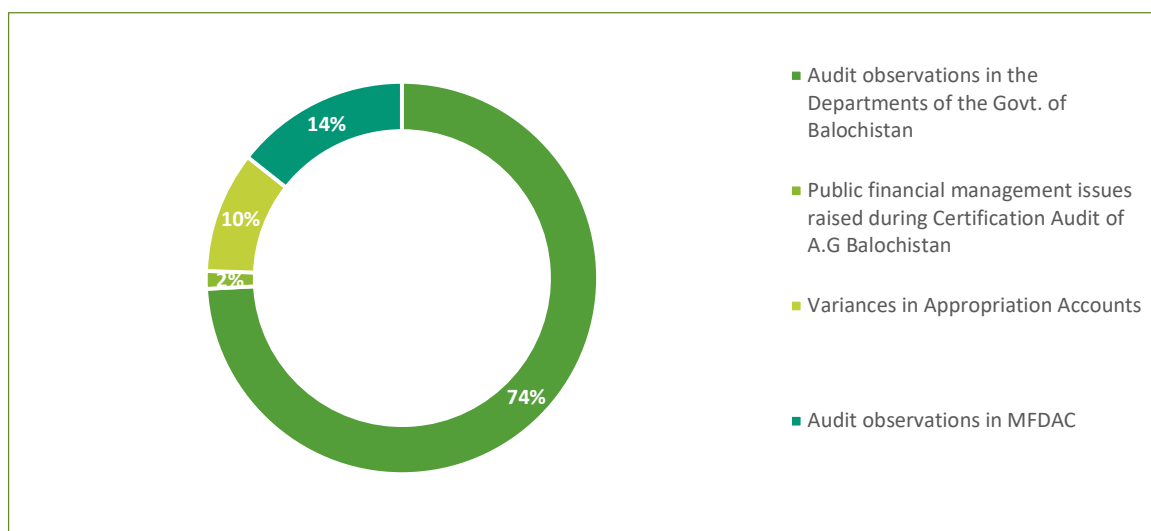
Efficiency & Productivity	Timeliness	Effectiveness	Uniformity	Retrievability	Alertness	Dashboard
Greatest output and increased productivity of PAC and its staff in less time.	Timely submission of replies and compliance to PAC directives by departments.	The PACIS enables the Committee to deeply and critically analyse each audit observation and take effective decisions.	uniformity in the way of conduct of PAC meetings and format of submitting departmental replies.	Retrievability of data including recovery effected, PAC decisions, and total audit observations are on a click away.	The notification generation system ensures quick compliance to PAC directives.	Generation and presentation of graphs and tables for glance view of the higher-ups.

**DEPARTMENT-WISE BREAKUP OF AUDIT OBSERVATIONS REFERRED TO  
PUBLIC ACCOUNTS COMMITTEE AND MFDAC**

#	Department	PFM Issues	Audit Observations							Total
			Irregular Expenditure	Non-Production of Record	Recoverable	Overpayment	Evasion of Taxes & Duties	Loss sustained by the Govt.	Others	
1.	Office of the Accountant General Balochistan	5	0	0	0	0	0	0	0	5
2.	Agriculture & Cooperatives Department	0	6	0	1	1	1	0	3	12
3.	Balochistan Development Authority (BDA)	0	2	2	0	1	0	0	1	6
4.	Balochistan University of Information Technology, Engineering and Management Sciences (BUIITEMS)	0	4	0	0	0	0	1	0	5
5.	Balochistan Education Foundation (BEF)	0	1	0	1	0	0	0	0	2
6.	Gwadar Development Authority	0	8	0	1	0	1	0	0	10
7.	Gwadar Industrial Estate Development Authority (GIEDA)	0	0	0	1	0	1	0	0	2
8.	Lasbela Industrial Estate Development Authority (LIEDA)	0	0	0	3	0	0	0	1	4
9.	Sardar Bahadur Khan Women's University	0	1	0	1	0	0	2	0	4
10.	Quetta Water Supply & Sanitation Authority (QWASA)	0	3	0	1	0	1	0	0	5
11.	University of Balochistan (UoB)	0	0	0	0	1	1	0	0	2
12.	University of Turbat (UoT)	0	1	0	0	0	1	0	0	2
13.	Balochistan Revenue Authority (BRA)	0	2	0	0	1	0	0	0	3
14.	Bolan University of Medical and Health Sciences, Quetta	0	5	0	0	0	0	0	0	5
15.	Board of Revenue (BoR)	0	10	1	1	1	1	0	1	15
16.	Communication & Works, Physical Planning and Housing Department	0	8	0	0	13	1	2	1	25
17.	Education Department - Higher Education	0	4	0	0	0	1	0	0	5
18.	Education Department - Secondary Education	0	4	0	0	0	1	0	0	5
19.	Energy Department	0	1	0	1	0	1	0	0	3
20.	Excise, Taxation and Anti-Narcotics Department	0	0	0	3	0	0	0	1	4
21.	Finance Department	0	3	0	0	1	0	0	0	4
22.	Food Department	0	2	0	0	0	1	0	0	3
23.	Forest and Wildlife Department	0	10	1	0	0	2	0	1	14
24.	Health Department	0	6	1	0	0	1	0	3	11
25.	Industries and Commerce Department	0	3	0	2	1	1	0	0	7
26.	Irrigation Department	0	2	0	0	4	1	0	1	8
27.	Labour & Manpower Department	0	1	0	0	0	0	0	0	1
28.	Livestock and Dairy Development Department	0	6	0	1	0	1	4	0	12
29.	Mines and Minerals Department	0	1	0	6	0	1	0	0	8
30.	POLICE Department	0	1	0	1	0	1	0	0	3
31.	Office of the Director General Levies Force, Balochistan	0	3	1	0	0	1	0	0	5

#	Department	PFM Issues	Audit Observations							Total
			Irregular Expenditure	Non-Production of Record	Recoverable	Overpayment	Evasion of Taxes & Duties	Loss sustained by the Govt.	Others	
32.	Planning & Development Department	0	5	0	0	0	0	0	1	6
33.	Public Health Engineering (PHE) Department	0	3	0	1	3	1	0	0	8
34.	Services & General Administration Department	0	4	0	1	0	0	0	0	5
35.	Urban Planning and Development Department (UP&D)	0	2	0	0	1	1	0	0	4
36.	Culture, Tourism and Archives Department	0	2	0	0	0	1	0	0	3
37.	Social Welfare Department	0	2	0	0	0	0	0	1	3
38.	Balochistan Board of Investment and Trade	0	1	0	0	0	1	0	0	2
39.	Inspector General Prison, Balochistan	0	0	0	0	0	1	0	0	1
40.	Science & Information Technology Department	0	2	0	0	0	1	0	0	3
41.	Information Department	0	1	0	0	0	1	0	0	2
42.	Transport Department	0	1	0	2	0	0	0	0	3
43.	<b>Thematic Audit:</b> Excise & Taxation Department	0	0	0	0	0	0	0	8	8
44.	<b>Thematic Audit:</b> Planning & Development Department	0	0	0	0	0	0	0	9	9
<b>Total Printed Audit Observations</b>		<b>5</b>	<b>121</b>	<b>6</b>	<b>28</b>	<b>28</b>	<b>28</b>	<b>9</b>	<b>32</b>	<b>257</b>
		<b>Total Audit Observations in MFDAC</b>								<b>49</b>
		<b>Total Appropriation Accounts</b>								<b>34</b>

**BUSINESS REFERRED TO PAC AND MFDAC AT A GLANCE**



### AUDIT OBSERVATIONS CATEGORIZED BY TYPE, AMOUNT INVOLVED, AND CASE COUNT

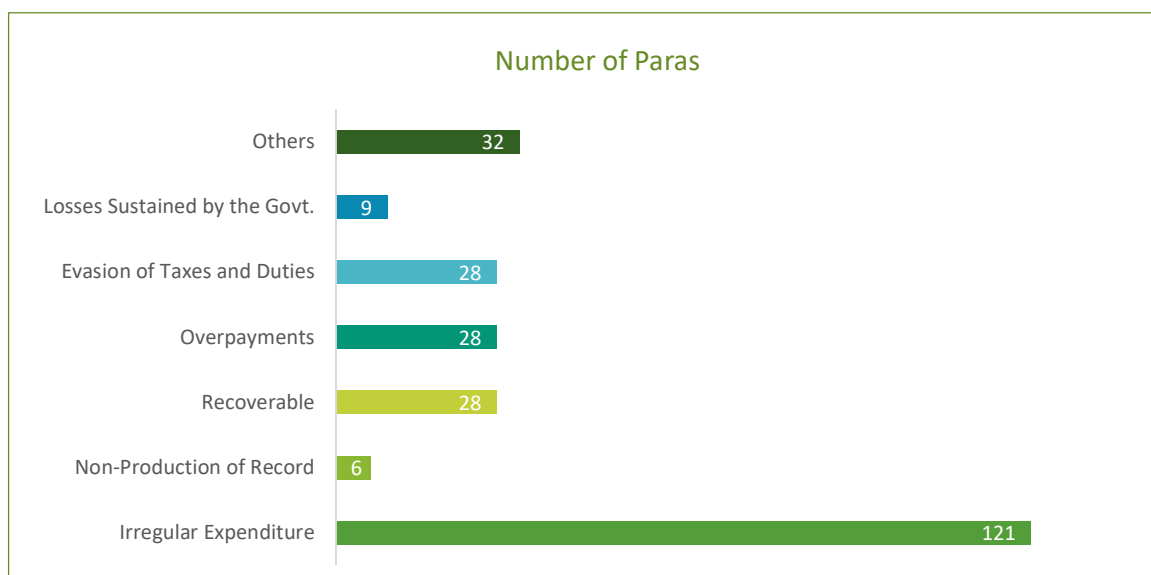
- i. Irregular expenditure - Rs.32,673.737 million noted in 121 cases
- ii. Non-production of record - Rs.629.327 million in 6 instances
- iii. Recoverable - Rs.10,645.188 million noted in 28 cases
- iv. Overpayment - Rs.2,291.253 million noted in 28 cases
- v. Evasion of taxes and duties - Rs.2,270.347 million noted in 28 cases
- vi. Loss sustained by the government - Rs.399.944 million in 9 cases
- vii. Others - Rs.25.744 million in 32 instances

### CATEGORY-WISE SUMMARY OF AUDIT OBSERVATIONS IN TERMS OF PARAS AND MONETARY IMPACT

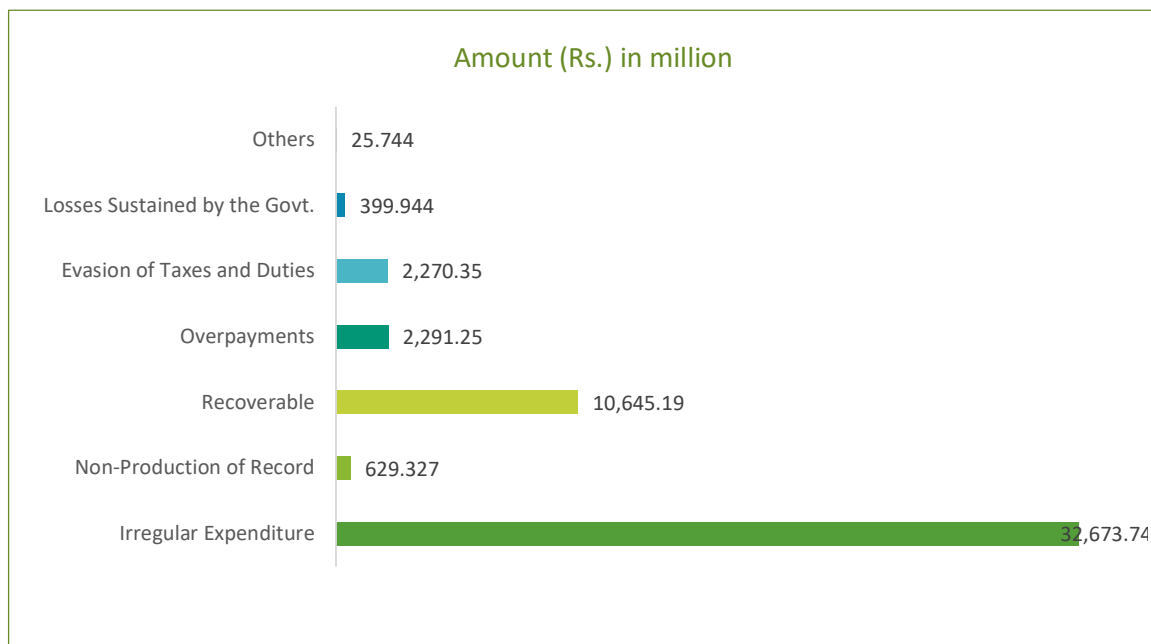
Rs. in million

#	Audit Observations	Number of Paras	% in terms of Number	Amount (Rs.)	% in terms of Amount
1.	Irregular Expenditure	121	48.02%	32,673.737	66.77%
2.	Non-Production of Record	6	2.38%	629.327	1.29%
3.	Recoverable	28	11.11%	10,645.188	21.75%
4.	Overpayments	28	11.11%	2,291.253	4.68%
5.	Evasion of Taxes and Duties	28	11.11%	2,270.347	4.64%
6.	Losses Sustained by the Govt.	9	3.57%	399.944	0.82%
7.	Others	32	12.70%	25.744	0.05%
<b>Total</b>		<b>252</b>	<b>100.00%</b>	<b>48,935.540</b>	<b>100.00%</b>

### CATEGORY-WISE SUMMARY OF AUDIT OBSERVATIONS IN TERMS OF PARAS AT A GLANCE



### CATEGORY-WISE SUMMARY OF AUDIT OBSERVATIONS IN TERMS OF MONETARY IMPACT AT A GLANCE



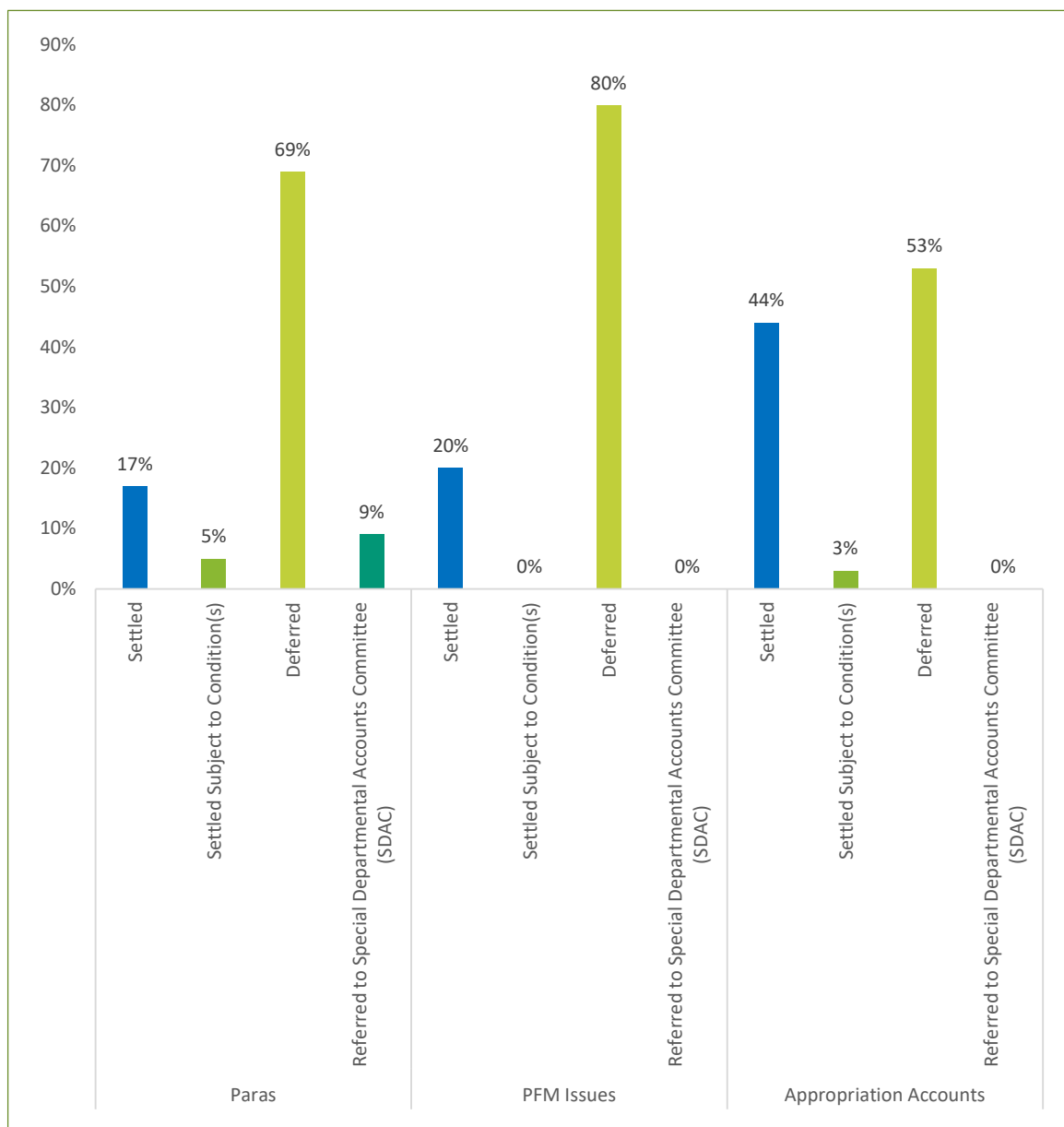
The table and charts provide a category-wise summary of audit observations, showing both the frequency of paras and their corresponding financial impact. Similar to previous years, irregular expenditures remain the most significant issue, representing 121 paras (48.02%) and accounting for Rs.32,673.737 million, or 66.77% of the total amount involved. Recoverable amounts, overpayments, and evasion of taxes and duties each constitute 28 paras (11.11%), although recoverable cases carry a comparatively higher financial implication of Rs.10,645.188 million. Non-production of record (6 paras) and losses sustained by the government (9 paras) reflect smaller proportions in both frequency and value, while the “Others” category, with 32 paras, contributes minimally in monetary terms. The overall summary and charts encompass 252 audit paras amounting to Rs.48,935.540 million. The persistence of irregular expenditures underscores the need for Principal Accounting Officers to ensure strict compliance with all applicable rules, policies, and financial regulations. As the authorities responsible not only for budget utilization but also for ensuring its proper and lawful application, Principal Accounting Officers must exercise greater diligence and enforce stronger internal controls to prevent recurrence of such financial irregularities in the future.

**BREAKUP OF PAC DIRECTIVES**

#	Particulars	Paras	PFM* Issues	Appropriation Accounts
1.	Settled	42	01	15
2.	Settled Subject to Condition(s)	13	-	01
3.	Deferred	175	04	18
4.	Referred to Special Departmental Accounts Committee (SDAC)	22	-	-
<b>Total</b>		<b>252</b>	<b>05</b>	<b>34</b>

\* Public Financial Management Issues

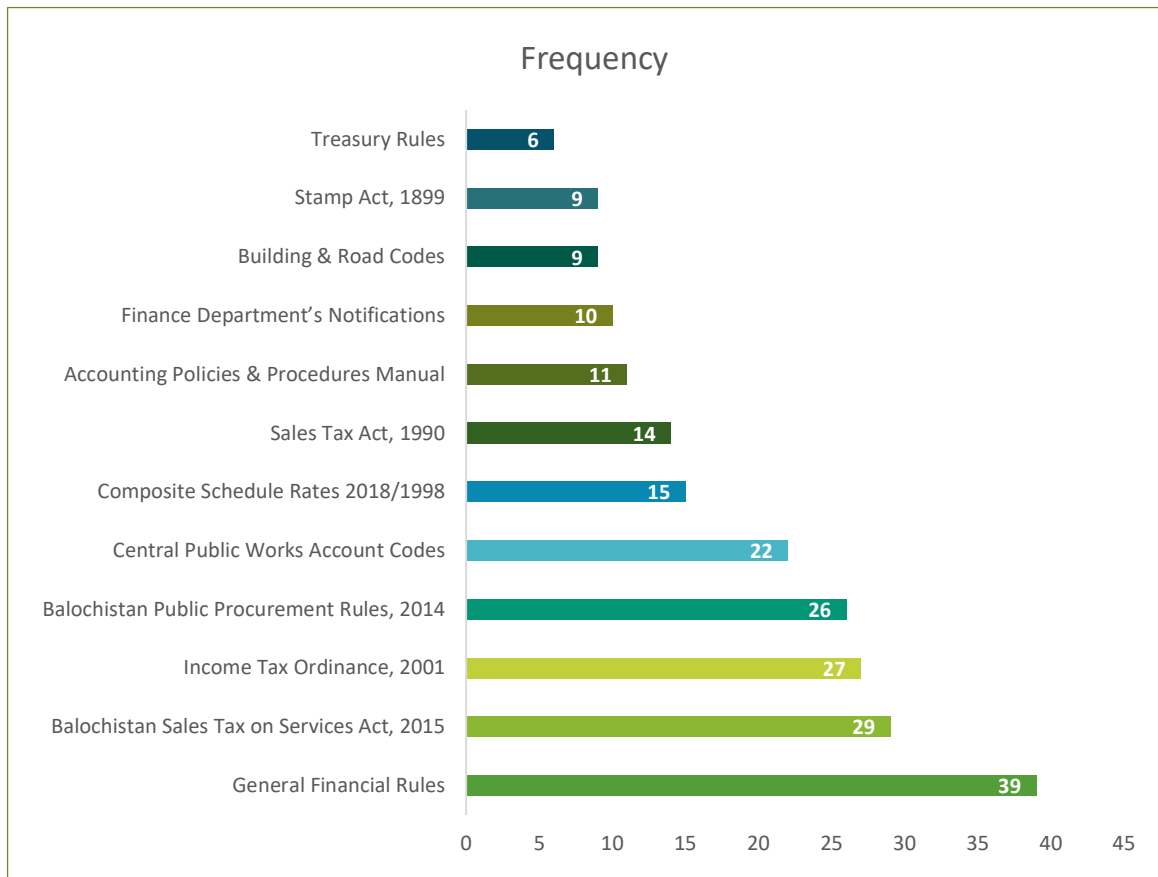
**BREAKUP OF PAC DIRECTIVES AT A GLANCE**



While examining the Audit Report 2022–23, the PAC reviewed 252 Audit Paras, 05 Public Financial Management (PFM) issues, and 34 Appropriation Accounts. As reflected in the bar chart, the majority of directives across all three categories were deferred—69% of Audit Paras, 80% of PFM issues, and 53% of Appropriation Accounts—indicating that significant follow-up action is still required from departments. A considerable portion of cases were settled, comprising 17% of Audit Paras, 20% of PFM issues, and 44% of Appropriation Accounts, where departments provided satisfactory compliance. A smaller proportion was settled subject to conditions, representing 5% of Audit Paras, 0% of PFM issues, and 3% of Appropriation Accounts, reflecting instances where partial compliance was accepted pending fulfillment of specific requirements. Additionally, 9% of Audit Paras were referred to the Special Departmental Accounts Committee (SDAC) for further examination and recommendations to the Committee for final decision.

#### **FREQUENCY OF VIOLATION OF FRAMEWORK/CRITERIA**

#	Framework/Criteria	Frequency
1.	General Financial Rules	39
2.	Balochistan Sales Tax on Services Act, 2015	29
3.	Income Tax Ordinance, 2001	27
4.	Balochistan Public Procurement Rules, 2014	26
5.	Central Public Works Account Codes	22
6.	Composite Schedule Rates 2018/1998	15
7.	Sales Tax Act, 1990	14
8.	Accounting Policies & Procedures Manual	11
9.	Finance Department's Notifications	10
10.	Building & Road Codes	9
11.	Stamp Act, 1899	9
12.	Treasury Rules	6

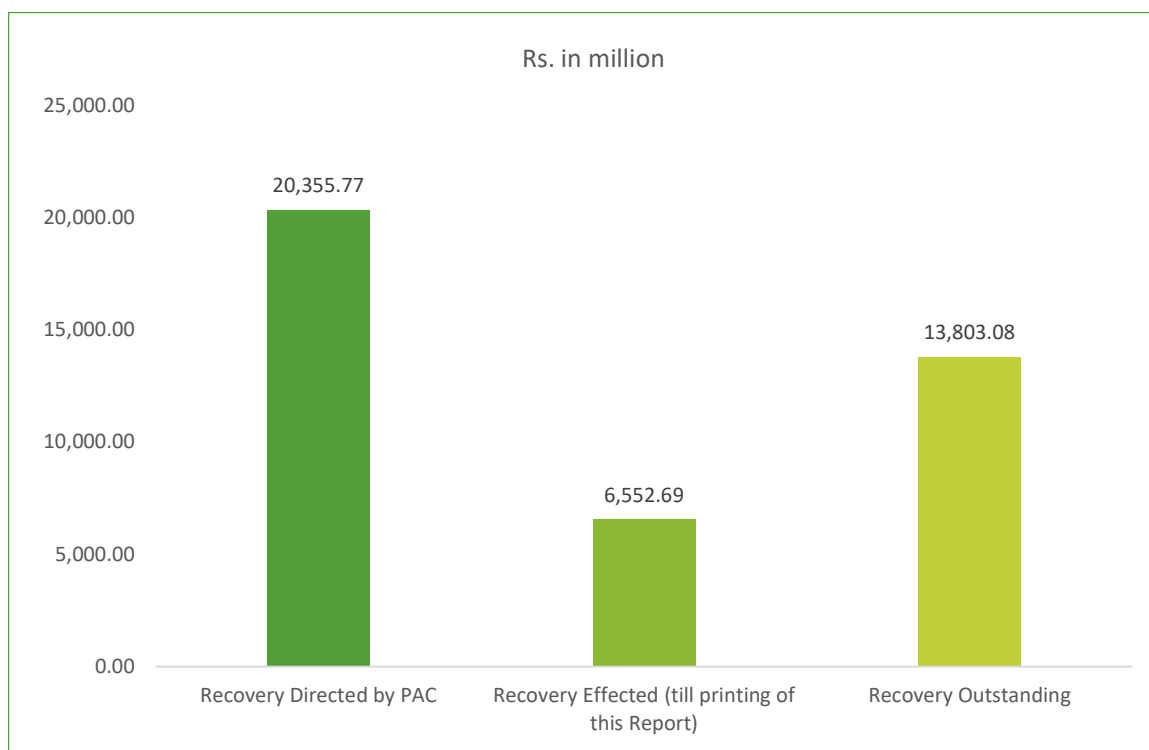
**FREQUENCY OF VIOLATION OF FRAMEWORK/CRITERIA AT A GLANCE**

The analysis of audit observations reveals that the General Financial Rules accounted for the highest number of non-compliance instances, indicating recurring weaknesses in adherence to core financial management requirements. Other applicable frameworks—such as taxation statutes, procurement rules, departmental codes, and financial procedures—were also violated at varying frequencies, demonstrating broader lapses in compliance across multiple regulatory areas. The Public Accounts Committee expresses its concern over these trends and reiterates that all departments must ensure strict observance of the applicable rules, regulations, and criteria governing public expenditure. The Committee further directs that Principal Accounting Officers shall, prior to authorizing or processing any payment, certify that all relevant financial and administrative provisions have been fully complied with. Strengthening internal controls and enforcing disciplined adherence to the established frameworks will be essential to reducing violations and safeguarding the proper use of public funds.

**RECOVERY DIRECTED VS. RECOVERY EFFECTED**

Rs. in million

#	Particulars	Amount
1.	Recovery Directed by PAC	20,355.772
2.	Recovery Effected (till printing of this Report)	6,552.690
	<b>Recovery Outstanding</b>	<b>13,803.082</b>

**RECOVERY EFFECTED AT A GLANCE**

While examining the Audit Report 2022-23, PAC directed recoveries of Rs.20,355.772/- million. Against the directed recoveries, an amount of Rs.6,552.690 million has been recovered and duly verified by office of the Director General Audit, Balochistan till finalization of this Report. Moreover, compliance for rest of the recoveries is being taken by the Committee from the concerned departments and progress thereof will be reported in the next PAC Report.

**DEPARTMENT-WISE RECOVERY**

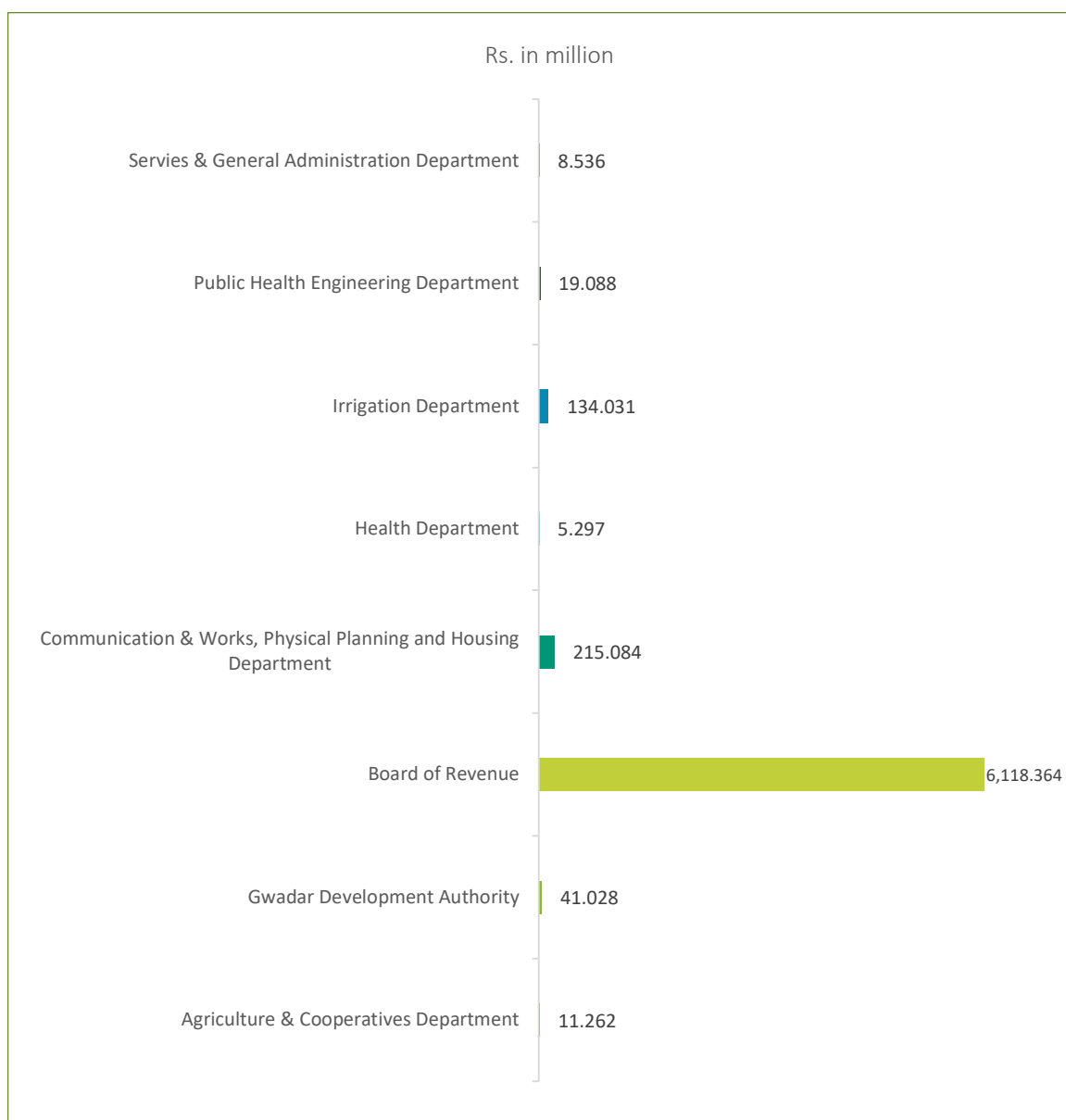
Rs. in million

#	Department	Recovery
1.	Agriculture & Cooperatives Department	11.262
2.	Gwadar Development Authority	41.028
3.	Board of Revenue	6,118.364

Rs. in million

#	Department	Recovery
4.	Communication & Works, Physical Planning and Housing Department	215.084
5.	Health Department	5.297
6.	Irrigation Department	134.031
7.	Public Health Engineering Department	19.088
8.	Servies & General Administration Department	8.536
<b>Total</b>		<b>6,552.690</b>

**DEPARTMENT-WISE RECOVERY AT A GLANCE**



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# REPORT

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## Certification Audit of Accountant General Balochistan

*(Meeting held on 16<sup>th</sup> September, 2025)*

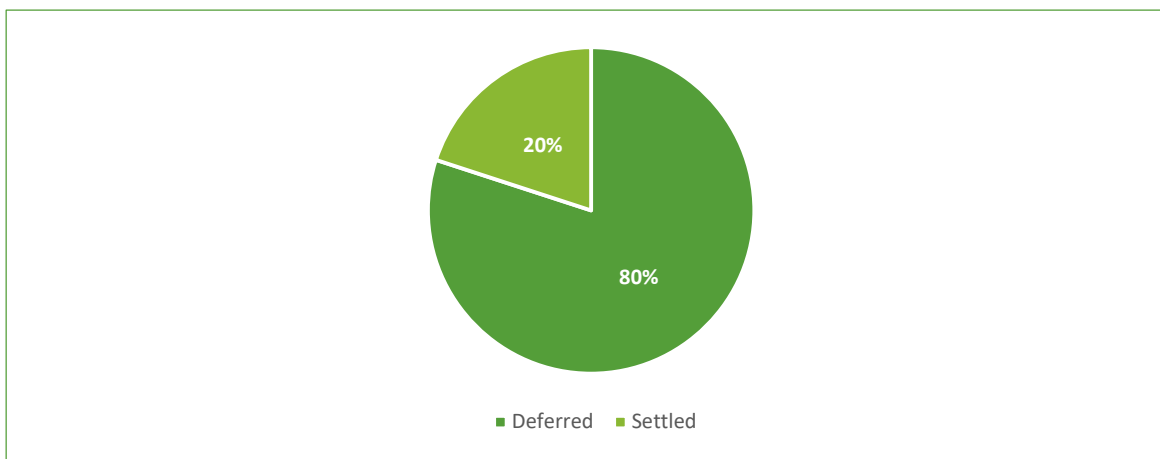
### INTRODUCTION

The office of the Accountant General Balochistan is counterpart of Controller General of Accounts (CGA) in Balochistan. The following functions are entrusted to it under the Controller General Ordinance, 2001: -

1. Prepare and maintain the Accounts of the Government of Balochistan in such forms and in accordance with such methods and principles as the Auditor General may prescribe from time to time;
2. Authorize payments and draws from the Consolidated Fund and Public Account of the Government of Balochistan against approved budgetary provisions after pre-audit checks as the Auditor General may, from time to time, prescribe;
3. Prepare and maintain Accounts of such organizations and authorities established, setup or controlled by the Government of Balochistan as may be assigned to it by the Governor Balochistan;
4. Lay down the principle governing the internal financial control for Government Departments in consultation with Finance Department, Government of Balochistan;
5. Render advice on accounting procedure for new schemes, programs or activities undertaken by the Government of Balochistan;
6. Develop and maintain efficient system of Pension, Provident Funds and other retirement benefits in consultation with the Government of Balochistan; and
7. Prepare Annual Financial Statements of Government of Balochistan.

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	01
2.	Paras Deferred	04
<b>Total Paras</b>		<b>05</b>

**BREAKUP OF PAC DIRECTIVES AT A GLANCE****EXAMINATION OF AUDIT REPORT 2022-23****Para # 1.1.1 Less receipt of share of Balochistan from Divisible Pool - Rs. 11,151.033 million**

According to Article 119 of the Constitution of Pakistan, “the Federal Government cannot deduct any amount from Provincial Consolidated Fund of Provinces as the custody of the same is entrusted to the provinces”. Further, according to Para 4 (3) of Presidential Order No.5 of 2010 of 7<sup>th</sup> NFC Award, “the Share of Balochistan in the net proceeds of the Divisible Pool shall remain protected”.

Certification Audit of the Accounts of GoB for the financial year 2021-22, revealed that the GoB received an amount of Rs. 295,728.384 million from the Divisible Pool. Whereas, according to Finance Division letter No. 1(1)-PF.1/2022-2023-450 dated June 29, 2022, the share of GoB was Rs. 306,879.417 million. Thus, an amount of Rs. 11,151.033 million was less received from the Federal Government in Divisible Pool, as calculated below:

<b>Rs. in million</b>		
<b>Revised estimates of Federal Transfer in Divisible Pool FY 2021-22</b>	<b>Actual Receipt from the Divisible Pool FY 2021-22</b>	<b>Less received</b>
306,879.417	295,728.384	11,151.033

Less receipt from Federal Divisible pool was due to lack of pursuance on the part of provincial government.

This constituted violation of provisions of Constitution of Pakistan and 7<sup>th</sup> NFC award.

The matter was reported to AG Balochistan and FD, GoB in October, 2022.

AG Balochistan replied that the para Pertained to FD, GoB.

Finance Department, GoB, replied that the matter had already been taken-up with the Federal Government and several reminders had been issued regarding un-received amount of protected share of the NFC. It was expected that the matter would be resolved soon.

In the DAC meetings held on November 1 and 2, 2022, it was decided that the matter would be taken up at the higher level through Provincial Government for adjustment of remaining amount of Provincial Share from the divisible pool.

No further progress was intimated till the finalization of this report.

Audit recommends that the issue may be taken up at the highest level.

### **PAC DIRECTIVES DATED 16<sup>th</sup> SEPTEMBER, 2025**

The Committee inquired about the apparent discrepancy of **Rs.1,115,103,300** between the amounts disclosed by the Accountant General and the Finance Department of the Government of Balochistan. Was it momentary, and who was responsible for it? Further, The Committee decided that, since funds from NFC Award the share of the Balochistan in the net proceeds of the divisible pool have been obtained from the Federal Government, in light of the assurance provided to the Public Accounts Committee by the Finance Department of the Government of Balochistan via Division Fax messages on **31<sup>st</sup> January, 2023, 31<sup>st</sup> January, 2024, and 29<sup>th</sup> February, 2024**, respectively, with the following details: -

#	Date	Reference Number of the DFM's (2)	Amount in Rs.
1	31st January 2023	No.2(1) PF-III/2022-23-59	Rs.10,000,000,000/
2	31st January 2024	No2(1) PF-III2023-24-53	Rs.288,850,000/
3	29th February 2024	No2(1) PF-III2023-24-61	Rs.288,850,000/
<b>TOTAL Receipts</b>			<b>Rs. 10,577,700,000/</b>
<b>The Balance/Leftover Receivables</b>			<b>Rs. 1,115,103,300/</b>

Therefore, the settlement of the para is subject to verification of the record by the Audit Department. The Committee, as a result, **deferred the para.**

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### **Para # 1.1.2      Lack of reconciliation between DAOs and NBP - Rs. 6,999.278 million**

According to para 6.4.3.2 & 6.4.3.3 of the APPM, on receiving the daily bank returns from the Main Designated Branch, the delegated officer in the Account Section of the DAO/AG/AGPR shall check that (i) supporting documents detail (i.e., paid cheques,

receipt vouchers, transfer advice) agrees with the bank scroll, (ii) bank scroll entry agrees with a payment advice note entry previously sent to the Main Designated Branch of the bank. Where there are any discrepancies in the bank scroll, the officer shall immediately inform the Main Designated Branch and resolve any differences in writing.

Certification Audit of the Accounts of GoB for the financial year 2021-22, revealed that figures of receipts/payments booked by various DAO's during the financial year 2021-22 did not tally with the figures reported by SBP/NBP, as detailed below:

**Rs. in million**

All Districts except Quetta	Amount reported by SBP		Amount reported by NBP		Difference	
	Receipt	Payment	Receipt	Payment	Receipt	Payment
	A	B	C	D	E = A-C	F = B-D
	7,846.973	193,183.911	5,578.414	192,807.932	2,268.558	375.978
<b>Total Receipt and Payment (E+F)</b>					<b>2,644.536</b>	
District	Amount reported by SBP		Amount reported by NBP branch		Difference	
Quetta	154,029.649		149,674.907		4,354.742	
<b>Total all Districts including Quetta</b>					<b>6,999.278</b>	

The differences occurred due to inadequate reconciliation.

Lack of reconciliation of expenditure/ receipt between the NBP and DAOs resulted in incorrect figures.

The matter was reported to AG Balochistan and FD, GoB in October, 2022.

AG Balochistan replied that the issue had been taken up with all the relevant stakeholders i.e., FD, GoB, DG T&A, SBP, Quetta and NBP, Head Office Karachi.

FD, GoB replied that the difference amount for financial year 2021-22 of Rs. 2,644 million in respect of DAOs had been conveyed to SBP by the AGB. Any further progress in the reconciliation could only be possible when response / working from NBP would be shared with AGB and FD. In the meanwhile, FD, GoB was working on Reconciliation Plan in coordination with AGB. The differences of Quetta pertained to AGB and Senior DAO, Quetta.

In the DAC meetings held on November 1 and 2, 2022, it was decided that a joint team from FD, GoB and AGB would carry out reconciliation in all districts.

No further progress was intimated till the finalization of this report.

Audit recommends that AGB and FD, GoB should ensure rectification/ reconciliation of such differences with the SBP/NBP.

**PAC DIRECTIVES DATED 16<sup>th</sup> SEPTEMBER, 2025**

Based on the discussions held, the Committee directed the Secretary, Finance Department, Government of Balochistan, and the Accountant General, Balochistan, to ensure reconciliation of receipts and payments for all districts between the District Accounts Offices (DAOs) and the State Bank of Pakistan/National Bank of Pakistan for the financial year 2021-22. This reconciliation is to be completed within one month, with due intimation to the PAC and Audit. **Hence, the Para was deferred.**

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**Para # 1.1.3 Un-adjusted negative balances appearing in the annual account - Rs. 5,006 million**

According to para 7.2.4.2 of APPM, the Accountant General offices shall produce the Annual Accounts by consolidating the Monthly Accounts submitted by DAOs and self-accounting entities and its own accounts and incorporating adjustments and other financial information as required by the AG.

Certification audit of the Accounts of GoB for the financial year 2021-22, revealed that the Finance Account contained un-adjusted negative balances of Rs. 5,006 million, as detailed below:

Rs. in million

#	Object Element	Balance on July 01, 2021	Transactions during the financial year		Balance on June 30, 2022
			Receipts	Payments	
1.	G01138, Treasury Pay Clearing Account (TMAs Account) SBP	-1.271	-	-	-1.271
2.	G01191, Assignment Accounts Cheques	-1,126.584	26,538.655	26,497.759	-1,085.688
3.	G01196, Foreign Aid Assignment Account	805.648	5,602.767	6,461.327	-52.911
4.	G01201, Outstanding Commitments	-2,233.257	301,151.009	301,229.949	-2,312.197
5.	G05105, Wages Clearing Account	-1,016.829	179,246.818	179,240.468	-1,010.479
6.	G05110, State Bank Suspense	-551.708	16.483	8.250	-543.475
	<b>Total</b>	<b>-4,124.001</b>	<b>512,555.732</b>	<b>513,437.753</b>	<b>5,006.021</b>

Source: Finance Accounts of the GoB for the financial year 2021-22, Page 89.

Negative balances occurred due to non-reconciliation.

Negative balances reflected non-posting of figures in the relevant heads.

The matter was reported to AG Balochistan in October, 2022.

AG Balochistan replied that the negative balances in G01138-Treasury pay clearing account (TMA account) SBP were generated due to wrong posting by various TOs. The issue had been taken up with the concerned TOs. Further, G01191-Assignment Accounts Cheques were outstanding since long. Furthermore, J.E had been prepared to eliminate all differences created during the year under object G01201 and G05105. Moreover, the negative balances under G05110 amounting to Rs. 542.957 million regarding Local Government was under litigation. Whereas, the less provision of Rs. 0.518 million for revolving fund account would be adjusted through revised budget by the FD, GoB.

In the DAC meetings held on November 1 and 2, 2022, DAC decided that the matter may be expedited and fortnightly progress be intimated to audit. Further, it was also decided that balances of G01191, G01201 and G05105 be taken up with FD, GoB for further scrutiny.

No further progress was intimated till the finalization of this report.

Audit recommends that each negative balance account may separately be investigated and adjusted.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> SEPTEMBER, 2025**

The Committee directed the Secretary, Finance Department, Government of Balochistan, and the Accountant General, Balochistan, to investigate and adjust the remaining negative balances within one month under intimation to the PAC and Audit.

Furthermore, the Committee directed that, going forward, the Finance Department shall ensure timely release of funds and the practice of extending the validity of cheques beyond the financial year cut-off date (30th June) be discontinued. ***Hence, Para deferred.***

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#### **Para # 1.1.4            Irregular payment of Internal Security Allowance under head POL charges – Rs. 589.862 million**

As per Rule 12 of GFR, Vol.-I, “Funds allotted to spending units are to be expended in the public interest and upon the objects for which the money was provided.”

Certification Audit of GoB for the financial year 2021-22, revealed that payments amounting to Rs. 589.862 million were made to the Commandant, Ghazaband Scouts, Chiltan Rifles and Headquarter FC and ISI on account of ISA but sanction and payments were made under object head A03807-005 POL charges which was wrong head for payment of any allowance, as detailed in Annexure 1.1 of Audit Report 2022-23.

The payment of all the allowances should be made under object head A012.

The irregularity occurred due to misclassification.

Incorrect accounting/misclassification made the veracity of the accounts doubtful.

The matter was reported to AG Balochistan and FD, GoB in October, 2022. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20, 2020-21 and 2021-22 with the financial impact of Rs.4.440, million Rs. 4.150 million and Rs.4.530 million respectively but the FD, GoB did not take remedial measures to avoid recurrence.

AG Balochistan replied that FD, GoB issued releases to Home Department, GoB under DDO code QA-7200 and necessary budget was available/uploaded in SAP and available in budget book under the same. However, the matter was noted for further communication with FD, GoB to separate the object head for IS duty.

FD, GoB replied that the AGB/FD was taking up the matter with CGA for creation of many new object codes for the purpose of better budgeting and accounting and bringing more transparency in the public finance. Copy of the letter would be intimated to Audit as well.

In the DAC meeting held on November 1 and 2, 2022, DAC decided that FD will arrange a meeting with IGFC and proposal of creating separate G/L account would be discussed under intimation to audit.

No further progress was intimated till the finalization of this report.

Audit recommends that all payments be made through CMA/ AGPR as prevalent in other provinces besides taking up the matter with CGA for creation of new object code.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> SEPTEMBER, 2025**

The Committee directed the Secretary, Finance Department, Government of Balochistan, to take up the matter with the CGA for the creation of a separate General Ledger Account specifically for Internal Security Allowance. This measure aims to

address the persistent issue of misclassification, improve budgeting and accounting practices, and enhance transparency in public financial management.

The progress into the matter shall be intimated to PAC and Audit. **Hence, Para deferred.**

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**Para # 1.1.5 Irregular issuance of cheques in the name of DDOs - Rs. 3,918 million**

Para No.4.2.9.9, of APPM, Cheque payments should be released to the payee or personally collected by the payee or his authorized agent.

Certification Audit of the Accounts of the GoB for the financial year 2021-22, revealed that cheques amounting to Rs. 3,918 million were issued in the name of DDOs instead of respective vendors / suppliers etc., as summarized in Annexure 1.2 of Audit Report 2022-23.

The irregularity occurred due to weak financial management.

Payment to DDOs instead of vendors was irregular.

The matter was reported to AG Balochistan and FD, GoB in October, 2022.

AG Balochistan replied that Cheques were issued in the name of DDO's in cases where the claims pertained to stipend / training / abstract/ Grant in Aid / Land Acquisition, paid vouchers of PTCL/ TCS/ Utilities/ POL and paid vouchers of C.M, /Governor and Chief Secretary office where payment was not possible through payee bank accounts.

FD, GoB replied that the matter pertained to the districts and had been taken up with each of the 32 districts identified.

In the DAC meetings held on November 1 and 2, 2022, DAC decided that the AGB and FD, GoB will discourage DDO payments to the maximum extent possible. Moreover, FD, GoB would issue instructions through DG, T&A to all DAOs for stoppage of DDO payments forthwith.

No further progress was intimated till the finalization of this report.

Audit recommends that application of rules and procedures may be ensured in letter and spirit.

**PAC DIRECTIVES DATED 16<sup>th</sup> SEPTEMBER, 2025**

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The Committee *settled the Para* with the direction that, in future, the Finance Department, Government of Balochistan, and the Office of the Accountant General, Balochistan, shall minimize the use of Drawing and Disbursing Officer (DDO) cheques to the maximum possible extent, ensuring greater transparency and control in the payment process.

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## Agriculture & Cooperatives Department

(Meeting held 13<sup>th</sup> August, 2024)

### INTRODUCTION

The basic function of Agriculture and Cooperative Department is to introduce new varieties of seeds of agriculture products to achieve maximum yield, and improvement of farms through development of infrastructure i.e., water courses, trickle irrigation system and storage water tanks etc. Moreover, to assist farmers by providing advisory services in plant protection and agriculture farming through their field staff is a core duty of the Department.

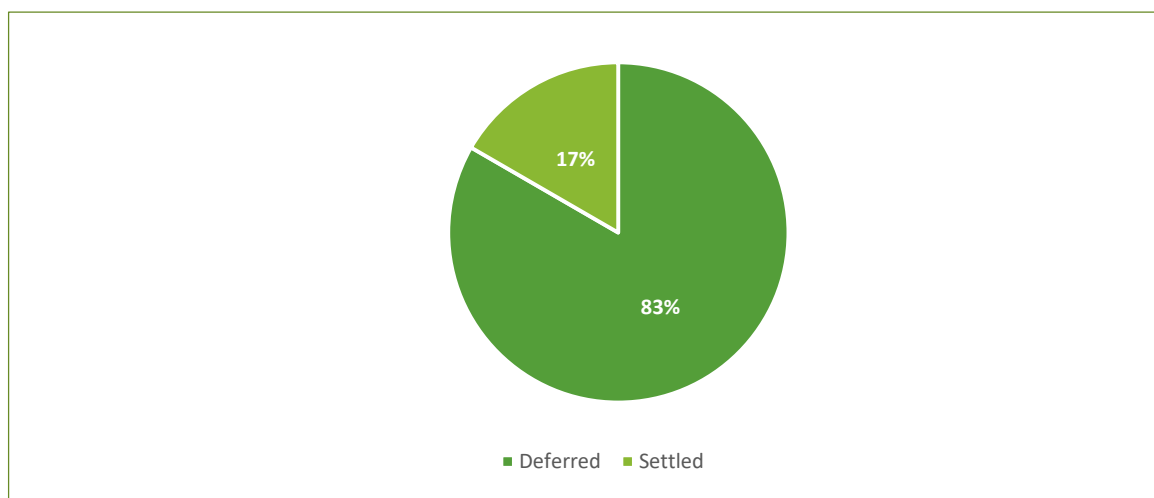
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	06
2.	Recoverable	01
3.	Evasion of Taxes & Duties	01
4.	Overpayments	01
5.	Others	03
<b>Total Paras</b>		<b>12</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	02
2.	Paras Settled Subject to Condition(s)	10
<b>Total Paras</b>		<b>12</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan summarized the subject Appropriation Accounts in respect of Agriculture & Cooperatives Department for the financial year 2021-22 as under: -

**Rs. in million**

<b>AGRICULTURE DEPARTMENT:</b>								
<b>Financial Year 2021-22</b>								
<b>Particulars</b>	<b>Original Grant</b>	<b>Supp. Grant</b>	<b>Surrender</b>	<b>Final Grant</b>	<b>Expenditure</b>	<b>(+) Excess</b>	<b>(-) Saving</b>	<b>%</b>
Non-Development (Grant No. BC21026)	10,594.734	-	(-)1,879.884	9,754.367	9,035.190	-	719.177	7.4
Development (Grant No. BC12226)) Function No. 042103	9,545.769	-	(-)3,550.498	5,995.271	5,934.021	-	61.250	1.02

**Rs. in million**

<b>COOPERATIVES DEPARTMENT</b>								
<b>Financial Year 2021-22</b>								
<b>Particulars</b>	<b>Original Grant</b>	<b>Supp. Grant</b>	<b>Surrender</b>	<b>Final Grant</b>	<b>Expenditure</b>	<b>(+) Excess</b>	<b>(-) Saving</b>	<b>%</b>
Non-Development (Grant No. BC21031)	204.385	-	(-)85.041	139.608	130.369	-	9.24	6.62

**PAC DIRECTIVES DATED 13<sup>th</sup> AUGUST, 2024**

Committee accommodated the request of department and granted one month time for corresponding with Finance Department and office of the Accountant General on the matter of savings reported in Appropriation Accounts for financial year 2021-22 under non-development and development head and report back to the PAC for final decision. **Hence, decision deferred.**

**EXAMINATION OF AUDIT REPORT 2022-23****Para 3.2.1 Less/Non-realization of governmental taxes - Rs. 132.636 million**

According to BSTS Act, 2015, Income Tax Ordinance, 2001, General Sales Tax Act, 1990 and Stamp Act, 1899, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, GST @ 17% and stamp duty @ 0.25% of cost of contract.

Various offices of Agriculture and Cooperatives Department, Balochistan, made payments to the contractors/consultants during the financial years 2019-22 without/less deduction of due government taxes resulting in revenue loss of Rs.

132.936 million, as detailed in Annexure 3.1 of Audit Report 2022-23.

Less/non-deduction of governmental taxes occurred due to weak financial management, which resulted in revenue loss to the Government.

The matter was reported to the department in April, October, December 2021, March, August, September, November, October and December 2022, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20, 2020-21 and 2021-22 with the financial impact of Rs. 95.361 million, Rs. 102.465 million and Rs. 84.12 million respectively but the PAO did not take remedial measures to avoid recurrence.

In the DAC meeting held on January 13, 2023, the management informed that recovery had been effected by a few offices, the record of which would be provided to Audit. The DAC directed the management to provide the record of the recovered amount to Audit for verification, further recovery pertaining to the remaining offices be effected at the earliest.

No further progress was intimated till the finalization of this report.

Audit recommends that necessary recovery be made from the concerned contractors under intimation to Audit.

#### **PAC DIRECTIVES DATED 13<sup>th</sup> AUGUST, 2024**

After considering the submissions of Department, Audit office, and request of the PAO soliciting additional time for submitting comprehensive response, the Committee directed as follows: -

1. The PAO shall ensure recovery of due amount of BSTS, Income Tax, GST and Stamp Duty from concerned contractors/consultants under intimation to PAC and Audit along with the proof of recovery, verified from Audit.
2. The proof of already recovered BSTS, Income Tax, GST and Stamp Duty, duly verified by Audit, shall be shared with PAC.
3. If department claims that BSTS, Income Tax, GST or Stamp Duty is exempt/not applicable in some cases, then it shall furnish supporting rules/regulations to PAC and Audit for review/justification.
4. PAO shall establish a dedicated Section, headed by Section Officer, well versed with audit matters, and supported by relevant staff, to handle audit matters and respond to DACs and PACs effectively, efficiently and well in time.

All actionable points shall be implemented within two weeks. **Hence, decision on Para deferred till next meeting.**

\*\*\*\*\*

**Para 3.2.2 Non-recovery of loans from the defaulters - Rs. 50.75 million**

According to Rule 26 of GFR, Vol.I, “It is the duty of departmental officers to see that all sums due to government are regularly and promptly assessed, realized and duly credited into Public Account.”

The Registrar Cooperative Societies, Balochistan failed to recover agricultural loan amounting to Rs. 50.752 million (principal amount Rs. 15.701 million and interest Rs. 35.051 million) during the financial years 2011-12 to 2020-21, from the defaulters, as detailed below:

#	<b>Rs. in million</b>		
	<b>Principal amount recoverable</b>	<b>Interest on Defaulters</b>	<b>Total Amount</b>
1.	15.701	35.050	50.752

Non-recovery from the defaulters occurred due to weak financial management, which resulted in a loss to the government.

The matter was reported to the department in November 2021, but no reply was received.

In the DAC meeting held on January 13, 2023, management agreed with the stance of Audit and decided to initiate an inquiry against the concerned officials. The DAC directed the management that recovery be effected at the earliest, besides the outcome of the inquiry be shared with Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be effected immediately from the defaulters, in addition to submission of inquiry report to Audit.

**PAC DIRECTIVES DATED 13<sup>th</sup> AUGUST, 2024**

The Committee accommodated the request of the PAO and granted five (05) months' time for recovery of loan amounting to Rs.50.752 million from defaulters under intimation to PAC and Audit. **Hence, Para deferred.**

\*\*\*\*\*

**Para 3.2.3 Non-deposit of government share - Rs. 11.673 million**

According to Section 20(3) of Balochistan Agriculture Produce Market Act, 1991, "Every Market committee shall out of its fund pay to the government such percentage of its income as may be prescribed to be credited to a fund maintained and operated by the government." Further, As per Rule 26 of GFR, Vol.-I, "It is the duty of departmental officers to see that all sums due to government are regularly and promptly assessed, realized and duly credited into Public Account."

The Chief, Economic and Market Committees, Balochistan generated income of Rs. 117.012 million from allotment of plots and shops during the financial years 2014-15 to 2020-21. The government share amounting to Rs. 11.673 million was not deposited into government account, as detailed below:

<b>Rs. in million</b>			
#	Market	Income of market	Share of government
1.	Market Committee, Killa Saifullah	55.288	5.529
2.	Market Committee, Loralai	46.524	4.624
3.	Market Committee, Khuzdar	15.200	1.520
<b>Total</b>		<b>117.012</b>	<b>11.673</b>

Non-deposit of government share occurred due to weak internal controls and resulted in revenue loss to the government.

The matter was reported to the department in April 2022, but no reply was received.

In the DAC meeting held on January 13, 2023, the representative of the concerned office did not attend the meeting. The DAC directed the management to either provide record of recovery made or initiate an inquiry against the concerned officials under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that outstanding public money be deposited immediately into public exchequer under intimation to Audit.

**PAC DIRECTIVES DATED 13<sup>th</sup> AUGUST, 2024**

Committee directed the department to recover the outstanding share of Government amounting to Rs.11.673 million within forty-five (45) days and deposit into Government treasury under intimation to PAC and Audit. **Hence, Para deferred.**

\*\*\*\*\*

**Para 3.2.4 Non-recovery of hiring charges of bulldozers from the beneficiaries - Rs. 19.970 million**

According to Agriculture and Cooperatives Department's Notification dated March 28, 2019, "The Zamindar/beneficiary shall hire bulldozer for agriculture purpose on cash basis @ Rs. 825/- per hour. Similarly, hiring charges of bulldozer per hour sponsored by the Government of Balochistan shall be @ Rs. 1,550/- per hour out of which the share of Government shall be Rs. 1,200/- and the Zamindar/beneficiary shall pay Rs. 350/- per hour."

Various offices of Agriculture Engineering Department, failed to realize an amount of Rs. 19.970 million which remained outstanding against the beneficiaries / Zamindars on account of hiring charges of bulldozers during the financial years 2018-19 to 2021-22, as detailed in Annexure 3.2 of the Audit Report.

Non-realization of hiring charges of bulldozers occurred due to weak internal controls and resulted in loss to the government.

The matter was reported to the department in June, July, August, October, November and December 2022, but no reply was received.

In the DAC meeting held on January 13, 2023, the management informed that recovery had been effected. The DAC directed the management that the recovered amount along with the verified challans be provided to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be made from the beneficiaries.

**PAC DIRECTIVES DATED 13<sup>th</sup> AUGUST, 2024**

The Committee resolved that the Department shall submit the recovery record to the Audit Office for verification purpose within two weeks. Following verification, the DG Audit shall promptly notify the PAC regarding the fact in writing. **Hence, Para deferred.**

\*\*\*\*\*

**Para 3.2.5 Overpayment by allowing incorrect item of work - Rs. 5.720 million**

Schedule Item No. 3-70/A of BCSR, 2018, provides, "Excavation of trenches for water supply pipe lines up to 5 Ft. (1.5m) depth from ground level, including trimming,

dressing sides, leveling the beds of trenches to correct grade and cutting pits for joints, etc., complete in all respects including cost of back filling.”

The Deputy Directors, OFWM, Balochistan during the financial year 2020-21 awarded the work “Excavation of trenches for water supply pipe lines including cost of back filling” paid under SI No. 3-70/a-ii of CSR, 2018. The contractor was paid for another additional item of work “Re-handling of earth work up to lead of 100 feet” @ Rs. 3.85 Per Cft under SI No. 3-14/c for backfilling of earth available at site of work, while the cost of backfilling included in the unit rate of excavation of trenches. Thus, allowing additional payment for backfilling of existing excavated earth resulted in overpayment of Rs. 5.720 million.

The overpayment occurred due to weak financial management and resulted in loss to the government.

The matter was reported to the department in November 2021, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20 and 2021-22 with the financial impact of Rs. 1.072 million and Rs. 43.543 million respectively but the PAO did not take remedial measures to avoid recurrence.

In the DAC meeting held on January 13, 2023, the management informed that all the payments were made in line with approved provisions of PC-I from the farmers’ share. DAC did not agree with the departmental reply and directed for provision of relevant record or to recover the overpaid amount from the concerned contractors.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be ensured from the contractors under intimation to Audit.

#### **PAC DIRECTIVES DATED 13<sup>th</sup> AUGUST, 2024**

Following an in-depth discussion, the Committee directed the department to furnish relevant records and concrete evidence demonstrating that no overpayments were made to the contractor. The department is directed to submit this record to both the PAC and Audit for review and verification. ***Hence, Para deferred.***

\*\*\*\*\*

**Para 3.2.6 Irregular payment of conveyance allowance and less recovery of tuition and hostel fees - Rs. 3.078 million**

According to Finance Department's Notification dated May 18, 1977, "Conveyance allowance is not admissible to the employees residing in office premises." Further, according to Rule 26 of GFR, Vol.-I, "It is the duty of the departmental controlling officer to see that all sums due to government are regularly and promptly assessed, realized, and duly credited in the government account."

The Principal, Balochistan Agriculture College, Quetta allowed the government employees to reside in the office premises who were also drawing the conveyance allowance. Further, the management failed to recover the tuition and hostel fees from the students residing in hostel during the financial years 2020-21 and 2021-22, resulting in loss of Rs. 3.078 million, as detailed below:

			<b>Rs. in million</b>
<b>#</b>	<b>AIR Para No.</b>	<b>Period</b>	<b>Amount</b>
1.	5	2020-21 and 2021-22	1.214
2.	6		1.864
<b>Total</b>			<b>3.078</b>

Irregular payment and less recovery occurred due to weak financial management and resulted in loss to the government.

The matter was reported to the department in September 2022, but no reply was received.

In the DAC meeting held on January 13, 2023, the management agreed with the stance of Audit and informed that the said allowance had been discontinued from the monthly salaries of the concerned and recovery of the overpaid amount had been started. Further, recovery of tuition and hostel fee had been recovered. The DAC directed the management to provide the monthly salary slips of the concerned along with the challans of recovery to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be made from the concerned, under intimation to audit.

**PAC DIRECTIVES DATED 13<sup>th</sup> AUGUST, 2024**

Committee directed the department to share the proof of stoppage of conveyance allowance of the employees residing in the Colony and recover the 100% overpaid amount within two months from in-service employees. However, the overpaid

conveyance allowance in respect of retired and died employees was waived-off by the Committee. **Hence, Para partially deferred.**

\*\*\*\*\*

**Para 3.2.7 Irregular payment to the contractors on account of supply of pipes - Rs. 206.257 million**

As per P&D Department's Notification dated September 16, 2013, "PVC pipe will be purchased by department on market rate basis from the approved manufacturing firms and will be supplied to the contractors."

The Deputy Directors, OFWM, Balochistan made payments of Rs. 206.257 million during the financial year 2020-21, on purchase of PVC pipes measuring 3" and 4" dia. Management was required to purchase the pipes from the manufacturers directly for further distribution to the contractors for installation instead the purchases were made by the contractors.

The irregularity occurred due to weak internal controls and resulted in undue favour to the contractors.

The matter was reported to the department in November 2021, but no reply was received.

In the DAC meeting held on January 13, 2023, the management informed that the purchases were made through contractors as approved in PC-I after obtaining of lab tests of the pipes. The DAC directed the management to provide all lab tests and approved PC-1 to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends that the relevant record be provided to Audit for verification.

**PAC DIRECTIVES DATED 13<sup>th</sup> AUGUST, 2024**

Committee settled the Para subject to verification of relevant record including laboratory tests of PVC pipes by Audit under intimation to PAC. **Hence, Para deferred.**

\*\*\*\*\*

**Para 3.2.8 Irregular payment without calling open tenders - Rs. 23.402 million**

According to Rule 15(2) of BPPRRs, “All procurements opportunities over two hundred thousand and up to one million rupees shall be advertised timely on the Authority’s website as well as in the newspapers as prescribed in these rules.”

The following offices of Agriculture and Cooperatives Department, Balochistan incurred an expenditure of Rs. 23.402 million without calling open tenders during the financial years 2017-18 to 2020-21, as detailed below:

<b>Rs. in million</b>					
#	AIR Para No.	Period		Name of formations	Amount
1.	5	2017-18	to	The Director, Soil Fertility, Balochistan	21.011
2.	4	2020-21		The Senior, Subject Matter Specialist Agriculture Farm, Lasbella	1.039
3.	3	2018-19	to	The Director, Agriculture Research Fruit Sub-station Wayaro, Lasbella	1.352
<b>Total</b>					<b>23.402</b>

The irregularity occurred due to weak internal controls which resulted in mis-procurement.

The matter was reported to the department in November 2021, April and July 2022, but no reply was received.

In the DAC meeting held on January 13, 2023, the management agreed with the stance of Audit and ensured future compliance. The DAC directed the management to regularize the expenditure from the competent authority under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that the expenditure be regularized from the competent authority.

**PAC DIRECTIVES DATED 13<sup>th</sup> AUGUST, 2024**

Committee granted one month time to the department for regularization of expenditure form the competent authority under intimation to PAC and Audit. **Hence, Para deferred.**

\*\*\*\*\*

**Para 3.2.9 Irregular payment without work done - Rs. 13.205 million**

As per Treasury Rule, 290, “No money should be drawn from treasury unless it is required for immediate disbursement. It is not permissible to draw the amount in anticipation of claim avoid the lapse of budget grant.”

The Deputy Director, OFWM Kech at Turbat made payment of Rs. 13.205 million to the contractor without execution of work during the financial year 2020-21, as detailed below:

				<b>Rs. In million</b>
#	Cheque No.	Date	Particulars	Government Share
1.	1711632	21.6.21	Installation of Tunnels 100x30 R.ft liked with High Efficiency Irrigation and Solar System (1 No.)	1.196
2.	1711632	21.6.21	Installation of Drip Double Line System 2 Acres Each (9 No.)	4.482
3.	1711632	21.6.21	Installation of Drip Double Line System 4 Acres Each (10 No.)	7.527
<b>Total</b>				<b>13.205</b>

The irregularity occurred due to weak internal controls and resulted in undue favour to the contractor.

The matter was reported to the department in November 2021, but no reply was received.

In the DAC meeting held on January 13, 2023, the management agreed with the stance of Audit and decided to initiate an inquiry against the concerned officials. The DAC directed for provision of present status of scheme in addition to submission of inquiry report to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends for submission of inquiry report.

**PAC DIRECTIVES DATED 13<sup>th</sup> AUGUST, 2024**

Committee accepted the request of the PAO and granted twenty (20) days’ time for conducting fresh inquiry and submitting report thereof to the PAC and Audit for final decision. **Hence, decision deferred.**

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**Para 3.2.10 Irregular payment through DDO - Rs. 5.761 million**

According to Para 4.2.9.9, of APPM, “Cheque payments should be released to the payee or personally collected by the payee or his authorized agent.” Further, according to

Rule 88 of GFR, Vol.-I, "All payments made to suppliers/service providers etc., are required to be made through cheques exceeding amount worth Rs. 500."

The following offices of Agriculture and Cooperatives Department, Balochistan withdrew an amount of Rs. 5.761 million during the financial years 2018-19 to 2020-21 and disbursed the payment through DDO instead of making payments to the respective vendors, as detailed below:

				<b>Rs. in million</b>
#	AIR Para No.	Period	Names of formation	Amount
1.	1	2018-19 to	The Deputy Director, Agriculture (Extension), Khuzdar	2.532
2.	4	2020-21	The Deputy Director, Agriculture Giddar Farm, Surab	3.229
<b>Total</b>				<b>5.761</b>

Payment in the name of DDO occurred due to weak internal controls and resulted in irregular payment.

The matter was reported to the department in March and June 2022, but no reply was received.

In the DAC meeting held on January 13, 2023, the management agreed with the stance of Audit and decided to initiate an inquiry against the concerned. The DAC directed the management that the outcome of the inquiry be shared with Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that inquiry report be shared with Audit.

#### **PAC DIRECTIVES DATED 13<sup>th</sup> AUGUST, 2024**

After discussion into the matter Committee directed as under: -

1. As the inquiry in respect of Deputy Director, Agriculture (Extension), Khuzdar has been completed, therefore, the inquiry report shall be shared with PAC and Audit for consideration and final decision.
2. As the record in respect of Deputy Director, Agriculture Giddar Farm, Surab is available with department, therefore, the department shall initiate inquiry and submit report thereof to the Committee for consideration and final decision.

***Hence, Para deferred.***

\*\*\*\*\*

**Para 3.2.11 Deviation from standard design, procedure in respect of water storage tank**

Manual of Water Storage Tanks, Vol-VIII issued by the Federal Government prescribes design standards and specifications for construction activities of On Farm Water Management such as Water Storage Tanks. All these design standards and specifications have also been published in different other Field Manuals. All the field formations are required to follow these standards and specifications while designing and construction of OFWM structures.

The offices of OFWM heavily inflated the designs and estimates of water storage tanks by 32-35% by including the following items of work which were not included in the standard design, as detailed in Annexure 3.3.

- Sand Cushion under Water Storage Bed
- Backfilling
- Additional steps in Walls
- 2<sup>nd</sup> Bed in WST
- Plastering of Bed
- Any additional quantity of concrete beyond six (6) inches thickness of Bed.

**Rs. in million**

Type of Structure	Existing Practice	As Per Manual	Total Over Estimation (Rs.)	% age Difference
Water Storage Tank	1.240	0.790	0.450	36.27

Deviation occurred due to weak internal controls and resulted in inflated rates.

The matter was reported to the department in November 2021, but no reply was received.

In the DAC meeting held on January 13, 2023, the management informed that the works were executed after obtaining approval from ECNEC and CDWP and by following the provisions of PC-I. The DAC directed the management to submit specific approval in respect of design of water storage tanks and associated deviations for verification to Audit. The DAC also directed for provision of justification of deviation from the standard designs and approval of the Federal and Provincial Government in respect of such deviations in design of water storage tanks to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends for provision of justification of deviation from standard design and procedure. Audit also recommends for technical validation/appraisal of designs.

**PAC DIRECTIVES DATED 13<sup>th</sup> AUGUST, 2024**

After listening the both sides Committee decided to *settle the Para* with directions that such practice shall be strictly avoided in future.

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**Para 3.2.12            Deviation from standard design, procedure in respect of watercourses**

Manual of Watercourse Design and Improvement, Vol-IV issued by the Federal Government prescribes design standards and specifications for construction activities of On Farm Water Management such as Watercourse. All these design standards and specifications have also been published in different other Field Manuals. All the field formations are required to follow these standards and specifications while designing and construction of OFWM structures.

The offices of OFWM failed to carry out topographic and profile surveys of the water courses and without consulting the water courses design manuals prior to preparing the designs and estimates for lining of watercourses. Therefore, resulting in an over-estimation and a higher cost of the designed cross sections, as detailed in Annexure 3.4 of the Audit Report.

Type of Structure	Existing practice	As per manual	Rs. in million	
			Total over estimation (Rs.)	% age difference
Watercourse	1.547	1.051	0.496	+32.06

Deviation occurred due to weak internal controls and resulted in inflated rates.

The matter was reported to the department in November 2021, but no reply was received.

In the DAC meeting held on January 13, 2023, the management informed that the works were executed after obtaining approval from ECNEC and CDWP and by following the provisions of PC-I. The DAC directed the management to submit specific approval in respect of design of watercourse and associated deviations for verification to Audit. The DAC also directed for provision of justification of deviation from the standard designs and approval of the Federal and Provincial Government in respect of such deviation in designs of watercourses to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends for provision of justification of deviation from standard design and procedure. Audit also recommends for technical validation/appraisal of designs.

**PAC DIRECTIVES DATED 13<sup>th</sup> AUGUST, 2024**

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Committee *settled the Para* with direction that such practice shall be strictly avoided in future.

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## Balochistan Development Authority

(Meeting held on 5<sup>th</sup> May, 2025)

### INTRODUCTION

The Balochistan Development Authority was established in 1974 under Balochistan Act X of 1974, with a view to promote economic and industrial development in Balochistan. Prime functions of the Authority are to execute the development projects and schemes pertaining to land and water development, power, agriculture, industries and economic uplift of relatively under developed areas as notified by the Government.

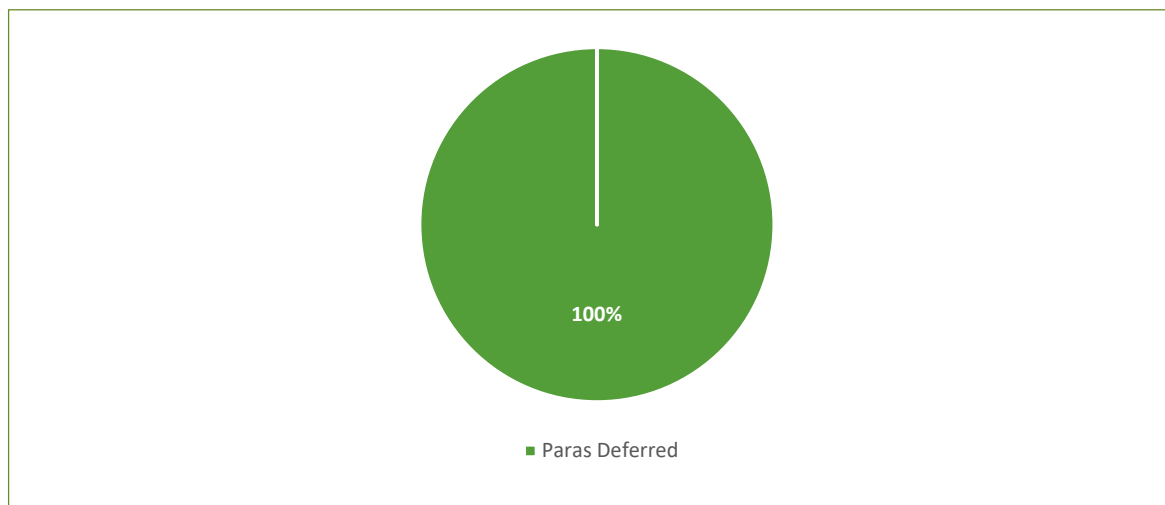
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	02
2.	Non-Production of Record	02
3.	Overpayment	01
4.	Others	01
<b>Total Paras</b>		<b>06</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Deferred	06
<b>Total Paras</b>		<b>06</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Type of grant	Final grant	Actual expenditure	Excess/ (Saving)	%age
Development Grant No. BC12297 Function No.045202	1,335.034	1,335.032	(-).002	0.00

**PAC DIRECTIVES DATED 5<sup>th</sup> MAY, 2025**

On the basis of discussion held Committee directed the department to submit the copy of required accounts for the financial year 2021-22 with office of the Accountant General Balochistan and PAC within one month. **Hence, agenda item deferred.**

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 4.2.1 Loss due to non-utilization of excavated earth - Rs. 7.679 million**

As per Section 17(1) of the Book of specifications of CSR 1998, "If cutting and filling are being done simultaneously all suitable material obtained from excavation shall be used in filling of embankment."

BDA awarded the following works to GCs, in which the excavated earth, including hard rock and shingle gravel, was either less utilized or not utilized in making of embankment and base course in violation of above specification of CSR. Thus, due to non-utilization of excavated earth, an overpayment of Rs. 7.679 million was made to the contractors, as detailed below:

**Rs. in million**

#	Name of work	Quantity (Cum)	Rate paid	Rate payable	Difference	Amount
1.	Construction of link road main Toisar to Zizha Essot in District Musakhail	11,950.28	336.8	143	193.8	2.316
<b>Add Premium @ 10.95% above on CSR, 1998</b>						0.253
<b>Subtotal</b>						<b>2.569</b>
2.	Construction of black top road from Warkha Gargoji to Zarri Drug (13.452 KM)	7,573.90	336.8	143	193.8	1.468
<b>Add premium @ 10.95% on CSR, 1998</b>						0.16
<b>Subtotal</b>						<b>1.628</b>
3.	Construction of link roads in District Musakhail, black top road from Warkha Gargoji to Zarri Drug (13.452 KM)	78,949.268	152.50	109.65	42.85	3.382
Add 2.95% on CSR, 1998						0.100
<b>Sub-total</b>						<b>3.482</b>
<b>Grand-total</b>						<b>7.679</b>

The loss occurred due to poor financial management and resulted in loss to the government.

The matter was reported to the department on November 11, 2022 but no reply was received.

The Authority was requested to convene a DAC meeting on May 19, 2022 followed by reminders on October 3 and December 23, 2022 but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned contractors under intimation to Audit.

#### **PAC DIRECTIVES DATED 5<sup>th</sup> MAY, 2025**

As the Para was not discussed at the DAC level, the Committee decided to refer it to a DAC meeting to be convened within 30 days. The DAC's decision will then be presented to the PAC for final consideration. **Hence, Para deferred.**

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#### **Para # 4.2.2 Overpayment due to allowing inadmissible cutting work over already compacted embankment - Rs. 69.511 million**

As per Para 221 of CPWA Code, "The Sub Divisional Officer before signing the bill should compare the quantities and rates in the bill with these recorded in measurement book and check arithmetically."

BDA, Quetta, paid the contractors for items of work "Making earthen embankment and compaction". Record entries in MBs revealed that the contractors were allowed cutting work where earthwork had already been constructed. Thus, allowing cutting work over compacted earthwork resulted in an irregular payment of Rs. 66.511 million, as detailed below:

**Rs. in million**

#	Name of work	Item of Work	Quantity (Cum)	Rate (Per cum)	Amount
1.	Construction/repair of Chaman Roghani road via Abatoo Hazar Ganji to Gulistan Inayatullah Karez, Killa Abdullah	Excavation or cutting in shingle gravel SI No. 21-1(c)	35,958.510	53.650	1.929
		Excavation in rock dressed SI No. 3-11(a)	125,854.790	152.450	19.187
		Excavation in rock dressed SI No. 3-11(b)	179,792.570	186.60	33.549
<b>Total</b>					<b>54.665</b>
<b>Add premium @ 22.50% above on earthwork on CSR, 1998</b>					<b>12.300</b>
<b>Subtotal</b>					<b>66.965</b>
2.	Construction of Black Top Road Zar Karez via Kahar	Excavation or cutting in shingle gravel SI No. 21-1(c)	3,088.060	53.650	0.166

Rs. in million

#	Name of work	Item of Work	Quantity (Cum)	Rate (Per cum)	Amount
	Dam to Srey Parshay, District Loralai	Excavation or cutting is soft rock SI No. 21-3	8,426.260	145.350	1.225
		Excavation or cutting is hard rock through blasting SI No. 21-4	4,531.81	259.450	1.176
<b>Total</b>					<b>2.566</b>
<b>Less premium @ 0.80% below on earthwork on CSR, 1998</b>					<b>0.021</b>
<b>Subtotal</b>					<b>2.546</b>
<b>Grand total</b>					<b>69.511</b>

Overpayment occurred due to weak financial management and resulted in loss to the government.

The matter was reported to the department on December 17, 2021 but no reply was received.

The Authority was requested to convene a DAC meeting on May 19, 2022 followed by reminders on October 3 and December 23, 2022 but no meeting was held till the finalization of this report.

Audit recommends that matter recovery be effected from the concerned contractors under intimation to Audit.

#### **PAC DIRECTIVES DATED 5<sup>th</sup> MAY, 2025**

As the Para was not discussed at the DAC level, the Committee decided to refer it to a DAC meeting to be convened within 30 days. The DAC's decision will then be presented to the PAC for final consideration. **Hence, Para deferred.**

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#### **Para # 4.2.3 Less/non-deduction of government taxes - Rs. 14.499 million**

According to BSTS Act, 2015 and Income Tax Ordinance, 2001, sales tax on services are @ 6% and 15% on contract and other services respectively; and income tax rates are 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively.

BDA, during the financial years 2020-22, made payments to the contractors/consultants for execution of civil works without/less deduction of government taxes amounting to Rs. 14.449 million, as detailed below:

Rs. in million

#	Financial Year	Para No.	BSTS	IT	Total
1.	2020-21	5	9.009	1.205	
2.	2021-22	2	3.828	-	

Rs. in million

#	Financial Year	Para No.	BSTS	IT	Total
3.	2021-22	11	0.457	-	
<b>Total</b>			<b>13.294</b>	<b>1.205</b>	<b>14.449</b>

Payments without/less deduction of government taxes were due to weak internal controls and poor financial management and resulted in revenue loss to the government.

The matter was reported to the department on December 17, 2021 and November 11, 2022 but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20, 2020-21 and 2021-22 with the financial impact of Rs. 459.709 million, Rs. 8.723 million and Rs. 20.396 million respectively but the authority did not take remedial measures to avoid recurrence.

The Authority was requested to convene a DAC meeting on May 19, 2022 followed by reminders on October 3 and December 23, 2022 but no meeting was held till the finalization of this report.

Audit recommends that recovery of the amount be effected from the concerned contractors/consultants.

#### **PAC DIRECTIVES DATED 5<sup>th</sup> MAY, 2025**

As the Para was not discussed at the DAC level, the Committee decided to refer it to a DAC meeting to be convened within 30 days. The DAC's decision will then be presented to the PAC for final consideration. **Hence, Para deferred.**

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#### **Para # 4.2.4 Irregular payment of escalation charges - Rs. 692.022 million**

According to clause 70 of condition of contract agreement "The amounts payable to the Contractor, pursuant to Sub-Clause 60.1, shall be adjusted in respect of the rise or fall in the cost of labor, materials, and other inputs to the Works, by applying to such amount the formula prescribed in this Sub-Clause."

BDA awarded the work "Construction of Remaining work of Mir Ali Khail Kajhuri Kach Road, District Zhob (0+000 to 91+000 Km)" to a GC. The contractor was paid an amount of Rs. 692.022 million on account of escalation charges without calculation as per standard procedure and price adjustment formula under clause 70 of the conditions of contract agreement of PEC document and approval of the P&D Department, as detailed below:

Rs. in million

#	Cheque No. and date	Total work done	Escalation rate	Escalation amount
1.	095890 15.05.20, 089194-99 21.06.19	4,070.723	17%	692.022

Payment of escalation charges on work awarded on rebate, without approval and calculation as per standard procedure occurred due to weak internal controls and resulted in irregular expenditure.

The matter was reported to the department on November 11, 2022 but no reply was received.

The Authority was requested to convene a DAC meeting on May 19, 2022 followed by reminders on October 3 and December 23, 2022 but no meeting was held till the finalization of this report.

Audit recommends that irregular payment be justified or recovery be effected from the concerned contractor under intimation to Audit.

#### **PAC DIRECTIVES DATED 5<sup>th</sup> MAY, 2025**

As the Para was not discussed at the DAC level, the Committee decided to refer it to a DAC meeting to be convened within 30 days. The DAC's decision will then be presented to the PAC for final consideration. **Hence, Para deferred.**

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#### **Para # 4.2.5 Irregular investment of pension funds - Rs. 466. 770 million**

The Finance Department's Notification dated May 8, 2009 provides that (i) in case the total working balances exceed rupees ten million, the selection of the Bank as well as the terms of deposits will be approved by the concerned Board of Directors on the basis of competitive bids from at least three independent banks. (ii) In cases where total working balance of an enterprise exceeds rupees ten million, not more than 50% of such balance shall be kept with one bank. (iii) The working balance limit of each organization should be determined with the approval of the Administrative Department in consultation with Finance Department, GoB.

BDA investment record revealed that during the financial year 2020-21 an amount of Rs. 466.770 million of pension fund was invested in different scheduled banks without obtaining offer rates from different banks, as detailed below:

<b>Rs. in million</b>					
<b>#</b>	<b>Name of Banks</b>	<b>Date of issuance</b>	<b>Date of maturity</b>	<b>Rate of interest</b>	<b>Amount</b>
1.	UBL	17.04.2021	17.04.2022	9.15%	50.000
2.	Allied Bank Ltd.	19.07.2021	19.07.2022	7.15%	100.000
3.	Bank Islamic Pakistan, Ltd	04.05.2021	04.05.2022	7.10%	65.000
4.		04.12.2020	04.12.2021	7.50%	175.000
5.		05.07.2021	05.07.2022	7.91%	76.770
<b>Total</b>					<b>466.770</b>

Audit further observed that;

- i. An amount of Rs. 316.770 million was invested in Bank Islamic Pakistan Ltd. out of Rs. 466.770 million i.e., above 50% of total amount in violation of the Finance Department, GoB, instructions/directives.
- ii. Management invested Rs. 50 million in UBL at interest rate of 9.15% in April, 2021 but after period of one-month Rs. 65 million was invested in Bank Islamic Pakistan at interest rate of 7.1%.

Irregular investment occurred due to weak financial management and resulted in revenue loss to the authority.

The matter was reported to the department on December 17, 2021 but no reply was received.

The Authority was requested to convene a DAC meeting on May 19, 2022 followed by reminders on October 3 and December 23, 2022 but no meeting was held till the finalization of this report.

Audit recommends for observance of rules while making investments. Moreover, responsibility be fixed against the official(s) at fault for non-observance of government instructions under intimation to Audit.

C meeting on May 19, 2022 followed by reminders on October 3 and December 23, 2022 but no meeting was held till the finalization of this report.

Audit recommends for observance of rules while making investments. Moreover, responsibility be fixed against the official(s) at fault for non-observance of government instructions under intimation to Audit.

#### **PAC DIRECTIVES DATED 5<sup>th</sup> MAY, 2025**

As the Para was not discussed at the DAC level, the Committee decided to refer it to a DAC meeting to be convened within 30 days. The DAC's decision will then be presented to the PAC for final consideration. ***Hence, Para deferred.***

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#### **Para # 4.2.6 Non-deduction of stacking charges - Rs. 4.980 million**

According to SI. No. 21-3 and 21-4 of CSR, 1998 “The rates for excavation or cutting in soft rock and hard rock were inclusive of labor charges for stacking at site. The unit rate paid includes Rs.26.71 per cum for sorting and stacking the excavated material at the site of work.”

BDA awarded the work “Construction/repair of Chaman Roghani road via Abatoo Hazar Ganji to Gulistan Inayatullah Karez, Killa Abdullah and Construction of link road main Toisar to Zizha Essot, in District Musakhail” to GCs. The contractors were paid for items of work “Excavation or cutting in soft rock and hard rock by hammering,

chiseling and blasting including sorting and stacking the excavated material within a lift 1.5m (5 Ft) and lead upto 30m (100 Ft)” under SI. No. 21-3 and 21-4 @ Rs.145.35 Per Cum and @ Rs. 259.45 Per Cum respectively. The rate paid was inclusive of sorting and stacking of the excavated material at site but stacking charges were not deducted from the unit rate. It resulted in overpayment of Rs. 4.980 million, as detailed in Annexure 4.2.1 of the Audit Report.

#	Financial years	AIR No.	Rs. in million
			Amount
1.	2020-21	13	0.588
2.	2021-22	9	4.392
<b>Total</b>			<b>4.980</b>

Overpayment occurred due to weak internal controls and resulted in overpayment.

The matter was reported to the department on December 17, 2021 and November 11, 2022 but no reply was received.

The Authority was requested to convene a DAC meeting on May 19, 2022 followed by reminders on October 3 and December 23, 2022 but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the contractors under intimation to Audit.

#### **PAC DIRECTIVES DATED 5<sup>th</sup> MAY, 2025**

As the Para was not discussed at the DAC level, the Committee decided to refer it to a DAC meeting to be convened within 30 days. The DAC's decision will then be presented to the PAC for final consideration. ***Hence, Para deferred.***

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## Balochistan University of Information Technology, Engineering and Management Sciences (BUIITEMS)

*(Meeting held on 5<sup>th</sup> May, 2025)*

### INTRODUCTION

Balochistan University of Information Technology, Engineering and Management Sciences was chartered on 8<sup>th</sup> July, 2002 through Balochistan Ordinance No. XI of 2002 dated 18<sup>th</sup> July, 2002. The purpose of the university is promotion and dissemination of knowledge in areas of emerging sciences and to provide training, research, demonstration and services in such branches of learning as the University may determine.

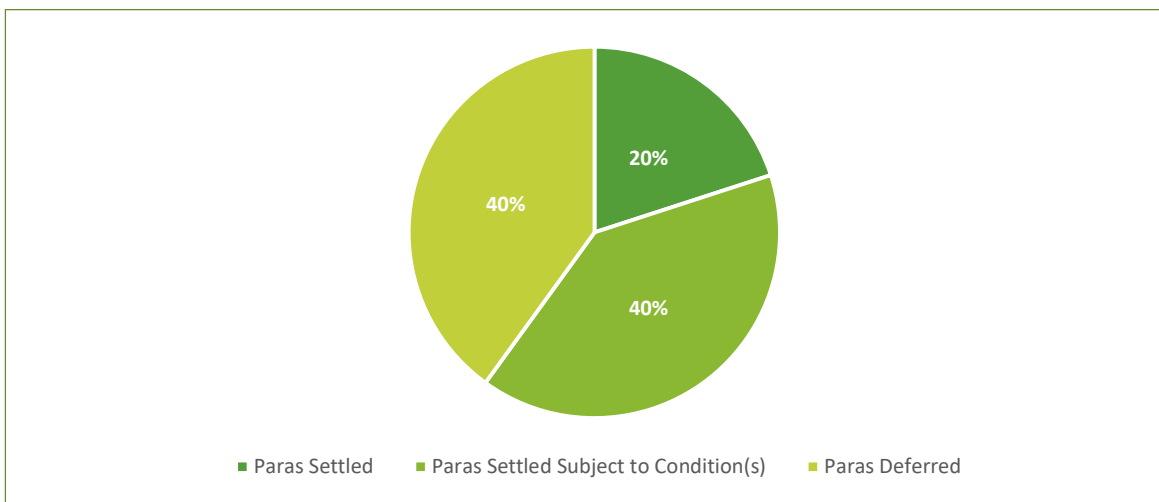
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	04
2.	Instances of Loss Sustained by the Govt.	01
<b>Total Paras</b>		<b>05</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	01
2.	Paras Settled Subject to Condition(s)	02
3.	Paras Deferred	02
<b>Total Paras</b>		<b>05</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Additional Accountant General, Balochistan summarized the subject Appropriation Accounts before the Committee as under: -

<b>Rs. in million</b>				
<b>Particulars</b>	<b>Final grant</b>	<b>Actual Expenditure</b>	<b>Excess/ (Saving)</b>	<b>%age</b>
Non-Development (QA7673) Grant No. BC21016	467.284	467.284	0.000	0.00
<b>Total</b>	<b>467.284</b>	<b>467.284</b>	<b>0.000</b>	<b>0.00</b>

**PAC DIRECTIVES DATED 18<sup>th</sup> DECEMBER, 2025**

Additional Accountant General, Mr. Noor ul Haq apprised the Committee that the Balochistan University of Information Technology, Engineering and Management Sciences (BUIITEMS) is a self-accounting entity and maintains its own accounting records.

He added that, an amount of Rs.467.284 million was paid to BUIITEMS during financial year 2021-22 by the Government of Balochistan under the object head A05270 for which Appropriation Accounts have been prepared by the university and submitted to this office.

Finally, he recommended the Committee for settlement of subject Appropriation Accounts.

In view of the above, Committee **settled the Appropriation Accounts** for the financial year 2021-22.

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 4.4.1 Loss on scholarships due to breach of agreement and recovery amounting to - Rs.118.545 million**

According to Faculty Development Projects of Universities: Coordination through HEC of Standard Operating Procedures for Defaulters, “after a scholar is in breach of the agreement category, the following steps will be taken by HEC: Scholarship shall be cancelled by the Executive Director, HEC/Chairman, and NSMC, and expenses incurred by the scholar plus a penalty of up to 25% may be recovered from the scholar.” The VC, BUIITEMS, Quetta awarded scholarships for PhD to 63 Lecturers/Assistant Professors at different universities abroad, but only 12 PhD scholars reported back within the stipulated time period. The management failed to realize the penalty

amounting to Rs. 118.545 million from the remaining scholars, as detailed in Annexure 4.4.1 of the Audit Report.

The irregularity occurred due to weak internal controls and resulted in loss to the university.

The matter was reported to the university in November 2022, but no reply was received. The PAO was requested in November 2022, followed by repeated reminders to convene a DAC meeting, to discuss the Audit Paras but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned and HEC guidelines/SOPs be implemented in true spirit under intimation to Audit.

#### **PAC DIRECTIVES DATED 18<sup>th</sup> DECEMBER, 2025**

The significant irregularity relating to unrealized penalties from 51 absconding PhD scholars—out of 63 originally awarded, with 12 having returned—was attributed to weak internal controls, resulting in substantial financial loss to the Government. The Committee also observed an undue delay in convening the DAC meeting, despite repeated reminders from the Audit Department.

The University, in its response, outlined commendable remedial measures, including successful recovery from two scholars, the initiation of vigorous legal proceedings against the remaining defaulters, and proactive steps to inform relevant national and international authorities. The Committee further noted that the University has proposed prudent future measures, such as allowing recovery through installment payments, requiring mandatory property surety and government guarantees, and revising the surety bond amount in line with the prevailing US Dollar exchange rate to ensure effective enforcement.

In this context, the Committee ***settled the para subject*** to the full recovery of the remaining amount of Rs.109.767 million within one year. Additionally, the Committee directed that, in future cases of leave for study, the following amendments must be incorporated in the rules:

- Scholars shall be sent on study leave without salary;
- Surety bonds shall be strictly enforced, supported by adequate property surety and reliable government guarantors; and
- The bond amount shall be fixed based on the prevailing exchange rate between the Pakistan Rupee and the US Dollar.

The Committee further directed the University management to keep the PAC and the Office of the Director General Audit, Balochistan, promptly informed of the progress of ongoing legal proceedings and the final recovery.

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**Para # 4.4.2 Excess payment of Additional Charge Allowance - Rs.3.604 million**

As per Finance Division letter dated July 1, 2016, "Special Allowance on an additional charge of identical/non-identical is 20% and 10% of Basic pay respectively subject to a maximum of Rs. 12,000."

The VC, BUITEMS, Quetta granted Additional Charge of different cadres to officials of different categories, who drew an Additional Charge Allowance beyond the period of six months which resulted in an overpayment of Rs. 3.604 million, as detailed in Annexure 4.4.2 of the Audit Report.

				Rs. in million
#	Years	Additional allowance due	Additional allowance drawn	Excess Payment
1.	2019-21	2.295	5.899	3.604

Allowing additional charge allowance beyond six months occurred due to poor financial management and resulted in overpayment.

The matter was reported to the university in November 2022, but no reply was received. The PAO was requested to convene a DAC meeting on November 21, 2022, followed by reminders, but no meeting was held till the finalization of this report.

Audit recommends to affect recovery of overpaid amount besides, observance of rules strictly.

**PAC DIRECTIVES DATED 18<sup>th</sup> DECEMBER, 2025**

Audit raised a critical observation regarding the grant of Additional Charge Allowance beyond the prescribed six-month limit to various officials, leading to a calculated overpayment of Rs.3.604 million, primarily attributed to poor financial management. The University's reply cites its approved service rules, which apparently allow for extended assignments until a suitable substitute is arranged. Crucially, the University management asserts that allowances related to Deanships/Chairpersonships are payments for entrusted administrative portfolios, distinct from routine additional charges.

The University management has acknowledged the Audit concern, stating the controversial practice has been substantially discontinued and is noted for future compliance.

In view of the above, the Committee directed that, going forward, any assignment of additional or acting charge must strictly comply with the applicable rules, with no recurrence of this avoidable financial irregularity.

However, Committee **settled the Para with direction** to the management to obtain ex-post-facto regularization of the existing cases of extended additional charges and related payments from the competent Senate/Syndicate authority and submit to PAC and Audit for record purpose.

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**Para # 4.4.3 Irregular enhancement of work beyond the original scope - Rs.81.761 million**

As per Para 6.14 of Manual of Development Projects, “The executing agencies should start preparing the revised scheme immediately when it is known that the cost of the scheme is going to rise beyond the permissible limit of 15 percent, and this increase in cost may not be taken for granted after the tender stage.”

The VC, BUIITEMS, Quetta awarded the following works to a GC amounting to Rs. 307.874 million, during the financial years 2019-20 and 2020-21. The works were further enhanced to Rs. 389.635 million exceeding 15% of the original contract amount but the PC-I of the project was not revised, as detailed below:

<b>Rs. in million</b>					
#	Name of work	Tender Cost	Revised Cost	Enhanced Cost	%age
1.	Construction of Central Library	140.849	202.480	61.631	26.50 %
2.	Visiting Faculty Guest House	59.975	80.408	20.433	
3.	International student hostel	107.050	106.747	-0.303	
<b>Total</b>		<b>307.874</b>	<b>389.635</b>	<b>81.761</b>	

Enhancement beyond 15% occurred due to weak internal controls and resulted in irregular expenditure.

The matter was reported to the university in November 2022, but no reply was received. The PAO was requested in November 2022, followed by repeated reminders to convene a DAC meeting, to discuss the Audit Paras but no meeting was held till the finalization of this report.

Audit recommends that the matter be justified and responsibility for the violation be fixed on the person(s) at fault.

**PAC DIRECTIVES DATED 18<sup>th</sup> DECEMBER, 2025**

The University management stated that certain changes were made to the quantities of work, which were duly reported to the Higher Education Commission (HEC), and that

the requisite approval was obtained from the competent authority. The management further maintained that the overall cost variation is amounted to Rs.46.267 million, which falls within the permissible limit of 15%.

However, the Office of the Director General Audit, Balochistan, reported discrepancies in the documents submitted by the management, noting a net increase of 26.50% as per the Contract Management Committee minutes dated 28 July 2017, and 15% as per the minutes dated 11 May 2018.

The Audit Office also pointed out the management's failure to impose the recommended penalty for delays, amounting to Rs.15.397 million.

In view of the above, *the Committee deferred the para* and directed the University management to urgently submit a comprehensive and duly justified reconciliation to the Audit, clearly explaining the contradiction between the two sets of Contract Management Committee minutes regarding the actual percentage of enhancement in work.

The Committee further directed the management to provide a detailed written explanation for the failure to impose liquidated damages amounting to Rs.15.397 million on the contractor.

The ***para shall be re-examined*** upon satisfactory submission of the requisite information to the Audit, under intimation to the PAC.

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**Para # 4.4.4            Non-utilization of Grant-in-Aid for Research and Studies -  
Rs.38.277 million**

According Rule 207-2 of GFR, Vol.-I, "when recurring grants-in-aid are sanctioned to the same institution or organization for the same purpose, the unspent balance of the previous grant and bank balance should be taken into account in sanctioning the subsequent grant." Further, according to Rule 406 of Treasury Rule, "The authority signing or countersigning a bill for grant-in-aid should see that money is not drawn in advance of requirements."

The VC, BUIITEMS, Quetta, drew an amount of Rs. 38.277 million during the financial year 2020-21, on account of Grant-in-Aid for the purpose of 13 research activities to be completed within six months. The management failed to complete even a single research activity, while the amount was retained in a private bank and not deposited into the government treasury, as detailed below:

			Rs. in million
#	Funds detail	Letter No. and date	Amount
1.	Grand-in-Aid (Research and studies purposes)	FD (S.O-x)4-4/2020-21/1367-83 dated 25 <sup>th</sup> January, 2021.	38.277

Non-utilization of funds was due to weak financial management and resulted in irregular retention of public money.

The matter was reported to the university in November 2022, but no reply was received. The PAO was requested in November 2022, followed by repeated reminders to convene a DAC meeting, to discuss the Audit Paras but no meeting was held till the finalization of this report.

Audit recommends that proper justification be provided, besides fixing of responsibility on person(s) at fault.

#### **PAC DIRECTIVES DATED 18<sup>th</sup> DECEMBER, 2025**

As the completion certificates in respect of research and studies have been provided and duly verified by Audit, therefore, ***Committee settled the Para.***

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#### **Para # 4.4.5 Irregular execution of development works - Rs.1,226.852 million**

As per PEC Act, 1976, amended up to 24<sup>th</sup> January 2011, 27-5 “No person shall undertake any professional engineering work unless he is registered under this Act. Be entitled to recover before any court or other authority any sum of money for services rendered in such work.” As per Para 5-3 of the Manual of Development Project. “The PC-I should be supported with a feasibility study, survey, investigation, and market survey report.”

The VC BUITEMS, Quetta during the financial years 2019-21 awarded development schemes to different contractors and payments of Rs. 1,226.852 million was irregularly made to the contractors due to the following reasons:

- i. Director P&D, who undertook the engineering works was not registered as an Engineer under PEC, Act.
- ii. Evaluation indicators i.e., Overall physical progress and cost utilization etc., did not exist.
- iii. No feasibility study report existed on record for mega schemes.
- iv. Site inspections/surveys of the projects were not available with the executing agency.
- v. Detail of tools for project planning and control (Cash/Work plan) were not prepared.
- vi. PC-III for tracking progress was never prepared.

vii. PV-V annual operation reports had not been prepared and submitted. Payment without following prescribed procedure occurred due to weak financial controls and resulted in irregular expenditure. The matter was reported to the university in November 2022, but no reply was received. The PAO was requested in November 2022, followed by repeated reminders to convene a DAC meeting, to discuss the Audit Paras but no meeting was held till the finalization of this report. Audit recommends that measures be taken to ensure observance of rules besides, fixing responsibility on the person(s) at fault under intimation to audit.

#### **PAC DIRECTIVES DATED 18<sup>th</sup> DECEMBER, 2025**

Audit highlighted grave irregularities in the award and execution of development schemes amounting to a substantial Rs.1,226.852 million. The primary concerns included the non-registration of the then-Director P&D with the Pakistan Engineering Council (PEC), the absence of essential project documentation (feasibility study, inspection reports, PC-III, PC-V), and the lack of proper evaluation indicators.

The University management countered these observations by claiming the Director P&D was a registered architect (PCATP), and that essential documents (feasibility study, progress reports, cash/work plans) were available and submitted to the HEC/Planning Commission for mandatory fund releases.

However, the Audit Office refuted the management's position, stating that the appointment of the Director P&D was itself irregular, as the incumbent did not possess the qualifications and experience prescribed for the post.

Furthermore, crucial records concerning the construction of the Sports Complex remain unavailable, despite the management claims of full record availability for other points. This unresolved matter of the irregular appointment and the missing documentation necessitates a deeper, focused investigation.

Hence, keeping the above in view, *the Committee deferred the Para*, given the serious nature of the irregularities, the unresolved question of the Director P&D's irregular appointment, and the persistent lack of required documentation for the Sports Complex construction.

The Committee unanimously instructed the Audit Department to conduct a comprehensive and expedited Special Audit of all the flagged observations within this Para.

The Public Accounts Committee PAC will then proceed to a final decision based solely on the findings and conclusions of that mandated Special Audit Report.

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## Balochistan Education Foundation

(Meeting held on 15<sup>th</sup> August, 2024)

### INTRODUCTION

The BEF was set up by the GoB in 1994 for strengthening private sector provision of education and raising the standard of education in the province. The GoB recognized that with proper restructuring and strengthening, BEF could play a major role in promoting and supporting community, civil society and private sector initiatives in education. In view of this, the government, through an amendment to the BEF Act in 2004, restructured the BEF and brought about significant reforms in its governance, management, and operating procedures.

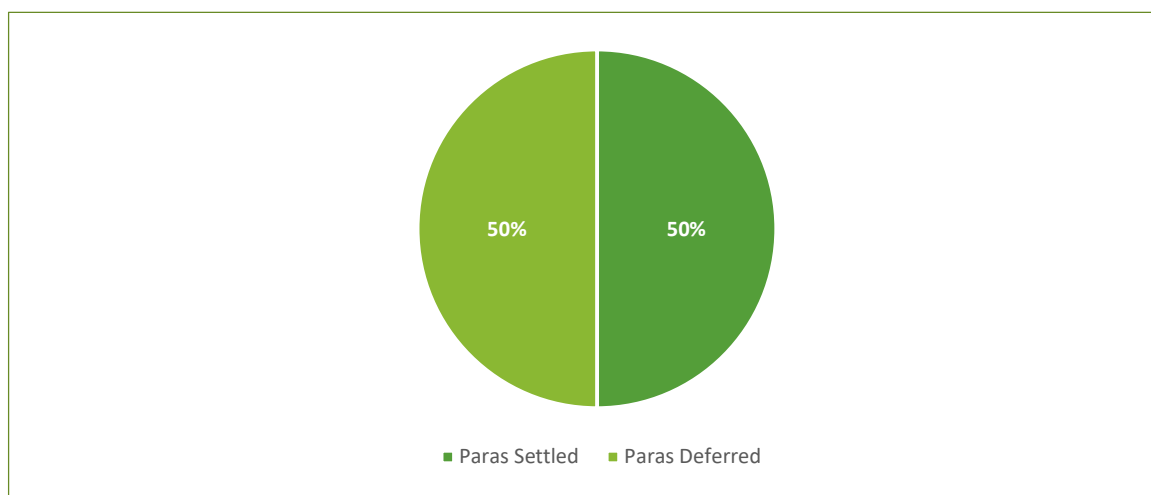
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	01
2.	Recoverable	01
<b>Total Paras</b>		<b>02</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	01
2.	Paras Deferred	01
<b>Total Paras</b>		<b>02</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2019-20**

Additional Accountant General, Balochistan summarized the subject Appropriation Accounts before the Committee as under: -

<b>Rs. in million</b>				
<b>Particulars</b>	<b>Final Grant</b>	<b>Actual expenditure</b>	<b>Excess/ (Saving)</b>	<b>%age</b>
Non-Development	409.939	239.776	(170.163)	41

**PAC DIRECTIVES DATED 15<sup>th</sup> AUGUST, 2024**

Following discussion, Committee clubbed the Appropriation Accounts for financial year 2019-20 and 2015-16 and directed as under:

1. Foundation, in consultation with Accountant General Balochistan's office, shall prepare head-wise Budget versus Actual Expenditure Statement detailing approved budget/grant-in-aid, actual expenditure against approved budget/grant-in-aid and resulting variances (saving/excess) for financial years 2019-20 and 2015-16 and submit the same to Committee for discussion in ensuing meeting.
2. Office of the Accountant General Balochistan shall provide training and guidance to the designated staff of the Foundation on preparing Appropriation Accounts/Budget versus Actual Expenditure Statements and other financial matters related to Appropriation Accounts.

***Hence, decision deferred.***

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 4.6.1 Irregular retention of public money - Rs.320.906 million**

According to Rule 290 of TRs, Vol.-I, "No money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grant." Further, according to Rule 95 of GFR, Vol.-I, "All anticipated saving should be surrendered to government they are foreseen without waiting till units, which are definitely for seen at the time no saving should be held in reserve."

The MD, BEF during the financial years 2018-20 failed to surrender the unspent amount of Rs. 320.906 million of grant-in-aid, as detailed below:

<b>Rs. in million</b>				
<b>#</b>	<b>Years</b>	<b>AIR No.</b>	<b>Bank Account No.</b>	<b>Amount</b>
1.	2018-19	01	HBL, University Branch 0873-790-1200-301	237.200
2.	2019-20	01		83.706

				Rs. in million
#	Years	AIR No.	Bank Account No.	Amount
<b>Total</b>				<b>320.906</b>

Non-utilization/surrender of funds was due to weak financial management and resulted in irregular retention of public money.

The matter was reported to the department on July 22, 2020, and July 15, 2021, but no reply was received.

In DAC meeting held on September 28, 2022, the management apprised that BoDs unanimously approved the agenda for transferring of unspent balance to the BEF Endowment fund but audit did not accept the reply because the decision was in contradiction to the prevailing rules regarding unspent amount of grant-in-aid that should be surrendered to Government. Further, as per BPFM Act, in the case of autonomous organizations, the surrender of any savings from their grant-in-aid were subject to provisions of their respective enactments. DAC directed the management to deposit the amount into the government treasury under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that the unspent amount from grant-in-aid be deposited into government account.

#### **PAC DIRECTIVES DATED 15<sup>th</sup> AUGUST, 2024**

Committee **settled the Para** with direction that such practice shall be strictly avoided in future and Grant-in-Aid Rules, 2022, and relevant sections of the Balochistan Public Financial Management Act, 2019, pertaining to grant-in-aid shall be strictly adhere to.

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#### **Para # 4.6.2            Non-recovery of registration/renewal fee of schools - Rs.4.875 million**

According to Section 12 of the Balochistan Private Educational Institute Registration and Regulation Authority, Act 2015, "Any person intended to establish or continue any existing institution shall make an application to the Authority (BEF) in the prescribed form accompanied by the antecedents of case and such documents and fee. Also, all those institutions that have sought registration with the Director of Schools/Colleges and have completed their 2 years shall get their registration renewed from the Authority."

The MD, BEF during the financial year 2018-19, failed to realize registration/renewal fee amounting to Rs. 4.875 million from private schools, as detailed below:

Rs. in million

#	Total number of schools	Total number of schools registered	Remaining	Amount
1.	1167	842	325	4.875

The irregularity occurred due to poor financial management and resulted in loss to authority.

The matter was reported to the department on July 22, 2020, but no reply was received. In DAC meeting held on January 13, 2022, the management apprised that the BEF had issued notices to unregistered (PEI) and shared the list of unregistered PEI, with concerned Deputy Commissioners for taking necessary action. It was further added that so far 1,305 private schools had been registered with BEF. DAC directed the department to produce the list of registered schools and evidences of recoveries to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends that steps should be taken for registration of all private schools besides, effecting recovery under intimation to Audit.

#### **PAC DIRECTIVES DATED 15<sup>th</sup> AUGUST, 2024**

After discussion at length Committee directed the Foundation to submit following information to PAC and Audit for final decision into the matter:

1. List of 1368 schools registered as of October, 2022. List shall be classified in Primary, Middle and Secondary schools.
2. Status of schools' registration fee, including total amount, recovered amount and outstanding balance, if any.
3. Details of any disbursement of registration fee.

***Hence, decision deferred.***

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## Gwadar Development Authority

(Meeting held on 8<sup>th</sup> August, 2023 and 26<sup>th</sup> December, 2024)

### INTRODUCTION

Gwadar Development Authority was established in October, 2003 to improve/implement the Master Plan, which initially suggested only the land use. After the establishment of the Authority, internal road network, land zoning and vision for future Gwadar was developed/finalized.

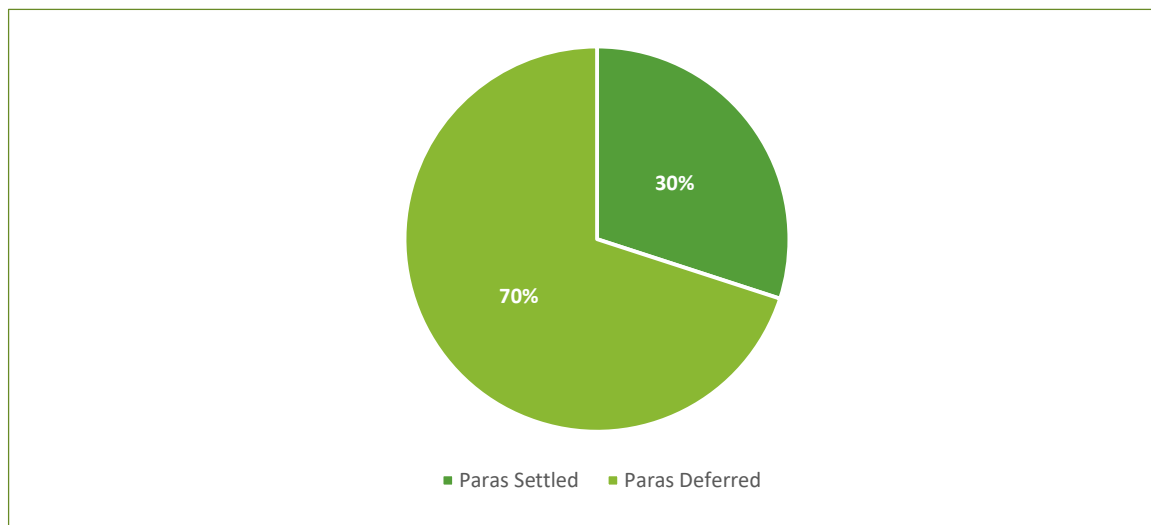
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	08
2.	Recoverable	01
3.	Evasion of Taxes and Duties	01
<b>Total Paras</b>		<b>10</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	03
2.	Paras Deferred	07
<b>Total Paras</b>		<b>10</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Additional Accountant General, Balochistan summarized the subject Appropriation Accounts before the Committee as under: -

**As per Accountant General, Balochistan Office:****Rs. in million**

Head of Account	Original Grant	Surrender	Final Grant	Exp.	Savings	%
Development (BS: 12294)	900.000	(853.050)	46.950	46.861	(0.089)	0.19
<b>Total</b>	<b>900.000</b>	<b>(853.050)</b>	<b>46.950</b>	<b>46.861</b>	<b>(0.089)</b>	<b>0.19</b>

**Printed in Audit Report 2022-23:****Rs. in million**

Type of Grant	Final Grant	Actual Expenditure	Excess/ (Saving)	%
Non-Development	3,070.432	2,005.3	1,065.132	34.680
Development Grant No. BC12294	1,001.132	741.953	(259.179)	25.880
<b>Total Development</b>	<b>4,071.564</b>	<b>2,747.253</b>	<b>(1,324.311)</b>	<b>32.525</b>

**PAC DIRECTIVES DATED 8<sup>th</sup> AUGUST, 2023**

Committee deferred the discussion on Appropriation Accounts for Financial Year 2021-22 with direction that, the management of Gwadar Development Authority shall prepare proper accounts/statements showing funds received from different sources, expenditure incurred (Development and Non-Development), resulted variances (saving and excess) and submit summarized report thereof to the PAC for discussion and decision.

**PAC DIRECTIVES DATED 26<sup>th</sup> DECEMBER, 2024**

Accountant General, Balochistan apprised the Committee that Gwadar Development Authority is a self-accounting-entity and has to prepare its own Appropriation Accounts detailing funds received from provincial and federal government, expenditure incurred, investments made and resultant variances. He added that all of the departments/authorities/bodies under provincial or federal government shall prepare its accounts in accordance with requirements of article-169 and 170 of the constitution.

Department accepted the stance of the Accountant General, Balochistan and solicited time for collaboration into the matter with Accountant General Office.

Keeping the above in view, Committee instructed the department to collaborate with the Office of the Accountant General, Balochistan, to clarify the preparation of Appropriation Accounts in accordance with relevant rules and submit a copy of the revised Appropriation Accounts to the Committee by January 26<sup>th</sup> 2025 for discussion

in the next meeting. **Consequently, the decision on the Appropriation Accounts has been deferred until then.**

### **EXAMINATION OF AUDIT REPORT 2022-23**

**Para # 4.8.1 Non-realization of outstanding dues - Rs. 87.816 million**

According to Building Control Regulations, 2004 framed by GDA, different fees were required to be charged on scrutiny, processing, advertisement of a scheme etc., for Commercial/Residential/Industrial/ Recreational/Ware house & Logistics/Amenities dues.”

#	Nature of fee	Fee @ (Rs.)
1.	Scrutiny Fee	Rs. 5,000 Per Scheme
2.	Processing Fee	Rs. 3 Per Sft
3.	Processing Fee	Rs. 4 Per Sft
4.	MoU with GDA	Lump Sum
5.	Advertisement Fee	Rs. 100,000 Per Scheme

Director General, GDA, Gwadar during the financial year 2021-22, failed to realize the due charges from the concerned commercial/residential investors which resulted in a less realization of revenue amounting to Rs. 87.816 million, as detailed in Annexure 4.8.1 of the Audit Report.

Less realization of revenue occurred due to weak internal controls and resulted in loss to the Authority.

The matter was reported to the authority on November 30, 2022, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20 and 2020-21 with the financial impact of Rs. 140.285 million and Rs. 165.483 million respectively but the authority did not take remedial measures to avoid recurrence.

In the DAC meeting held on January 12 and 13, 2023, the management replied that till June 30, 2022, an amount of Rs. 26.576 million was recovered. DAC emphasized to accelerate the recovery of the remaining amount of Rs. 87.816 million from the defaulters and provide evidences to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery of all outstanding dues may be made from the defaulters under intimation to Audit.

#### **PAC DIRECTIVES DATED 8<sup>th</sup> AUGUST, 2023**

In view of the forgoing discussion Committee settled the Para subject to 100% recovery and verification of recovery Challans by Audit under intimation to PAC within six (06)

months. Moreover, to expedite the recovery process, the department was also directed to issue notices to the defaulters.

#### **PAC DIRECTIVES DATED 26<sup>th</sup> DECEMBER, 2024**

Office of the D.G Audit, Balochistan apprised the Committee that more than 50% of dues are still outstanding. Department requested the Committee for grant of 06-month time to recover up to 80% the outstanding dues. On the basis of discussion held, Committee directed the department to effect 100% recovery within 03 months under intimation to PAC and Audit. **Hence, Para deferred till full recovery.**

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#### **Para # 4.8.2 Non/less deduction of government taxes - Rs.68.454 million**

According to BSTS Act, 2015 (Section 3) and Income Tax Ordinance, 2001 (Section 153), sales tax on services are 6% and 15% on contract and other services respectively; and income tax rates are 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively.

The Director General, GDA Gwadar during the financial years 2020-21 and 2021-22 executed various civil work without/less deduction of government taxes. This resulted into a revenue loss of Rs. 68.454 million to government exchequer, as detailed in Annexure 4.8.2 of the Annexure.

Non/less realization of government revenue occurred due to weak financial controls and resulted in loss to the Government.

The matter was reported to the authority on November 30, 2022, but no reply was received.

In the DAC meeting held on January 12 and 13, 2023, the management accepted the recovery and replied that GDA had contacted the contractors through letters for recovery of BSTS and IT, as the works were already completed. Further, an amount of Rs. 8.279 million was recovered. DAC directed the management to provide evidences of already recovered amount to Audit, and emphasized to accelerate the recovery of the remaining amount of Rs. 60.175 million from the defaulters.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery of Government taxes be made and evidence be produced to Audit for verification.

#### **PAC DIRECTIVES DATED 8<sup>th</sup> AUGUST, 2023**

On the basis of discussion held, the Committee settled the Para subject to 100% recovery of the government taxes within six (06) months under intimation to PAC and Audit.

**PAC DIRECTIVES DATED 26<sup>th</sup> DECEMBER, 2024**

PAO apprised the Committee that, department is in collaboration with Balochistan Revenue Authority (BRA) and Federal Board of Revenue (FBR) to recover the outstanding BSTS and Income tax from defaulters. He added that, notices have also been served to all of the defaulters to deposit the outstanding government dues. Audit was of the view that PAC decision dated 8<sup>th</sup> August, 2023 be implemented and complete recovery be effected.

In view of the above, Committee granted a final one-month extension to the department to recover the outstanding Balochistan Sales Tax on Services (BSTS) and income tax. **Hence, Para deferred.**

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**Para # 4.8.3            Inefficient management of the project due to non-initiation of construction of Effluent Treatment Plant - Rs. 920.170 million**

According to PC-I of the project “Necessary Facilities of Fresh Water Treatment, Water Supply and Distribution, Gwadar” construction of Effluent Treatment Plant is the major and necessary component of the project”.

Audit of the project “Necessary Facilities of Fresh Water Treatment, Water Supply and Distribution, Gwadar” revealed that no work was executed on construction of Effluent Treatment Plant. Construction of Effluent Treatment Plant being an integral part of the project as per PC-I, was due to be completed up to June, 2019 but management had not started work on it till the currency of Audit.

Non-initiation of construction of Effluent Treatment Plant occurred due to inefficient management which resulted in incompleteness of the project.

The matter was reported to the concerned authorities in April, 2022 to which it was replied that effluent treatment plants as per PC I were to be constructed after the completion of sewerage system network, which had not been completed. Reply of the department reaffirmed the stance of audit regarding significant delay in important components of the project.

In the DAC meeting held on January 12 and 13, 2023, the management replied that Effluent Treatment Plant as per PC I was to be constructed after the completion of sewerage system network, which had been initiated. Audit reaffirmed that essential components of the project had been delayed, due to which the project could not achieve its desired targets. DAC directed the management to initiate and complete Effluent Treatment Plant at the earliest.

No further progress was intimated till the finalization of this report.

Audit recommends that construction of Effluent Treatment Plant should be initiated and completed without further delay.

#### **PAC DIRECTIVES DATED 8<sup>th</sup> AUGUST, 2023**

After detailed discussion into the matter, Committee settled the Para with direction that, department shall complete the project “Necessary Facilities of Fresh Water Treatment, Water Supply and Distribution, Gwadar” at their earliest possible.

Moreover, on behalf of the PAC it shall be formally communicated to the Development Section, Federal Government, to ensure timely release of funds in respect of the Federal Government Projects in Balochistan, in future.

Furthermore, the department shall tender the construction of “Effluent Treatment Plant” and share the tender notice and award of work documents with PAC.

#### **PAC DIRECTIVES DATED 26<sup>th</sup> DECEMBER, 2024**

The Committee has determined that GDA failed to provide the necessary documents to the Audit department on time and uploaded them to the PACIS portal in an unacceptable, hasty manner, rendering them unreadable. Consequently, the Committee is deferring the para and mandating an additional (10) ten days’ time to provide the following documents to Audit for verification purpose.

1. Tender documents.
2. Tender notice.
3. Technical and Financial Proposals.
4. Bid Evaluation Report.
5. Comparative Statement.
6. Contract Agreement File.
7. Physical and Financial progress Report
8. PC III, progress report.

***Hence, Para deferred.***

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#### **Para # 4.8.4      Slow progress on construction of sewerage network and water supply distribution system - Rs. 2,456.700 million**

According to PC-I of the project “Necessary Facilities of Fresh Water Treatment, Water Supply and Distribution, Gwadar” the Project completion period was 36 months from the date of start of project. Project was approved from ECNEC on May 2015 and completion date was June, 2019.

Audit of the project “Necessary Facilities of Fresh Water Treatment, Water Supply and Distribution, Gwadar”, revealed that progress of work on certain components of the project was very slow when compared with the targets set as per PC I, as detailed below:

**Rs. in million**

Name of component	Cost in PC-I	Payment up to June, 2021	Physical/ financial progress up to June, 2021	Completion date as per PC-I
Sewerage network	1,506.800	221.500	14.70%	June, 2019
Water supply distribution system	949.900	221.500	23.32%	
<b>Total</b>	<b>2,456.700</b>	<b>443.00</b>		

Slow progress on construction of sewerage network and water supply distribution system occurred due to inefficiency of the management which resulted in time and cost overruns.

The matter was reported to the concerned authorities in April, 2022 to which it was replied that delay in completion was due to less year-wise allocation and even insufficient releases of funds. Audit stressed for provision of documentary evidence including PC I, copies of releases, year-wise budget and expenditure statements, and efforts made for swift and sufficient release of funds by the department.

In the DAC meeting held on January 12 and 13, 2023, the management replied that delay in completion was attributed to less releases of funds. Audit stressed for provision of documentary evidences i.e., PC-I, year wise budget and expenditure, and efforts taken for release of funds by the department. DAC directed the management to provide financial and physical progress reports to Audit besides effective measures be taken for expediting work on the project.

No further progress was intimated till the finalization of this report.

Audit recommends that delay be justified and work on project be accelerated.

#### **PAC DIRECTIVES DATED 8<sup>th</sup> AUGUST, 2023**

Keeping in view of the nature of Para Committee clubbed it with Para # 4.8.3 and settled with direction that, department shall complete the Sewerage Network and Water Supply Distribution System at their earliest possible and intimate the progress to PAC.

#### **PAC DIRECTIVES DATED 26<sup>th</sup> DECEMBER, 2024**

The Committee, together with an elected public representative from Gwadar, unequivocally highlighted the critical state of the sewerage system, despite claims of the department that water supply distribution has been completed 98% and remaining 2% work is remaining on the part of QESCO for electrification of Water Supply Distribution System. The Committee, recognizing the pivotal role of Gwadar in

Pakistan's development, directed the management of GDA to prioritize the completion of Sewerage Network on priority basis to facilitate the people of Gwadar. However, Committee commended the department for its outstanding achievement in completing and operating the Water Supply Distribution System, powered by electricity generators, which now provides clean drinking water to the vast majority of Gwadar City's population. Building on this success, the Committee instructed the department to partner with Quetta Electricity Supply Company (QESCO) to ensure a reliable electrification system for the water supply network. Additionally, the Committee directed that GDA is to complete the unfinished sewerage network system by 30<sup>th</sup> April, 2025 without delay. ***With these directives, the matter was considered settled.***

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**Para # 4.8.5            Inefficient management of the project due to non-initiation of establishment of Water Desalination Plant - Rs. 5,000 million**

According to PC I of the project "Gwadar Development Authority", Construction of Water Desalination Plant is the major and necessary component of the Project. Initiation of establishment of Water Desalination Plant was scheduled in 2004.

Audit of the project "Gwadar Development Authority", Gwadar revealed that work was not executed on establishment of Water Desalination Plant. As per PC I, construction of Water Desalination Plant was made an integral part of the project to meet the future water needs of 14 MGD of Gwadar city and it had to be completed up to June, 2014. During the financial year 2020-21, an amount of Rs. 760 million was released for the said scheme but management did not start work on it.

Incompletion of essential component of construction of Water Desalination Plant occurred due to inefficient management of the project which resulted in non-achievement of the expected results.

The matter was reported to the authority in April, 2022 to which it was replied that tenders were floated various times but were cancelled because participated firms did not meet the technical requirements. After intervention from Special Advisor to Prime Minister on CPEC, the project was referred to PDWP for executing on Public Private Partnership that was approved in the meeting held on March 17, 2022. Audit reaffirmed that the work had been inordinately delayed.

In the DAC meeting held on January 12 and 13, 2023, the management replied that tenders were floated various times but were canceled because participated firms did not meet the technical requirements. Later on the tenders were called from international bidders, but they were reluctant due to PEC's registration process involving hefty amount of fees. Finally, one international bidder participated and agreed

to take up the work, but they gave an offer of over Rs. 17 billion against the allocated budget of Rs. 5 billion. Resultantly, the project was referred to PDWP for executing it on Public Private Partnership that was approved in the meeting held on March 17, 2022. Audit reaffirmed that the work had been inordinately delayed, due to which it not only incurred huge time and cost overrun but also compromised the benefit realization plan. DAC directed the management to initiate Water Desalination Plant without further delay.

No further progress was intimated till the finalization of this report.

Audit recommends that construction of Water Desalination Plant be started and completed at the earliest.

#### **PAC DIRECTIVES DATED 8<sup>th</sup> AUGUST, 2023**

After discussion at length, Committee *settled the Para* with direction that department shall complete the project at their earliest possible and ensure the availability of clean water for the residents of Gwadar.

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#### **Para # 4.8.6 Non-creation of GDA investment fund - Rs. 2,000 million**

According to PC-I/Concept papers of “Gwadar Development Authority”, Gwadar augmenting GDA fund is an integral and necessary component of the Project for creation of own sources for GDA. Augmenting GDA fund was due to start from 2004, with its profits/returns to begin from the same year that would be utilized to meet the non-development expenditure of the project.

Audit of the project “Gwadar Development Authority”, Gwadar revealed that there was provision of an amount of Rs. 2,000 million in the PC I for purchase of land for investment through creation of GDA investment fund to fulfill future financial needs, but management did not create the investment funds. As a result, the non-development expenditure of Rs. 1,376.920 million had been met from the development budget against the provisions of PC-I.

Non-creation of GDA fund occurred due to weak administration and resulted in non-achievement of financial independence.

The matter was reported to the authority in April 2022, to which it was replied that for the last three years GDA was disbursing salaries to its employees through collection from NOCs and sale of water. Audit stressed for provision of documentary evidence and creation of investment fund as laid down in the PC-I.

In the DAC meeting held on January 12 and 13, 2023, the department replied that the project was in crisis due to law-and-order situation, therefore, it could not generate business. However, after normalization of the situation, the authority started collecting funds in lieu of NOCs and sale of water, and had been paying salaries of employees for the last three years through the above-mentioned sources. Audit reaffirmed that establishment and augmentation of GDA Fund was required as per decision of ECNEC and CDWP, which was not complied by the Authority and had been paying salaries from the development heads. Audit further stressed for provision of documentary evidence and creation of investment fund as laid down in the PC-I. DAC directed for creation of GDA investment fund and regularization of the expenditure.

No further progress was intimated till the finalization of this report.

Audit recommends for creation of GDA investment fund and regularization of the expenditure under intimation to Audit.

#### **PAC DIRECTIVES DATED 8<sup>th</sup> AUGUST, 2023**

After discussion at length, Committee directed that the GDA shall start augmenting Investment Fund, for the purchase of land, through funds under GDA Business Plan for the particular purpose. Hence, Para settled subject to creation of Investment Fund, at earliest possible, under intimation to PAC and Audit.

#### **PAC DIRECTIVES DATED 26<sup>th</sup> DECEMBER, 2024**

The Committee highlighted that a project initiated in 2004 and due for completion in 2014 is still unfinished. The Committee noted issues with budget allocation and that the GDA has not created an investment fund for the released amount, instead redirecting development funds to non-development purposes.

In view of the discussion held, Committee directed as under:

1. The PAC Branch shall communicate the decision of the PAC to the Chief Secretary, Balochistan to collaborate with the Federal Government for release of already reflected budget of Rs.1800 million in the annual budget 2024-25 in favour of Gwadar Development Authority for the purchase of land as per the approved GDA Business Plan.
2. The management of GDA shall implement the PAC decision dated 8<sup>th</sup> August, 2023, reproduced as under, with zeal and zest under intimation to PAC and Audit:

“After discussion at length, Committee directed that the GDA shall start augmenting Investment Fund, for the purchase of land, through funds under GDA Business Plan for the particular purpose. Hence, Para settled subject to creation of Investment Fund, at earliest possible, under intimation to PAC and Audit.” **Hence, Para deferred.**

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**Para # 4.8.7            Wasteful expenditure on Gorab Housing Scheme - Rs. 219.603 million**

According to PC I of the project “Gwadar Development Authority”, Gwadar construction of Gorab Housing Scheme for fisherman was approved with a cost of Rs. 876 million during the year 2004-05.

Audit of the project “Gwadar Development Authority” revealed that construction of Gorab Housing Scheme was started during the financial year 2005-06 and an expenditure of Rs. 219.603 million was incurred up to financial year 2009-10. The work was not executed till the end of June, 2021, and the scheme was discontinued which resulted in wastage of funds, as detailed below:

<b>Rs. in million</b>		
<b>Estimated cost as per PC I</b>	<b>Expenditure up to June, 2010</b>	<b>Remaining work not completed up to June, 2021</b>
876.00	219.603	656.397

Discontinuation of work on scheme occurred due to inefficiency of the management which resulted in wastage of public money.

The matter was reported to the authority in April 2022, to which it was replied that an expenditure of Rs. 219.603 million was incurred in order to facilitate the affectees expected to be shifted from Jinnah Avenue, Padizer Boulevard and Marine drive. However, due to non-availability of funds the construction work was stopped, and priority was given to other development projects. Audit stressed for provision of documentary evidence and present status of the project.

In the DAC meeting held on January 12 and 13, 2023, the department replied that an expenditure of Rs. 219.603 million was incurred in order to facilitate the affectees who were expected to be shifted from Jinnah Avenue, Padizer Boulevard and Marine drive, but they were not shifted due to various reasons, due to which the very purpose of the scheme was compromised. Besides, due to non-availability of funds the construction work was stopped and priority was given to other development projects. Moreover, the land of the said Housing Scheme was initially shared with Workers Welfare Board after

infrastructure development. The share of the Board had been developed and handed over to them. Audit was of the view that abandoning of a scheme after incurrence of huge expenditure was unjustified. Besides, stopping of work on the scheme without approval of the competent forum was unauthorized. Moreover, the very planning and feasibility of the scheme was questionable, the viability of which was assessed after incurrence of expenditure. DAC directed the management for proper justification regarding abandoning of a scheme before completion and after incurrence of expenditure. Besides, the forum directed the management to take up the matter with Governing Body for conducting inquiry and completion of the scheme under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that discontinuation of scheme be justified and matter be investigated.

#### **PAC DIRECTIVES DATED 8<sup>th</sup> AUGUST, 2023**

After detailed deliberation into the matter, Committee settled the Para subject to verification of documentary record proofing the construction of different schemes including GDA 50 Bedded Hospital, Herboi Central Park, Sports Complex, Up-gradation of existing sports facilities and different recreational facilities by Audit under intimation to PAC.

#### **PAC DIRECTIVES DATED 26<sup>th</sup> DECEMBER, 2024**

The Audit Office informed the Committee that, following the PAC's decision on August 8, 2023, the department submitted relevant documents, which were verified by the audit team, recommending the matter for settlement. However, the Committee expressed its discontent over the misspending of Rs. Rs.656.397 million from an approved project "Gorab Housing Scheme" on other projects, highlighting mismanagement and disregard for financial rules. Expenditure made without budget allocation are considered irregular and unauthorized. The Committee believes that if the GDA were self-sustaining, the project "Gorab Housing Scheme" could have been completed more swiftly. The Committee identified the GDA's mismanagement system as ineffective and lacking attention to these issues. Department apprised the Committee that, the amount of Rs.656.397 million was reallocated through governing body, being the competent authority, for other projects.

In the light of discussion held Committee decided as under:

1. On behalf of the Committee the PAC Branch shall seek clarification from the Chief Secretary, Balochistan, through a formal letter, regarding the GDA Governing Body's authority to reallocate Rs.656.397 million from the Gorab Housing Scheme to other projects. This reallocation has resulted in the Gorab Housing Scheme being left incomplete, despite Rs.219.603 million already spent on its infrastructure, effectively mis utilizing public funds.
2. The Committee will also take up the matter with Chief Minister, Balochistan.
3. The GDA management shall place the Committee's reservations regarding the unauthorized reallocation of funds as a top priority item on the agenda of the next meeting of the Governing Body.
4. The department shall ensure strict adherence to rules and regulations, and avoid any similar violations in the future.

***Hence, final decision into the Para deferred till next meeting.***

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**Para # 4.8.8 Irregular expenditure without provision in PC I - Rs. 1,510.104 million**

According to Article 158 of Audit Code, “Audit is responsible for watching firstly that the total expenditure under a grant or appropriation does not exceed the amount of that grant or appropriation as specified in authenticated schedule of authorized expenditure and secondly that the total expenditure on each of the sub heads fixed as units of appropriation under a grant or appropriation does not exceed the allotment thereof as modified by orders of re-appropriation passed by competent authority from time to time.”

Audit of the project “Gwadar Development Authority”, Gwadar revealed that the management incurred an expenditure of Rs. 1,510.104 without provision of budget allocation in PC I of the project, as detailed below:

	<b>Rs. in million</b>	
<b>Name of Component</b>	<b>Budget Allocation as per PC - I</b>	<b>Expenditure up to June, 2021</b>
and Miscellaneous Projects	-	133.184
Establishment and Contingency	-	1,376.920
<b>Total</b>	-	<b>1,510.104</b>

Rs. 1,376.920 million was expended on salaries and non-development expenditure of the GDA up to June, 2021. The fund was released for development projects but GDA

utilized the funds to meet its non-development expenditure without provision in PC I. There was a provision of an amount of Rs. 2,000 million in the PC I for purchase of land for investment for augmenting GDA fund to fulfill future financial needs of GDA but management had failed to establish this fund. As a result, the non-development charges were also being met from development budget.

Payment without provision in the PC-I occurred due to weak internal controls and resulted in an irregular expenditure.

The matter was reported to the authority in April 2022, to which it was replied that for the last three years, GDA was disbursing salaries to its employees through collection from NOCs and sale of water. Audit stressed that the use of development funds for salary payment without provision in the PC I may be justified and the expenditure be regularized from the competent authority.

In the DAC meeting held on January 12 and 13, 2023, the department replied that the project was in crisis due to law-and-order situation, therefore, it could not generate business. However, after normalization of the situation, the authority started collecting funds in lieu of NOCs and sale of water, and had been paying salaries of employees for the last three years through the above-mentioned sources. DAC directed that the expenditure be got regularized from the competent authority under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that expenditure be got regularized from the competent authority under intimation to Audit.

#### **PAC DIRECTIVES DATED 8<sup>th</sup> AUGUST, 2023**

After discussion at length, Committee directed that the GDA shall start augmenting Investment Fund, for the purchase of land, through funds received from the Federal Government for the particular purpose. Hence, Para settled subject to creation of Investment Fund, at earliest possible, under intimation to PAC and Audit.

#### **PAC DIRECTIVES DATED 26<sup>th</sup> DECEMBER, 2024**

Department informed the Committee of its plans to purchase and allot land to generate revenue, aiming to reduce dependence on Federal Government grants and become self-sufficient. However, the Department acknowledged that this initiative was long overdue, and it may take two years to start generating revenue.

The D.G Audit criticized the delay, pointing out that this plan was initially designed for implementation in 2004, resulting in a 20-year lag. He emphasized that, had the plan

been executed on time, the GDA would now be self-sustaining and generating revenue for both itself and the provincial government.

In response, the Department announced its intention to purchase 500 acres of land in January 2025, having already completed the feasibility study. The Department requested additional time from the Committee, which granted a one-year extension, directing the Department to demonstrate progress within that timeframe. **Consequently, the matter was deferred.**

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**Para # 4.8.9            Irregular investment of savings from grant-in-Aid - Rs. 55.600 million**

As per Section 12 of BPFM Act, 2020 “all departments, their attached departments and sub-ordinate offices and autonomous organizations shall surrender to the finance department by 15<sup>th</sup> May each year all anticipated savings in the grants or assignment accounts or grant in aid controlled by them.” Further, as per Rule 209(ii) of GFR, Vol.I, “Any portion of the amount which is not ultimately required for expenditure upon that object, should be duly surrendered to Government.”

The Director General, GDA, Gwadar invested an amount of Rs. 55.600 million during the financial year 2021-22 from the savings of the Grant-in-Aid received from the Government of Balochistan in the NBP, Gwadar Branch irregularly.

Non-surrendering of savings from grant-in-aid occurred due to weak financial controls and resulted in irregular retention of public money.

The matter was reported to the authority on November 30, 2022, but no reply was received.

In the DAC meeting held on January 12 and 13, 2023, the management replied that investment was made in line with decisions taken in 23<sup>rd</sup> Governing Body meeting which was held on April 25, 2022. The same was presented before the forum for verification. However, audit reaffirmed that as per Rule 209(ii) of GFR any portion of the Grant in Aid amount not required for expenditure should be duly surrendered to the Government, therefore, the investment from the grant was irregular. The DAC directed that the matter may be justified and the amount be surrendered to the Government.

No further progress was intimated till the finalization of this report.

Audit recommends that justification of investment from Grant in Aid in bank be provided to Audit. Further, the unspent amount be deposited to Government account without further delay under intimation to Audit.

#### **PAC DIRECTIVES DATED 8<sup>th</sup> AUGUST, 2023**

After detailed discussion into the matter, Committee settled the Para subject to regularization of the amount of grant-in-aid, invested in bank, from the Finance Department, Government of Balochistan under intimation to PAC and Audit.

#### **PAC DIRECTIVES DATED 26<sup>th</sup> DECEMBER, 2024**

The Committee directed the department to deposit the unspent grant-in-aid amounting to Rs.55.600 million into the Government's treasury under intimation to PAC and Audit. ***Hence, Para deferred.***

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#### **Para # 4.8.10      Irregular expenditure due to allowing excess item of work - Rs. 296.900 million**

According to Para 220 of CPWA Code, "full rates as per agreement, catalogue, indent or other order should be allowed only if the quantity of work done or supplies made is up to the stipulated specification".

The Director General, GDA, Gwadar awarded the work "Necessary facilities of fresh water treatment water supply and distribution Gwadar Phase-II." (Water transmission main from Shadi Kaur Dam to Chaud Degar) to a GC. The contractor was paid for an item of work "Excavation, level including trimming, dressing sides, leveling the bed of trenches to correct grade and cutting pit of joints" @ Rs. 600 Per CuM for ordinary soil and @ Rs. 900 Per Cum for hard soil respectively. The excavation was carried out for laying of pipe for water supply to Gwadar. Later on, another item of work "Filling, watering and ramming earth under floors with surplus earth from foundation etc.," was also paid to the contractor.

The first item paid was a complete item of work and also included the cost of back filling of excavated earth, as per CSR, 2018 of GoB. Thus, separate payment for back filling of earth was irregular which resulted in an irregular payment of Rs. 296.900 million, as detailed below:

Rs. in million

#	Name of Work	Qty. (Cum)	Rate (Per Cum)	Amount
1.	Water transmission main from Shadi Kaur Dam to Chaud Degar (Water Transmission main from Shadi Kaur Dam to Shamal Bandan).	302,337.651	480.00	145.122
2.	Water transmission main from Shadi Kaur Dam to Chaud Degar (Water Transmission main from Shamal Bandan to Chaud Degar).	316,203.37	480.00	151.778
<b>Total</b>				<b>296.900</b>

Payment for excess items of work was caused due to weak internal controls and resulted in loss to the government.

The matter was reported to the authority in April and December 2022, but no reply was received.

In the DAC meeting held on January 12 and 13, 2023, the management replied that quantities were paid according to the provisions of PC I, which was prepared on market rate basis/NSR and was approved by the CDWP/ECNEC, therefore, the rates could not be compared with the CSR. Further, work was awarded to the lowest bidder after preparation of Rate analysis. Audit did not agree with the stance of the department and reaffirmed that separate payment for backfilling of earth was irregular, as the first item paid to the contractor was a complete item of work that included the cost of back filling of excavated earth, therefore, the overpaid amount be recovered from the contractor. Besides, Audit also pointed out that, while comparing the rates paid for both the items, it revealed that it was almost 300% higher than that provided in BCSR, despite the fact that CSR provided both the items in single nomenclature at 300% lower rate. Further, Audit stressed for provision of approved rate analysis duly approved by competent forum, market survey report, and quotations. The DAC directed that the overpaid amount of Rs. 296.900 million be recovered from the contractor. Further, approved rate analysis, market survey report, quotations, and MBs be provided to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery of overpaid amount be effected from the contractor under intimation to Audit.

**PAC DIRECTIVES DATED 8<sup>th</sup> AUGUST, 2023**

After deliberation at length, Committee *settled the Para* and directed the department to provide technical sanctions, rates quoted by contractor and approvals of the PDWP, CDWP and ECNEC to PAC and Audit.

**PAC DIRECTIVES DATED 26<sup>th</sup> DECEMBER, 2024**

As the relevant including technical sanctions, rates quoted by contractor and approvals of the PDWP, CDWP and ECNEC is provided and duly verified by Audit, therefore, Committee *settled the Para*.

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**Gwadar Industrial Estate Development Authority (GIEDA)***(Meeting held on 20<sup>th</sup> May, 2025)***INTRODUCTION**

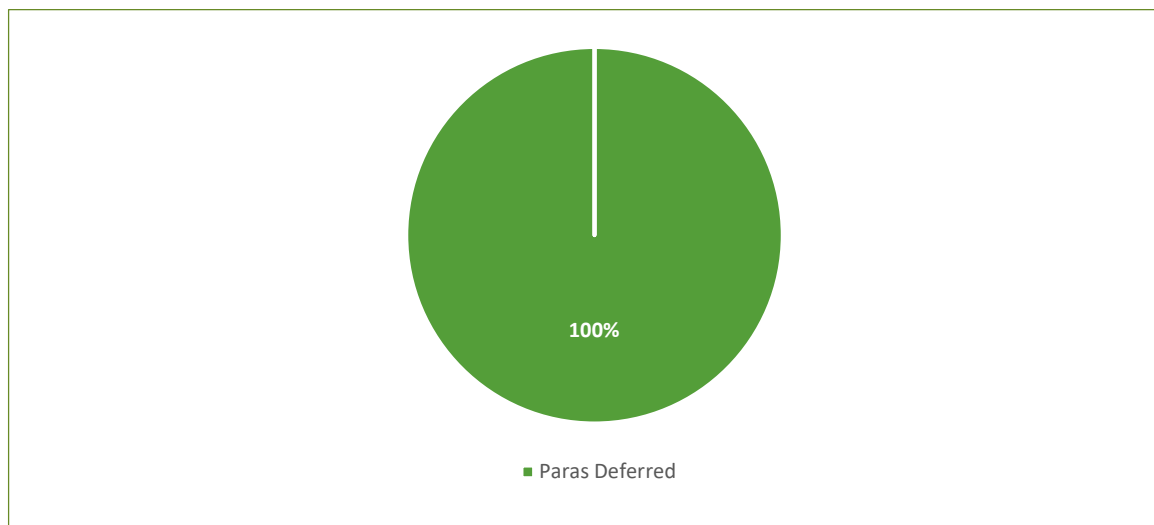
The GoB has developed an Industrial Estate in Gwadar to meet the demand for industrial plots in the port city, which is expected to have substantial potential for industrial investment in view of the opportunity offered by the Establishment of Deep-Sea Port and construction of major highways linking Gwadar with Karachi, Quetta, Iran and Central Asian Countries.

**CLASSIFICATION OF AUDIT OBSERVATIONS**

#	Particulars	No. of Paras
1.	Recoverable	01
2.	Evasion of Taxes and Duties	01
<b>Total Paras</b>		<b>02</b>

**BREAKUP OF PAC DIRECTIVES**

#	Particulars	No. of Paras
1.	Paras Deferred	02
<b>Total Paras</b>		<b>02</b>

**BREAKUP OF PAC DIRECTIVES AT A GLANCE**

**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Additional Accountant General, Balochistan summarized the subject Appropriation Accounts before the Committee as under: -

**As per Accountant General, Balochistan Office:****Rs. in million**

General Ledger Description	Cheque	Date	DDO	G/L	Amount
Special Grants from Provincial Retained Amounts T	2067186	01.06.2022	QA7191	A05213	20.00
Special Grants from Provincial Retained Amounts T	2065963	20.06.2022	QA7191	A05213	20.00
<b>Total</b>					<b>40.00</b>

**Printed in Audit Report 2022-23:****Rs. in million**

Particulars	Final Grant	Actual expenditure	Excess/ (Saving)	%
Non-Development	117.707	94.410	(23.297)	19%
Development	1,001.415	338.345	(663.07)	66%
<b>Total</b>	<b>1,119.122</b>	<b>432.755</b>	<b>686.367</b>	<b>85%</b>

**PAC DIRECTIVES DATED 20<sup>th</sup> MAY, 2025**

The Committee directed the department to take strict disciplinary action against the official responsible for failing to prepare Appropriation Accounts/Financial Statements, get them certified from a Chartered Accountant firm, and submit copies to the Accountant General Balochistan and the Balochistan Assembly. Furthermore, the Managing Director GIEDA was directed to prepare proper Appropriation Accounts/Financial Statements as required under the GIEDA Act, have them certified by a Chartered Accountant firm, and submit the certified copies to the Accountant General Balochistan and the PAC within one month. **Hence, final decision deferred.**

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 4.10.1 Non-realization of outstanding installments of industrial and commercial plots – Rs. 1,562.170 million**

According to Clause No. III (b) of terms and conditions of Lease Agreement framed by Gwadar Industrial Estate (GIE), the cost of 1 Acre plot was fixed at Rs.1.500 million. After down payment of Rs.0.100 million the remaining amount was required to be paid in 8 equal quarterly installments of Rs. 0.175 million each. Further, according to Clause No. III (b) of the terms and conditions of Lease Agreement framed by GIE, the

cost of 400 square yards plot was fixed @ Rs.0.300 million. After down payment of Rs. 0.100 million, the remaining amount was required to be paid in four equal quarterly installments of Rs. 0.047 million each.

Managing Director, GIEDA allotted plots valuing Rs. 3,773.5 million of commercial and industrial categories to allottees on submission of down payment of Rs. 0.100 million each during the financial year 2021-22. Further, a sum of Rs. 2,211.33 million was deposited by allottees up to June 2022 and an amount of Rs. 1,562.170 million was still outstanding against owners/investors of industrial and commercial plots after lapse of considerable time, as detailed below:

#	No. of plots	Rate of plot	Rs. in million
			Amount
1.	2,265 Acres Industrial Plots	Rs. 1.500 million per Acre	3,397.500
2.	453 Commercial Plots 1,000 Sq yards	Rs. 0.500 million per plot	226.500
3.	98 Commercial Plot 400 Sq yards	Rs. 0.300 million per plot	132.900
4.	83 Commercial Plot 200 Sq Yards	Rs. 0.200 million per plot	16.600
<b>Total</b>			<b>3,773.500</b>
<b>Amount Recovered</b>			<b>2,211.33</b>
<b>Outstanding</b>			<b>1,562.170</b>

Non-realization of outstanding installments of industrial and commercial plots was due to weak administration which resulted in loss to the authority.

The matter was reported to GIEDA authorities during November 2022, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2018-19, 2020-21 and 2021-22 with the financial impact of Rs.1,082.800, Rs.7.325 million and Rs.3,515.99 million respectively but the authority did not take remedial measures to avoid recurrence.

In the DAC meeting held on December 28, 2022, the authority informed that a sum of Rs. 22.572 million was recovered during the period July 2022 to December 2022. However, a balance of Rs. 1,562.170 million was still outstanding. Audit was of the view that correspondence with the units be made to expedite the process of recovery. The DAC directed GIEDA to take up the matter with the concerned DC and provide the list of defaulted units. The forum further emphasized to accelerate the recovery from the defaulters.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery of outstanding dues from the concerned owners/allottees be made.

**PAC DIRECTIVES DATED 20<sup>th</sup> MAY, 2025**

Based on the department's reply and Audit's comments, the Committee directed as follows:

1. **Recovery Notices:** The department shall serve fresh recovery notices to all defaulting allottees within 02 days.
2. **Recovery Efforts:** The department shall make all possible efforts to recover outstanding installments within one month.
3. **Cancellation of Allotments:** If, despite these efforts, the allottees fail to pay the outstanding installments, their allotments shall be cancelled.
4. **Special Audit:** If the department failed to comply the above directions, the Committee may consider directing a special audit of the allotment of industrial and commercial plots.

**Hence, Para deferred.**

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**Para # 4.10.2 Non-deduction of BSTS from contractors - Rs. 2.033 million**

According to BSTS Act, 2015, sales tax on services are @ 6% and 15% on contract and other services respectively.

Managing Director, GIEDA made payments to various contractors during the financial year 2021-22 without deduction of BSTS @ 6% levied by GoB. This resulted in non-realization of BSTS of Rs. 2.033 million, as detailed below:

<b>Rs. in million</b>				
#	Cheque No. and date	Name of work	Amount paid	BSTs @ 6%
1.	27890, 26.01.2022	Construction of office building for GIEDA	7.823	0.469
2.	27879, 26.01.2022	Construction of boundary wall of Turbal Industrial Estate	21.227	1.274
3.	27891, 26.01.2022	Construction of underground tank	4.839	0.290
<b>Total</b>				<b>2.033</b>

Non-realization of due government taxes occurred due to weak financial management resulted in loss to the authority.

The matter was reported to GIEDA authorities during November 2022, but they did not respond to audit observation.

In the DAC meeting held on December 28, 2022, the authority informed that an amount of Rs. 1.274 million had been recovered from a contractor while the remaining amount of Rs. 0.759 million would be recovered from the next running bills of the contractors. However, no challan in respect of the reportedly recovered amount was verified to Audit.

The DAC directed to recover full amount of tax of Rs. 2.033 million from the concerned contractors under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that complete recovery be effected from the contractors.

**PAC DIRECTIVES DATED 20<sup>th</sup> MAY, 2025**

Department apprised the Committee that the BSTS amounting to Rs.2.033 million has been recovered and deposited into Government Treasury.

In view of the above, Committee directed the department to provide original Computerized Payment Receipts (CPRs) of BSTS to audit for verification purpose under intimation to PAC. ***Hence, Para deferred.***

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**Lasbela Industrial Estate Development Authority (LIEDA)***(Meeting held on 20<sup>th</sup> May, 2025)***INTRODUCTION**

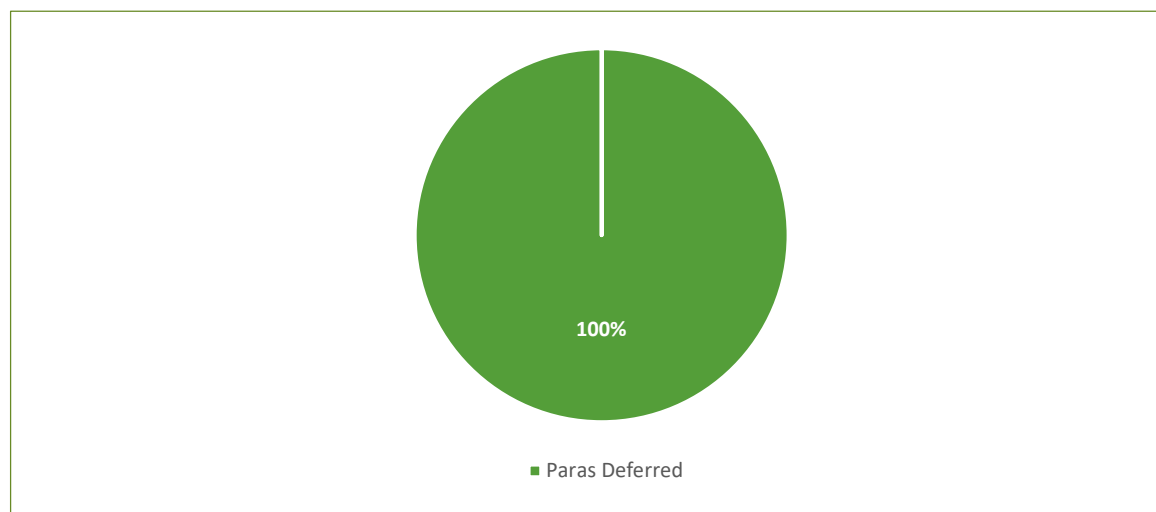
The LIEDA was established under an Ordinance in 1984. Primary objective of its establishment was to provide infrastructure facilities such as road, water, sewerage, power gas and telecommunication to the industrialists in its five industrial estates and one special industrial zone situated in Lasbela district. The Authority generates its own funds. Main sources of the income are sale of plots, annual ground rent and saving from electricity and power charges, charged from the industrialists. Electricity and water are procured in bulk from Karachi Electric Supply Corporation (KESC) and Irrigation Department respectively.

**CLASSIFICATION OF AUDIT OBSERVATIONS**

#	Particulars	No. of Paras
1.	Recoverable	03
2.	Others	01
<b>Total Paras</b>		<b>04</b>

**BREAKUP OF PAC DIRECTIVES**

#	Particulars	No. of Paras
1.	Paras Deferred	04
<b>Total Paras</b>		<b>04</b>

**BREAKUP OF PAC DIRECTIVES AT A GLANCE**

**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Additional Accountant General, Balochistan summarized the subject Appropriation Accounts before the Committee as under: -

**Printed in Audit Report 2022-23:****Rs. in million**

Particulars	Final grant	Actual expenditure	Excess/ (Saving)	%
Development	7,611.214	5,823.033	(1,788.181)	23.49%

**Reported by office of the Accountant General, Balochistan:****Rs. in million**

General Ledger Description	Cheque	Date	DDO	G/L	Amount
Special Grants from Provincial Retained Amounts T	1492442	07.09.2021	QA7191	A05213	200.00
Special Grants from Provincial Retained Amounts T	2060032	12.05.2022	QA7191	A05213	85.00
Special Grants from Provincial Retained Amounts T	2066977	10.06.2022	QA7191	A05213	100.00
Special Grants from Provincial Retained Amounts T	2066978	10.06.2022	QA7191	A05213	85.00
<b>Total</b>					<b>470.00</b>

**PAC DIRECTIVES DATED 20<sup>th</sup> MAY, 2025**

The Committee directed the Secretary Industries & Commerce Department to nominate a representative to consult with the Office of the Accountant General, Balochistan, to understand the preparation of Appropriation Accounts/Financial Statements. Following this consultation, LIEDA shall prepare the Appropriation Accounts/Financial Statements and reconcile them with the Office of the Accountant General, Balochistan, under intimation to the PAC. ***The Committee deferred its final decision pending compliance with these directives.***

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 4.12.1 Non-recovery of electricity charges - Rs. 44.533 million**

The LIEDA is procuring electricity in bulk quantity under Tariff B-4 Industrial Supply Tariff and further distributing amongst consumers.

Managing Director, LIEDA did not recover an amount of Rs. 44.533 million on account of electricity charges from consumers of various factories, as detailed below:

**Rs. in million**

#	Description	Amount
1.	Amount recoverable till June 30, 2022	51.410
2.	Recovered	6.877

		<b>Rs. in million</b>
#	Description	Amount
3.	Outstanding	44.533

Non-recovery of electricity charges was due to weak administration and resulted in loss to the Authority.

The matter was reported to LIEDA authorities during November 2022 to which it was replied that the authority had recovered an amount of Rs. 6.877 million from various units. However, the authority was trying its best to recover the remaining balance of Rs. 44.533 million from the concerned units.

In the DAC meeting held on December 28, 2022, the DAC directed that electricity be disconnected till recovery of full amount and matter be taken up with the concerned DC by providing list of defaulted units to him. Furthermore, the forum directed the authority to accelerate the recovery from the defaulters.

No further progress was intimated till the finalization of this report.

Audit recommends that outstanding electricity charges be recovered from the concerned consumers without further delay under intimation to Audit.

#### **PAC DIRECTIVES DATED 20<sup>th</sup> MAY, 2025**

On the basis of discussion held Committee directed as under: -

1. The department shall provide the original recovery record of Rs.11.125 million to Audit for verification purpose.
2. The department shall exhaust all avenues to recover the remaining outstanding electricity charges, including serving notices to the concerned units/factories through the respective Deputy Commissioners, under intimation to the PAC.
3. Outstanding electricity dues against the closed units shall be recovered through auction of their assets.
4. The department shall provide the details/record of all aforementioned proceedings to Audit and PAC for verification purpose.

***Hence, Para deferred.***

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#### **Para # 4.12.2 Non-realization of premium on plots - Rs. 17.142 million**

As per minutes of the 6<sup>th</sup> meeting of allotment committee held on 29.03.2021 and 25.06.2021 respectively and Clause 1 (ii) of allotment order, "The payment period for remaining premium against plot was fixed 3 months @ Rs. 2,500 Per Sqm (Rate if Lump sum payment was made) and in case of failure the rate of Rs. 2,800 Per Sqm (Rate if payment was made in installments) was to applied."

MD, LIEDA made allotments to various industrialists at the rate of Rs. 2,500 Per Sq meter on lump sum rate. It was revealed that the management did not apply the rate of Rs. 2,800 Per Sq meter for delayed payments. This resulted in a revenue loss of Rs. 17.142 million to LIEDA, as detailed in Annexure 4.12.1 of the Audit Report.

Non-recovery was due to weak financial management which resulted in financial loss to LIEDA.

The matter was reported to LIEDA authorities during November, 2022 to which it was replied that most of the units had paid their final payments amounting to Rs. 23.274 million on time, while recovery of Rs. 17.142 million from the rest of the units would be made.

In the DAC meeting held on December 28, 2022, DAC directed the management to recover the remaining balance of Rs. 17.142 million from the concerned industrialists till March 30, 2023.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery of premium of plots from concerned allottees be made.

**PAC DIRECTIVES DATED 20<sup>th</sup> MAY, 2025**

On the basis of discussion held Committee directed the department to implement the DAC decision dated December 28, 2022, reproduced as under, within one month under intimation to PAC and Audit:

*“In the DAC meeting held on December 28, 2022, DAC directed the management to recover the remaining balance of Rs. 17.142 million from the concerned industrialists till March 30, 2023.”*

***Hence, Para deferred.***

\*\*\*\*\*

**Para # 4.12.3 Non-recovery of outstanding dues on allotments - Rs. 69.732 million**

According to the Circulars issued by the LIEDA from time to time duly approved by BOD in their meetings, “The Authority has to charge the fee structure on allotment of industrial/commercial and residential plots, ground rent and conservancy charges as per following fee structure:”

#	Nature of fee	Premium	Ground rent	Conservancy charges
1.	Industrial Plot	Rs. 3,100 Per Sqm i) 25 % payment along with application ii) Balance on quarterly installments within 2 years	Rs. 10 Per Sqm (Per annum)	Rs. 2,000 Per Industry Per month

#	Nature of fee	Premium	Ground rent	Conservancy charges
2.	Commercial Plot	Rs. 3,000 Per Sqm	Rs. 15 Per Sqm (Per annum)	Rs. 1,000 Per month
3.	Residential Plot	Rs. 2,000 Per Sqm	Rs. 10 Per Sqm (Per annum)	-

Managing Director, LIEDA did not realize government dues of Rs. 69.732 million from various allottees and government entities established in Industrial Estates up to June, 2022 on account of premium (cost of land), ground rent and conservancy charges along with penalties, as detailed below:

<b>Rs. in million</b>				
#	Type of charges	Total Amount	Recovered	Outstanding
1.	Private allottees	40.408	7.550	32.858
2.	Government entities	36.874	-	36.874
<b>Total</b>		<b>77.282</b>	<b>7.550</b>	<b>69.732</b>

Non-recovery of dues from private allottees and government entities was due to weak financial management which resulted in financial loss to the Authority.

The matter was reported to LIEDA authorities during November 2022, to which it was replied that the authority had recovered an amount of Rs. 7.550 million from various units.

In the DAC meeting held on December 28, 2022, the authority replied that efforts were being made to recover the remaining balance of Rs. 32.858 million from the private units. The DAC directed LIEDA to take up the matter with concerned DC and provide in the list of defaulters. Moreover, the authority had already approached the Government of Balochistan through Chief Secretary with the request to take up the case of outstanding dues against the Government departments. The forum emphasized to accelerate the recovery of all dues from all units without further delay.

No further progress was intimated till the finalization of this report.

Audit recommends that outstanding dues be recovered from the defaulters under intimation to audit.

#### **PAC DIRECTIVES DATED 20<sup>th</sup> MAY, 2025**

In respect of Private Allottees, the Committee directed the department to provide the original record of the recovered amount of Rs. 11.212 million to Audit for verification purposes and to effect recovery of the outstanding amount of Rs.21.645 million under intimation to the PAC and Audit.

In respect of Government Entities, the Committee directed the department to take up the matter of outstanding dues of Rs.36.874 million against the Government departments with Chief Secretary, Balochistan under intimation to PAC and Audit.

***Hence, Para deferred.***

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**Para # 4.12.4 Outstanding dues on account of water charges - Rs. 3.156 million**

According to the revised tariff of water charges issued by LIEDA; “The water charges will be recovered from consumers @ Rs. 200 Per thousand gallons.”

Managing Director, LIEDA did not recover an amount of Rs. 3.156 million on account of water charges against various factories, as detailed in Annexure 4.12.2 of the Audit Report.

Non-realization of water charges from consumers occurred due to poor financial management and resulted in loss to the Authority.

The matter was reported to LIEDA authorities during November 2022, to which it was replied that the water connections of defaulting units were disconnected and recovery would be effected once they approach for reconnection of utility or transfer of premises. In the DAC meeting held on December 28, 2022, audit was of the view that the authority needed to take effective measures to recover the government revenue. DAC directed that matter be taken up with the concerned DC and list of defaulted units be provided to him to accelerate the recovery from the defaulters.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be made from concerned consumers without further delay.

**PAC DIRECTIVES DATED 20<sup>th</sup> MAY, 2025**

The Committee directed the department to provide the original record of the recovered amount of Rs.1.1449 million to Audit for verification purposes and to effect recovery of the outstanding amount of Rs.1.707 million within one month, under intimation to the PAC and Audit. ***Hence, Para deferred.***

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**Sardar Bahadur Khan Women's University, Quetta***(Meeting held on 21<sup>st</sup> May and 10<sup>th</sup> October, 2025)***INTRODUCTION**

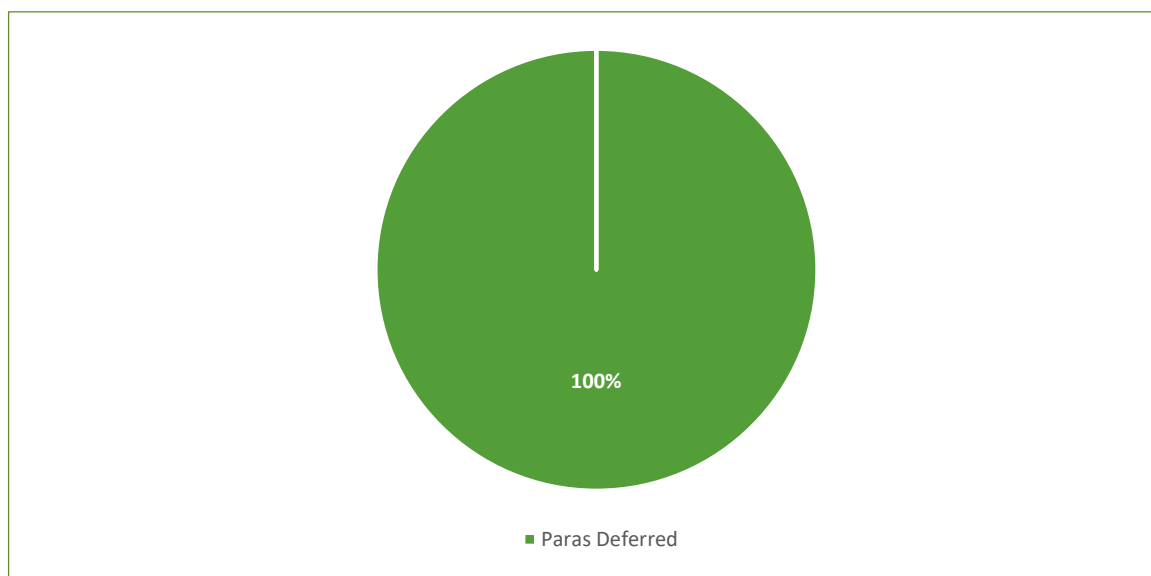
Sardar Bahadur Khan Women's University, Quetta was established in 2002. Aim of the university is promotion and dissemination of knowledge in areas of emerging science and technology besides providing instructions, training, research, demonstration and service in such branches of learning as the University may determine.

**CLASSIFICATION OF AUDIT OBSERVATIONS**

#	Particulars	No. of Paras
1.	Irregular Expenditure	01
2.	Recoverable	01
3.	Instances of Losses Sustained by the Govt.	01
<b>Total Paras</b>		<b>04</b>

**BREAKUP OF PAC DIRECTIVES**

#	Particulars	No. of Paras
1.	Paras Deferred	04
<b>Total Paras</b>		<b>04</b>

**BREAKUP OF PAC DIRECTIVES AT A GLANCE**

**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Additional Accountant General, Balochistan summarized the subject Appropriation Accounts before the Committee as under: -

**Printed in Audit Report 2022-2:**

Rs. in million

Particulars	Final Grant	Actual Expenditure	Excess / (Saving)	%
Grant No. BC21016 Non-development	743.986	408.443	(335.543)	45
<b>Total</b>	<b>743.986</b>	<b>408.443</b>	<b>(335.543)</b>	<b>45</b>

**Reported by office of the Accountant General, Balochistan:**

Rs. in million

General Ledger Description	Cheque	Date	DDO	G/L	Amount
To Others	1989709	17.03.2022	QA7674	A05270	330.427
<b>Total</b>					<b>330.427</b>

**PAC DIRECTIVES DATED 21<sup>st</sup> MAY, 2025**

Based on the briefing provided by the Additional Accountant General, the Public Accounts Committee directed the Vice Chancellor of Sardar Bahadur Khan Women University to prepare the financial statements/Appropriation Accounts of the university for the financial year 2021-22, have them certified by a Chartered Accountant firm, and submit a copy to the Public Accounts Committee and the office of the Accountant General, Balochistan within 15 days.

Moreover, the Committee expressed grave concerns over the Additional Treasurer, to whom the duty of Treasurer has been assigned, failing to prepare Financial Statements and maintain Appropriation Accounts as per prescribed rules, thereby exhibiting incompetence in managing the university's financial affairs based on tradition rather than adhering to established financial rules. Consequently, the Committee decided to escalate the matter to the Governor of Balochistan, recommending the removal of the Additional Treasurer from their position. Furthermore, the Committee directed that the post of Treasurer be filled by appointing a suitable incumbent of BPS-20 in compliance with applicable rules, regulations, and procedures.

Consequently, the final decision on the **Appropriation Accounts was deferred pending compliance with this directive.**

**PAC DIRECTIVES DATED 8<sup>th</sup> OCTOBER, 2025**

The Committee examined and reiterated that the appropriation accounts are prepared internally, specifically for the self-accounting entities, which is also mentioned in the Public Financial Management Act. The department's reply as per PACIS, reproduced herein for reference: -

*“As per the directions of PAC, SBKWU has already initiated the tender process for Commercial Audit of Accounts for the FY 2021-22, 2022-223 & 2023-24. Commercial Audit tender has been awarded to M/S Reanda Haroon Zakaria Aamir Salaman Rizwan & Company Chartered Accountants, who is performing the Commercial Audit of Accounts of SBKWU, the final report of which will be submitted to PAC as received”.*

The committee clarified the distinction between appropriation accounts and financial statements, emphasizing the following points:

1. SBKWU is required to maintain appropriation accounts, from which financial statements are derived.
2. Appropriation accounts detail how departmental funds are allocated and budgeted based on estimated revenues.
3. The primary purpose of appropriation accounts is to demonstrate how public funds are allocated for specific departmental needs.
4. Appropriation accounts must be prepared in compliance with the BPFM Act 2024.

The committee expressed serious concerns regarding the department's failure to meet the **15-day** deadline set by the previous PAC decision. The committee was particularly dissatisfied with the Additional Treasurer, who was assigned the duties of Treasurer, and failed to prepare the financial statements and manage the university's financial affairs in accordance with established financial rules rather than tradition. Furthermore, The Committee concluded that the charge of Treasurer should be entrusted to a competent BPS-20 officer in accordance with all relevant rules, regulations and procedures. The committee noted that, due to departmental stubbornness and incompetence, a satisfactory response was not provided even after five months.

The committee also directed that, if the university faces difficulties in preparing appropriation accounts, it should seek guidance from the Accountant General of

Balochistan to ensure proper management of appropriation accounts. Consequently, the Appropriation Accounts was deferred.

### **EXAMINATION OF AUDIT REPORT 2022-23**

#### **Para # 4.14.1 Loss on CMS and ERP - Rs. 61.819 million**

According to Contract Agreement between SBKWU and M/S i3 Pathfinder Solutions (PVT.) Ltd., “the ERP will be made functional w.e.f. November 11, 2017 and CMS will be made functional w.e.f. August 01, 2018.”

The VC, SBKWU, Quetta incurred an expenditure of Rs. 61.819 million during the financial years 2017-19 for the purchases of ERP, CMS, Oracle License renewal etc., Those systems were meant to be made functional by November 11, 2017 and August 01, 2018 respectively but it was observed that those remained non-functional after a lapse of considerable time, as detailed below:

<b>Rs. in million</b>			
#	Description	Amount	Remarks
1.	Campus Management System Oracle (CMS)	22.743	
2.	Establishment of Lab	3	
3.	Data control center and networking	6.458	
4.	Financial Enterprise Resource Planning Solution Oracle (ERP)	15.818	
5.	License renewal Oracle CMS to be paid for two years 2020 and 2021 @ 1.100 million per year	2.200	Last renewal of license was up to 2019
6.	License renewal Oracle ERP to be paid for two years 2020 and 2021 @ 5.800 million per year	11.600	Last renewal of license was up to 2019
<b>Total</b>		<b>61.819</b>	

Improper planning occurred due to weak management and resulted in loss to the university.

The matter was reported to the department in September 2022. The same issue was also reported in the Audit Reports for the years 2020-21 and 2021-22 but the University management did not take any action to make CMS and ERP functional.

In the DAC held on January 12, 2023, the DAC was informed that inquiry committee had been constituted in light of Senate decision to probe the matter with a view to fix responsibility against the officials at fault. The DAC decided that being technical in nature the committee should have an IT expert as its member. It was further decided that the inquiry be completed in one month and steps should be taken to make the software functional without further delay.

No further progress was intimated till the finalization of this report.

Audit recommends for fixing responsibility against the person(s) at fault under intimation to Audit.

**PAC DIRECTIVES DATED 21<sup>st</sup> MAY, 2025**

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The Committee expressed strong displeasure over the discontinuation of the Computer Management System (CMS) and Financial Enterprise Resource Planning (ERP) Solution by the university. It was suspected by the Committee that the discontinuation was intentional, aimed at compromising transparency and accountability. These systems were implemented by the Higher Education Commission (HEC) to ensure robust financial and administrative controls, underscoring their critical importance to the university's operations.

In view of the above, the Committee directed the University management to secure funds from any available source, if necessary, by meeting with the Chief Minister Balochistan, to restore the CMS and ERP systems within 45 days. The University management is required to inform the PAC and Audit once the systems are operational.

Furthermore, the Committee announced a follow-up visit to the university to verify the functionality of the systems.

Beside the subject matter, Committee also directed the Vice Chancellor to ensure the functionality of Khuzdar, Nushki and Pishin Campuses within a month under intimation to PAC.

***Hence, Para deferred.***

**PAC DIRECTIVES DATED 8<sup>th</sup> OCTOBER, 2025**

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The Committee acknowledged the technical assistance provided to **SBKWU** by **BUIITEMS** and **LUMS**, commending their support in reactivating the CMS free of cost for one year, with temporary cloud hosting until necessary infrastructure funding is secured.

The Additional Secretary and Finance specialist from Finance Department Mr. Bashir Ahmed apprised the Committee that Government of Balochistan will provide the university with the SAP ERP system, while cost of customization will also be borne by the Finance Department. The new SAP ERP will cover the entire student lifecycle, academic administration, student services, faculty coordination, facility management, and student portals etc., while avoiding any financial implications for the students. Moreover, SBKWU may update the PAC regarding CMS/software, digital applications developed by the University that are currently being utilized for university's academic, administrative, and financial business operations.

Additionally, the committee directed the Vice Chancellor to ensure the functionality of the *Khuzdar, Nushki, and Pishin campuses* within one month, submit a report under intimation to the PAC.

The Committee deferred the para pending an update from the Finance Department, Government of Balochistan.

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**Para # 4.14.2      Loss on scholarships due to breach of agreement - Rs. 59.090 million**

According to HEC's Standard Operating Procedures for Defaulters, "after scholar is in breach of agreement category, the following steps will be taken by HEC: Scholarship shall be cancelled by Executive Director, HEC and expense incurred on the scholar plus a penalty up to 25% may be recovered from the scholar."

The Assistant Professors/Lecturers of SBKWU, Quetta were awarded scholarships for Ph.D./M.Phil at different universities abroad with leave on half pay, but they neither completed their study, nor returned to the University within the stipulated time. However, the management of the university failed to pursue the cases in line with guidelines / SoPs issued by HEC, thus causing a loss of Rs. 59.090 million, as detailed in Annexure 4.14.1 of the Audit Report.

Breach of agreement occurred due to weak administration and resulted in loss to the University.

The matter was reported to the department in September 2022, to which it was replied that issue will be pursued in the light of HEC guidelines.

In the DAC meeting held on January 12, 2023, the DAC decided that the matter may be finalized in line with HEC guidelines and recovery may be made from the concerned without further delay under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that matter be finalized in line with HEC guidelines and recovery be made from the concerned under intimation to Audit.

**PAC DIRECTIVES DATED 21<sup>st</sup> MAY, 2025**

The Committee directed the University Management to exhaust all avenues to recover the scholarship amount from absconders. To facilitate recovery, the University shall refer the matter to the Chief Secretary, Balochistan, to engage the concerned Commissioners/Deputy Commissioners in initiating proceedings for the forfeiture of properties pledged by guarantors.

The recovery process should be completed within 3 months, with regular progress updates submitted to the PAC and Audit. Additionally, if the guarantee documents are found to be forged or invalid, the University shall initiate legal proceedings under Section 420 of the Pakistan Penal Code (PPC) against the guarantors.

***Hence, Para deferred.***

### **PAC DIRECTIVES DATED 8<sup>th</sup> OCTOBER, 2025**

The Committee instructed the Director General of the Audit Department, Balochistan, to conduct a special audit focusing on absconders and the guarantees provided for them. The committee reiterated that the audit department should pay particular attention to the relevant selection committee, including the Vice Chancellors, as well as project personnel who introduced the initiative to the university and played a role in endorsing and awarding state funded scholarships to students.

Additionally, the committee decided that if involvement in any aspect is substantiated and the responsible individuals are identified, they will be held liable for any resulting damages. The committee further directed that the Terms of Reference (TORs) for additional audit points will be provided by the Public Accounts Committee (PAC) to the audit department for inclusion in the special audit report. The committee also expressed serious concern regarding three individuals who, despite not being university employees, were awarded scholarships. However, the committee directed that final report must be submitted to the Public Accounts Committee within one month. Consequently, the para was deferred.

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#### **Para # 4.14.3      Less realization of rent - Rs. 11.571 million**

According to Rule 26 of GFR, Vol.-I, "It is the duty of Department Controlling Officers to see that all sums due to the Government are regularly and promptly assessed, realized and duly credited in the Public Account."

The VC, SBKWU, Quetta allotted property of university to different vendors on rent but an amount of Rs. 11.571 million was less realized. Further, those properties were rented out without lease agreement, tenders, qualification and police verification reports, as detailed in Annexure 4.14.2 of the Audit Report.

Less realization occurred due to weak internal controls and resulted into a loss to the University.

The matter was reported to the department in September 2022, but no reply was received.

In the DAC held on January 12, 2023, the DAC decided that the recovery be made within a month from all the vendors and other related documents be provided to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends that the matter be justified and recovery be effected at the earliest under intimation to Audit.

#### **PAC DIRECTIVES DATED 21<sup>st</sup> MAY, 2025**

After thorough deliberation, the Committee resolved as follows:

1. If all codal formalities and due procedures were followed before allotting university properties to vendors, the required documents shall be provided to Audit for verification.
2. If formalities were not followed, notices shall be issued to vendors for vacation of properties, and recovery proceedings shall be initiated. Meanwhile, a fresh tender/auction process shall be conducted as per applicable rules, and properties shall be allotted at prevailing market rates.
3. The ex-Vice Chancellor shall be approached to provide records to Audit. Failure to provide records may result in referral to NAB/Anti-Corruption Establishment and potential FIR registration.
4. Existing officials involved in illegal allotments shall be transferred as OSD, and disciplinary proceedings shall be initiated.

The University shall submit progress reports on all decisions to PAC and Audit. ***Hence, Para deferred.***

#### **PAC DIRECTIVES DATED 8<sup>th</sup> OCTOBER, 2025**

The Committee instructed the Director General of the Audit Department, Balochistan, to conduct a special audit of all properties of Sardar Bahadur Khan Women's University, including the number and size of shops, rent agreements, and all matters relevant to the contents of the para.

Furthermore, the committee reiterated that the audit report is to be submitted to the Public Accounts Committee within one month. Additionally, the committee directed the department to relieve the Deputy Purchase Officer of duties for concealing facts about university properties. ***As a result, the para was deferred.***

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**Para # 4.14.4 Irregular expenditure on advances - Rs. 9.359 million**

As per para 13 of financial statues 2013 of SBKWU “When requisition for general Advance is made for certain specific expenses, the Treasurer with the approval of the Vice- Chancellor may allow the advance to the requisitioned. It is important that the advance holder should render the statement of expenses within 30 days of incurring the expenditure duly supported by cash memos and evidence that all Coal formalities wherever applicable, have duly been observed, Advance should not be drawn unless it is immediately required. No other advance is released unless advance already drawn is adjusted”.

The VC, SBKWU paid advances of various nature amounting to Rs. 9.359 million to the departmental officers/officials during the financial years 2019-21, on account of purchases, repair of vehicle, repair of furniture, entertainment etc., as detailed in Annexure 4.14.3 of the Audit Report.

Non-recovery of advances in time occurred due to weak financial management and resulted in loss to the university.

The matter was reported to the department in September 2022, but no reply was received.

In the DAC meeting held on January 12, 2023, the management informed that an amount of Rs. 4.355 million had been adjusted and notices to the remaining officers/officials had been issued for adjustment of remaining advances. DAC conveyed displeasure over non-recovery of due amounts for such a long period of time and directed that the remaining amount be recovered from the concerned employees within a month and all evidences of recovery be shared with Audit. However, no record regarding the claimed recovery was produced to Audit during verification.

**PAC DIRECTIVES DATED 21<sup>st</sup> MAY, 2025**

On the basis of discussion held Committee directed the university’s management to recover/adjust the remaining advance within one month under intimation to PAC and Audit. **Hence, Para deferred.**

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## Quetta Water Supply and Sanitation Authority (QWASA)

(Meeting held on 27<sup>th</sup> December, 2024)

### INTRODUCTION

Quetta Water and Sanitation Authority was established in 1989 under an Act to perform, (a) initiate and maintain a continuous process of comprehensive water supply, sewerage and sanitation in the area; (b) to operate and maintain water supply, sewerage and sanitation system within the service area (c) to establish, maintain and periodically revise as necessary, planning controls, design and construction criteria, and regulations for water supply, sewerage and sanitation services for Quetta District.

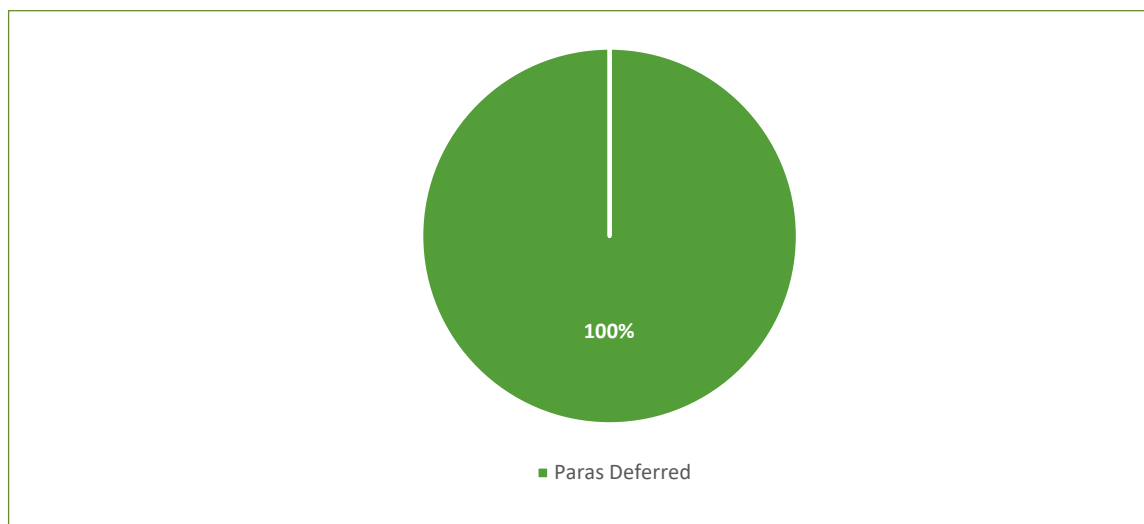
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	03
2.	Overpayments	01
3.	Evasion of Taxes & Duties	01
<b>Total Paras</b>		<b>05</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Deferred	05
<b>Total Paras</b>		<b>05</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General, Balochistan summarized the subject Appropriation Accounts before the Committee as under: -

<b>Rs. in million</b>				
<b>Particulars</b>	<b>Final Grant</b>	<b>Actual expenditure</b>	<b>Excess/ (Saving)</b>	<b>%</b>
Non-Development Grant	1,609.734	1,609.734	-	-
Development Grant	118.184	112.18	(6.004)	5.08%
<b>Total</b>	<b>1,727.918</b>	<b>1,721.914</b>	<b>(6.004)</b>	<b>5.08%</b>

**PAC DIRECTIVES DATED 27<sup>th</sup> DECEMBER, 2024**

Accountant General, Balochistan apprised the Committee that Quetta Water Supply & Sanitation Authority (QWASA) is an autonomous body and has to prepare its own Appropriation Accounts. Accountant General pointed out that, the reply of the department through PACIS revealed a lack of understanding in preparing proper accounts and justifying excess expenditures and savings. To address this, the Accountant General emphasized the need for QWASA to prepare detailed, object-wise Appropriation Accounts. These accounts should include funds received from various sources, expenditure under development and non-development head of accounts, and details of excess expenditures and savings under different heads of accounts. The department acknowledged the Accountant General's comments and requested a one-week extension to prepare accurate accounts and reconcile development grant figures with the Accountant General's Office. In response, the Committee directed QWASA to submit proper Appropriation Accounts, including details of funds received from different sources, object-wise expenditures incurred and resulted variances to both the PAC and the Accountant General's Office. **Hence, decision deferred.**

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 4.16.1 Non-recovery of government revenues - Rs.1,952.753 million**

According to QWASA's Notification dated March 22, 2019, "As per decision of Board of Directors in its meeting held on January 04, 2019 and with the prior approval of Provincial Government, the Managing Director, Water and Sanitation Authority is pleased to fix the following monthly fees/rates on supply of water through tube wells in Quetta District with the increase of 10% per annum with effect from March 01, 2019." Further, the management of QWASA had set the under mentioned monthly rates for water consumers:

Rs. in million

#	Description	Category	Rate
1.	Government installed	Govt.	5,000
2.	Private/ Domestic bore 1'	Private	1,000
3.	Scheme/ Community	Private	2,000
4.	Private/Domestic bore 4'	Private	5,000
5.	Water Supply	Tanker	15,000
6.	Plaza/Hotel/Hospital	Private	30,000
7.	Service Station/Dairy/Marriage Hall/ Ice Factory	Commercial	15,000
8.	Agriculture	Agriculture	2,000

MD, QWASA, Quetta failed to recover an amount of Rs. 1,952.753 million till the financial year 2020-21 on account of water consumer fees from the domestic/commercial consumers, government departments and private tube well owners/operators, as detailed in Annexure 4.16.1.

Non-realization of outstanding dues was due to weak internal controls and resulted in loss to authority.

The matter was reported to the authority on May 19, 2022 but no reply was received. In the DAC meeting held on July 28, 2022, the department accepted the recovery and replied that it had started a campaign to speed up recoveries, but the prevalent drought conditions and political interferences were hampering the progress of recovery. DAC directed that the amount be recovered at the earliest. Further, the management should take effective measures to improve the revenue collection system.

No further progress was intimated till the finalization of this report.

Audit recommends for making recovery of outstanding dues besides devising effective mechanism for watching the recovery process.

#### **PAC DIRECTIVES DATED 27<sup>th</sup> DECEMBER, 2024**

Management of the QWASA apprised the Committee that efforts including newspaper advertisement, serving notices to defaulters, easy installments scheme, disconnections, waiver off surcharge, facility of e-payments through easypaisa have been taken and from 2022 to 2024 Rs.14.230 million has been recovered. However, non-provision of Magistrate since 2022, unscheduled loadshedding, reluctance of the government departments to pay water tariff are major hurdles in slow and delayed recovery of water consumption fee from the consumers.

Keeping the departmental stance in view, Committee decided as under:

1. The Finance Department is directed to work in collaboration with QWASA to facilitate the deduction of outstanding water consumption fees from the salaries of government employees residing in government colonies.

2. The PAC Branch shall, on behalf of the Committee, formally request the Services & General Administration Department, Deputy Commissioners, and Assistant Commissioners to designate Magistrates to assist QWASA in recovering outstanding water bills from habitual defaulters.
3. The Committee directs all government departments availing QWASA's water supply services to clear their outstanding water bills forthwith. The Secretary, Public Health Engineering (PHE), is tasked with notifying this decision to all concerned government departments.

**Hence, Para deferred.**

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**Para # 4.16.2 Excess payment of medical allowance - Rs. 28.048 million**

As per Finance Department's Notification dated July 13, 2015, "Medical Allowance was revised from Rs.1200 to Rs.1500 for the employees in BPS.1 to 15."

MD, QWASA, Quetta paid medical allowance @ Rs. 2,800 instead of Rs. 1,500 during the financial year 2020-21 to its 1,798 employees without any approval. Payment of medical allowance at higher rate resulted into an excess payment of Rs. 28.048 million, as detailed below:

<b>Rs. in million</b>					
<b>#</b>	<b>Number of employees</b>	<b>Medical allowance paid Per month</b>	<b>Medical allowance to be paid Per month</b>	<b>Excess rate Per month</b>	<b>Total excess payment</b>
1.	1,798	2,800	1,500	1,300	28.048

Excess payment on account of medical allowance was made due to weak internal controls and resulted in loss to the authority.

The matter was reported to the authority on May 19, 2022 but no reply was received. In the DAC meeting held on July 28, 2022, the department replied that an agreement was signed with the employee's union after their protest to increase the medical allowance. Audit, however, reaffirmed that public exchequer could not be put to loss against rules at anyone's behest; the management must always abide by financial propriety rules when making expenditure. DAC directed that the excess payment of medical allowance may be stopped and the recovery of already paid allowance may be made at the earliest.

No further progress was intimated till the finalization of this report.

Audit recommends for recovery of overpaid allowance.

**PAC DIRECTIVES DATED 27<sup>th</sup> DECEMBER, 2024**

The Committee criticized the department for its negligence in payment of excess Medical Allowances to its employees and explicitly directed that the department adhere

strictly to the finance rules. The Committee reiterated to the department to take immediate action to ensure stoppage of excess payment of Medical Allowance and recoveries of Rs.28.048 million submitted back into the government treasury without delay under intimation to the PAC. **Hence, Para deferred.**

\*\*\*\*\*

**Para # 4.16.3 Revenue loss due to less deduction of BSTS - Rs. 8.593 million**

According to BSTS Act, 2015, sales tax on services are @ 6% and 15% on contract and other services respectively.

MD, QWASA, Quetta paid Rs. 213.133 million to different contractors for execution of civil works and repair & maintenance, during the financial year 2020-21. The management was required to deduct BSTS @ 6% from the contractors' bills, whereas, BSTS was deducted @ 3%. Less deduction of BSTS put the government into revenue loss of Rs. 8.593 million, as summarized below and detailed in Annexure 4.16.2 of the Audit Report.

Rs. in million

#	Development/ Non-Development	Amount	BSTS due	BSTS deducted	Less BSTS
1.	Non-Development	162.513	9.750	2.564	7.186
2.	Development Works	50.620	3.037	1.630	1.407
<b>Total</b>		<b>213.133</b>	<b>12.787</b>	<b>4.194</b>	<b>8.593</b>

Weak internal controls caused less realization of government tax which resulted in revenue loss to the government.

The matter was reported to the authority on May 19, 2022, but no reply was received. In the DAC meeting held on July 28, 2022, the department accepted the recovery and replied that notices had been issued to the contractors for recovery of the BSTS. DAC directed to recover the amount at the earliest.

No further progress was intimated till the finalization of this report.

Audit recommends for effecting recovery under intimation to Audit.

**PAC DIRECTIVES DATED 27<sup>th</sup> DECEMBER, 2024**

The Committee was assured by the department that final notices have been issued to the contractors to deposit the amount of Rs.8.593 million to the extent of Balochistan Sales Tax on Services by 31<sup>st</sup> December, 2024. The Committee has mandated a month's time frame for the department to execute the recovery under intimation to the PAC. **Hence, para deferred.**

\*\*\*\*\*

**Para # 4.16.4 Irregular investment of pension and GP funds - Rs. 264.559 million**

According to the Finance Department's Notification dated May 8, 2009, "(ii) in case the total working balances exceed rupees ten million, the selection of the Bank as well as the terms of deposits will be approved by the concerned board of directors on the basis of competitive bids from at least three independent banks, (iii) in cases where total working balance of an enterprise exceeds rupees ten million, not more than 50% of such balance shall be kept with one bank, (iv) the working balance limit of each organization should be determined with the approval of the Administrative Department in consultation with Finance Department GoB."

MD, QWASA, Balochistan invested an amount of Rs. 264.559 million of pension fund, during financial year 2020-21, in scheduled banks without obtaining offer rates from different banks. Audit further observed that:

1. A sum of Rs. 314.559 million was invested in Allied Bank Ltd, Quetta i.e., 100% of total available pension funds in violation of the FD, GoB instructions/directives.
2. Management invested Rs. 43 million of GPF in ABL, Shahara-E-Iqbal branch, Quetta at interest rate of 11.26% and 4.41% in August, September, 2020 and June 21, 2021 respectively, but after period of one month Rs. 221.559 million were invested in another branch of the said bank at an interest rate of 3.83% which was less than the previous rates.

Investments without obtaining competitive interest rates was caused due to weak financial management and resulted in loss to the authority.

The matter was reported to authority on May 19, 2022, but no reply was received.

In the DAC meeting held on July 28, 2022, the department replied that as per policy of the BoD, the management could invest in any bank that was providing highest rate on competitive basis. Audit however, reaffirmed that the notification of Finance Department (FD) could not be set aside by the BoD and only 50% of funds could be kept in one bank for investment. DAC directed the department to provide comparative statement of banks and that Secretaries of PHE and Finance departments may formulate a proper mechanism in this regard. DAC also directed the department to adhere to the policies of FD, GoB.

No further progress was intimated till the finalization of this report.

Audit recommends that responsibility be fixed on the person(s) at fault, besides corrective measures may be taken for investment of funds in line with the government policy.

**PAC DIRECTIVES DATED 27<sup>th</sup> DECEMBER, 2024**

The Committee has found that the department's improper investment in pension and GP Fund, lacking competitive interest rates and violating financial rules, led to a loss of Rs.264.559 million. The Committee instructed that this negligence of the department will not be tolerated. The Committee directed a departmental inquiry, led by the Secretary PHE Balochistan, requisitioned to hold those faulty responsible accountable, under intimation to the PAC. **Hence, para deferred.**

\*\*\*\*\*

**Para # 4.16.5 Non-execution of work despite advance payment to QESCO amounting - Rs. 4.537 million**

According to Rule 668 of Treasury Rules Vol.-I, "Advances granted under special orders of competent authority to government Officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned, subject to adjustment by submission of detailed accounts supported by vouchers or by refund, as may be necessary".

MD, QWASA Quetta made advance payment of Rs. 4.537 million to QESCO for installation of transformers for newly constructed water supplies in different areas of Quetta, during the financial year 2020-21. The examination of record revealed that the QESCO authorities failed to provide and install transformers at required sites despite lapse of almost one year from the date of advance payment.

Non-execution of work by QESCO was due to non-pursuance by the WASA authorities and resulted in non-initiation of water supply schemes.

The matter was reported to the authority on May 19, 2022, but no reply was received. In the DAC meeting held on July 28, 2022, the department replied that QESCO demanded advance payment for processing the case of installation of transformers and meters. DAC directed that the matter may be taken up with QESCO and the work may be expedited without further delay.

No further progress was intimated till the finalization of this report.

Audit recommends for provision of justification/clarification and adjustments of advance payments through installation of transformers under intimation to Audit.

**PAC DIRECTIVES DATED 27<sup>th</sup> DECEMBER, 2024**

Representative of the Quetta Electric Supply Company (QESCO) apprised the Committee that If Managing Director Quetta Water Supply & Sanitation Authority (QWASA) provides connection-wise details and locations of water supply schemes QESCO will proceed the work on installation of transformers and meters on priority basis.

Managing Director QWASA responded that there are 05 ongoing schemes out of 24 schemes and we will provide all details to the QESCO.

In the light of ongoing discussion Committee directed the representative of QESCO and Managing Director QWASA to sit together and resolve the issue on war footing basis. Committee further directed the QESCO that installation of transformers and meters for the year 2022 must be completed in two months and for the year 2024 in three months. **Hence, Para deferred.**

\*\*\*\*\*

## University of Balochistan (UoB)

(Meeting held on 18<sup>th</sup> December, 2024)

### INTRODUCTION

The UoB, Quetta is the oldest educational institution of higher learning in the province entrusted with the responsibilities to educate and train potentially talented human resource and manpower to meet the emerging needs of the industry and society. It plays a vital role in the development of Pakistan in general and Balochistan in particular.

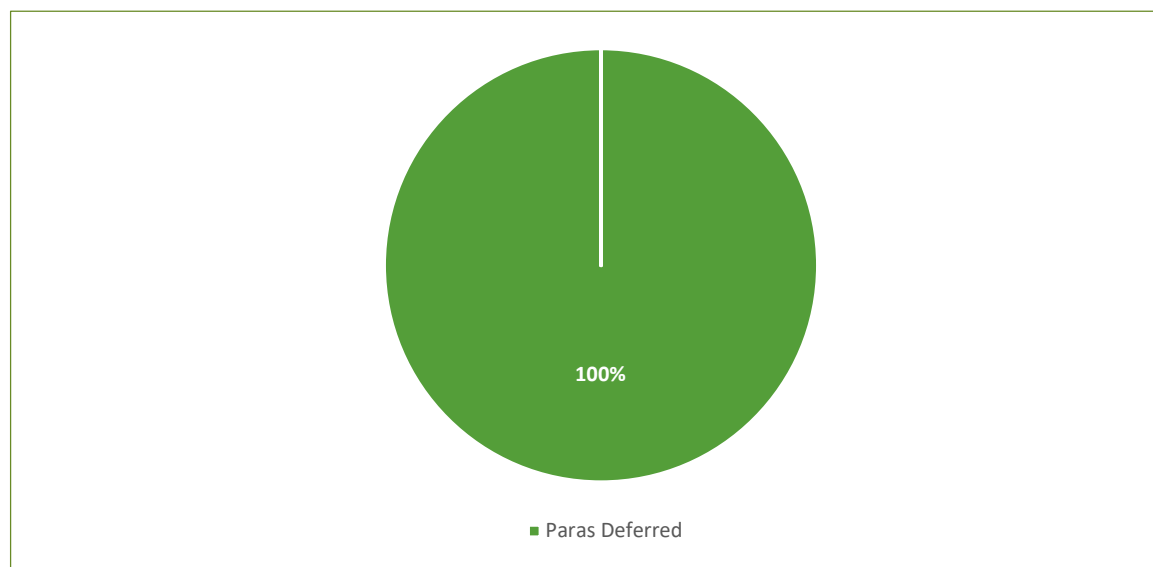
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
2.	Overpayments	01
3.	Evasion of Taxes & Duties	01
<b>Total Paras</b>		<b>02</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Deferred	02
<b>Total Paras</b>		<b>02</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRAITON ACCOUNTS FOR FINANCIAL YEAR 2019-21**

Additional Accountant General, Balochistan summarized the subject Appropriation Accounts before the Committee as under: -

Particulars	Final Grant	Actual Expenditure	Rs. in million	
			Excess/ (Saving)	%age
Non-Development	5,100.433	4,933.588	(156.845)	3.07%
<b>Total</b>	<b>5,100.433</b>	<b>4,933.588</b>	<b>(156.845)</b>	<b>3.07%</b>

**PAC DIRECTIVES DATED 18<sup>th</sup> DECEMBER, 2024**

Office of the Accountant General Balochistan, Finance Department and Director General Audit Balochistan apprised the Committee that the University of Balochistan is Self-Accounting Entity and has to prepare its own Accounts/Appropriation Accounts/Financial Statements as required under the University's Act, get the said Accounts/ Appropriation Accounts/Financial Statements Audited by the reputed Chartered Accountant firm and submit the Auditor's Report to their Senate for approval.

Keeping in view of the above, Committee directed the University to submit the audited Accounts/ Appropriation Accounts/Financial statements for the financial year 2014-15, 2015-16 and 2019-21 and report of the Chartered Accountant firm thereon to the Committee and office of the Accountant General, Balochistan for consideration and final decision. Besides the subject matter, Committee encouraged the University of Balochistan to leverage its financial strength, through its own resources, and reduce reliance on the Government of Balochistan. **Hence, final decision into subject Appropriation Accounts deferred.**

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 4.18.1 Excess payment of allowances - Rs. 47.601 million**

According to the Finance Department's Notification dated February 13, 2002, "Only those employees who draw their pay and allowances from the allocation specifically meant for Secretariat staff are entitled to Utility Allowance." Further, as per the Finance Division's Notification dated June 26, 1985, "computer allowance is required to be paid to those employees who possess degree in Computer Science, fulfill terms & conditions and also get appointed for particular post and as per Notification dated August 25, 1992 the computer allowance was allowed to computer personnel."

The Vice Chancellor, University of Balochistan, Quetta irregularly paid an amount of Rs. 47.601 million on account of different allowances to the officers/officials of the university, during the financial years 2019-21, as detailed below:

		<b>Rs. in million</b>
#	Details of the allowances	Amount
1.	Utility allowances	42.763
2.	Attendant allowance	2.678
3.	Computer allowance	2.160

Excess payment of allowances occurred due to weak financial and internal controls and resulted in loss to the University.

The matter was reported to the University management on September 27, 2022, but no reply was received.

In the DAC meeting held on January 3, 2023, it was informed that the university was paying the utility allowance after getting the approval of statutory bodies. The computer allowance was being paid to the eligible employees only and the stance of Audit was accepted in case of attendant allowance. DAC directed the management of university for getting approval of Senate and endorsement of HEC for the admissibility of utility allowance. Whereas, DAC instructed the management for provision of eligibility criteria for admissibility of computer allowance in line with FD (Regulation Wing) office memo No. F-3(b) R.1/35 dated 26<sup>th</sup> June, 1985 and Finance Division's O.M No. F. 20(4) R-5/90, dated 25.08.1992. Further, DAC instructed for stoppage of attendant allowance and recovery of overpaid amount from the concerned under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends for recovery of overpaid amount from the concerned officers/officials under intimation to Audit.

#### **PAC DIRECTIVES DATED 18<sup>th</sup> DECEMBER, 2024**

The Committee raised concerns about whether the University of Balochistan could justify paying such a significant amount in admissible allowances. The committee noted that the University adopts a specific attitude in the meeting of Public Accounts Committee which lacks clarity. The Committee emphasized the need for the University of Balochistan to align with the departmental standards and implement austerity measures. However, in the light of discussion held, Committee decided as under:

1. The inadmissible allowances (Utility Allowance, Attendance Allowance and Computer Allowance) shall be discontinued with immediate effect under intimation to PAC and Audit.
2. The inadmissible allowances, already withdrawn, shall be waived-off.
3. Henceforth, the University shall operate effectively and be exemplary in reducing expenditure and its competent forums, including the Finance & Planning Committee, Senate, Syndicate, and Higher Education Commission, shall

exercise prudent financial judgment in determining the admissibility of allowances to the employees of university.

**Hence, Para deferred.**

\*\*\*\*\*

**Para # 4.18.2 Non/less deduction of income tax - Rs. 5.843 million**

According to Section 155 of Income Tax Ordinance, 2001, “the rate of tax deduction on property income/rentals where the amount exceeds from Rs. 300,000 to Rs. 600,000, 5% of the amount exceeding Rs. 300,000 will be deducted as income tax from the recipients.”

The Vice Chancellor, University of Balochistan, Quetta paid an amount of Rs. 96.418 million on account of services provided and house requisitions without / less deduction of Income tax amounting to Rs. 5.843 million, during the financial years 2019-21, as detailed below:

#	Description	Rs. in million	
		Gross amount Paid	Recoverable income tax
1.	Service Providers	56.548	3.850
2.	House requisitions	39.870	1.993
<b>Total</b>			<b>5.843</b>

Non/less deduction of income tax occurred due to weak internal controls and resulted in revenue loss to the government.

The matter was reported to the University management on September 27, 2022, but no reply was received.

In the DAC meeting held on January 3, 2023, the university management contented that, as a withholding agent the management was deducting 1/5<sup>th</sup> of sales tax from the firms. Audit did not accept the reply because the rate of income tax on services rendered had been fixed @10% at source. DAC directed for the recovery of income tax in both cases.

No further progress was intimated till the finalization of this report.

Audit recommends for effecting recovery under intimation to audit.

**PAC DIRECTIVES DATED 18<sup>th</sup> DECEMBER, 2024**

The Committee thoroughly examined the non-deduction of income tax amounting to Rs. 5.843 million from the Service Providers and House Owners and emphasized that Government taxes cannot be overlooked and must be paid. Consequently, the Committee directed the University to take the following steps:

1. Recover the outstanding income tax from the concerned vendors.

2. Deposit the recovered amount into the Government Treasury.

Alternatively, obtain verified copies of the Income Tax Returns from the vendors (including service providers and house owners), demonstrating payment or adjustment of the income tax with the Federal Board of Revenue (FBR). The University shall submit the above documents to Audit for verification purposes and notify the PAC accordingly. ***Hence, Para deferred.***

\*\*\*\*\*

## University of Turbat (UoT)

(Meeting held on 21<sup>st</sup> May, 2025)

### INTRODUCTION

University of Turbat is the second General University in public sector, chartered by the Government of Balochistan vide Act 2012 passed by the Balochistan Provincial Assembly in May, 2012. The main objective of the establishment of the University of Turbat in the Mekran region in Balochistan is to provide better opportunities of higher education to the students of Turbat (Kech) and adjoining districts of Panjgur, Gwadar and Awaran.

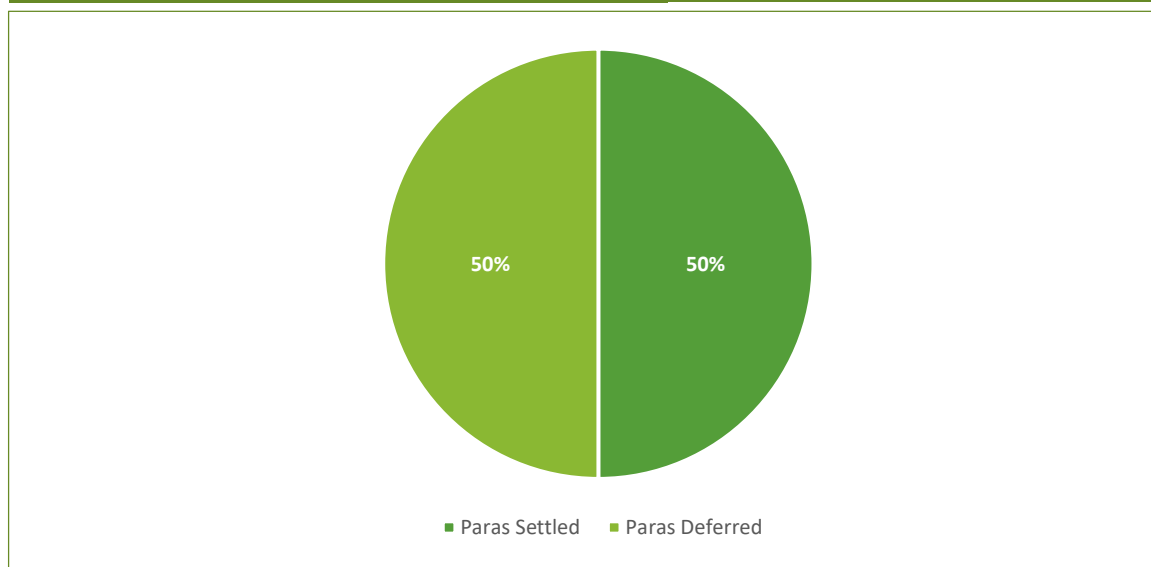
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	01
2.	Evasion of Taxes & Duties	01
<b>Total Paras</b>		<b>02</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	01
2.	Paras Deferred	01
<b>Total Paras</b>		<b>02</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Additional Accountant General, Balochistan summarized the subject Appropriation Accounts before the Committee as under: -

**Printed in Audit Report 2022-23:****Rs. in million**

Particulars	Final grant	Actual expenditure	Excess/ (Saving)	%age
Non-Development	254.557	254.557	0.000	0.00
<b>Total</b>	<b>254.557</b>	<b>254.557</b>	<b>0.000</b>	<b>0.00</b>

**Reported by office of the Accountant General, Balochistan:****Rs. in million**

General Ledger Description	Cheque	Date	DDO	G/L	Amount
To Others (Grant in Aid)	1745974	18.03.2022	TB7274	A05270	254.557
<b>Total</b>					<b>254.557</b>

**PAC DIRECTIVES DATED 21<sup>st</sup> MAY, 2025**

As the university has prepared its Financial Statements and got them certified from the Chartered Accountant firm, as required under the university act, therefore, Committee settled the Appropriation Accounts with direction to submit the audited copy of Financial Statements with PAC and office of the Accountant General, Balochistan.

Moreover, as per the direction of the Chartered Accountant firm the management of the university shall also sign the financial statements.

As the university has prepared its Financial Statements and got them certified from the Chartered Accountant firm, as required under the university act, therefore, Committee settled the Appropriation Accounts with direction to submit the audited copy of Financial Statements with PAC and office of the Accountant General, Balochistan.

Moreover, as per the direction of the Chartered Accountant firm the management of the university shall also sign the financial statements.

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 4.20.1 Irregular expenditure on construction of a multi-purpose hall - Rs. 40.420 million**

As per Rule 207(3) of GFR, Vol.-I, "Before a grant is paid to any public body or institution, the sanctioning authority should as far as possible insist on obtaining an audited statement of the account of the body or institution concerned to see that the

grant-in-aid is justified by the financial position of the grantee and to ensure that any previous grant was spent for the purpose for which it was intended.”

The Vice Chancellor, University of Turbat, incurred an expenditure amounting to Rs. 40.420 million on account of construction of a "multi-purpose hall" during the financial years 2019-20 and 2020-21, from the recurring expenditure (grant-in-aid) instead of the development work of the project, which was being carried out by the Project Director. Moreover, the said work was not included in the approved PC-I, of University of Turbat, as detailed below:

		<b>Rs. in million</b>
#	Name of scheme	Amount
1.	Construction of Multipurpose Hall University of Turbat	40.420

Expenditure from recurring grant occurred due to weak financial controls and resulted in irregular payment.

The matter was reported to the university in August 2022, but no reply was received. In the DAC meeting held on November 17, 2022, DAC directed the management to produce the relevant record (Work Order, Revised PC I). Moreover, the expenditure on the construction of the multi-purpose hall was met out of the budget of Grant in Aid. Therefore, the breakup of the expenditure / demand for Grant-in-Aid duly approved by the "Senate" may be shared with Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends for provision of justification besides regularizing the expenditures from the competent authority.

#### **PAC DIRECTIVES DATED 21<sup>st</sup> MAY, 2025**

Committee **settled the Para** with direction to avoid such practice in future.

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#### **Para # 4.20.2 Non/less deduction of government taxes - Rs. 10.644 million**

According to BSTS Act, 2015 and Income Tax Ordinance, 2001, sales tax on services are @ 6% and 15% on contract and other services respectively; and income tax rates are 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively.

The VC, University of Turbat made various payments to different contractors during the financial years 2019 - 20 and 2020 - 21, on account of various works executed with less or no deduction of BSTS and income tax at source. Due to the non-deduction of taxes, a revenue loss amounting to Rs. 10.644 million was sustained by the Government, as detailed below:

Rs. in million

#	Particulars	AIR Para No.	Amount	BSTS/IT
1.	Non-deduction of BSTS on repair of Building	5	4.162	0.261
2.	Non-deduction of BSTS on construction of multipurpose hall	9	40.420	6.063
3.	Less deduction of BSTS on obtaining security services from FIST Security Services Company, Karachi	12	14.698	1.690
4.	Non-deduction of income tax on obtaining security services from FIST Security Services Company, Karachi	12	14.698	1.470
5.	Non-deduction of BSTS from development schemes	13	19.336	1.160
<b>Total</b>				<b>10.644</b>

Non/less deduction of government taxes occurred due to weak internal controls and resulted in revenue loss to the government.

The matter was reported to the university in August 2022, but no reply was received. In the DAC meeting held on November 17, 2022, DAC directed the management to take up the issue with BRA on applicability of BSTS on the projects which had been launched before BRA Act, 2015 but their PC-Is were revised later on. Further, exemption certificates be provided in respect of cases pertaining to tax exemption or in the absence of the aforementioned documents, the amount of income tax and BSTS be recovered from the respective vendors at the earliest under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that the tax amount be recovered from the concerned under intimation to Audit.

#### **PAC DIRECTIVES DATED 21<sup>st</sup> MAY, 2025**

The Committee directed that the nominees of Balochistan Revenue Authority, Office of the Director General Audit Balochistan, and University of Turbat to convene a meeting to explore solution of the matter in accordance with the Balochistan Sales Tax on Services Act, 2015. The committee tasked them to submit final recommendations for consideration in the next meeting. ***The para is deferred pending further review.***

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## Balochistan Revenue Authority

(Meeting held on 19<sup>th</sup> May, 2025)

### INTRODUCTION

Balochistan Revenue Authority is an autonomous body responsible for collecting sales tax on services in Balochistan. The jurisdiction of the authority extends to the geographical limits of the province. Balochistan Sales Tax on Services is levied at the rate of 6% on works at source while 15 % on rest of the services rendered is levied as per Schedule II of the BSTS Act 2015.

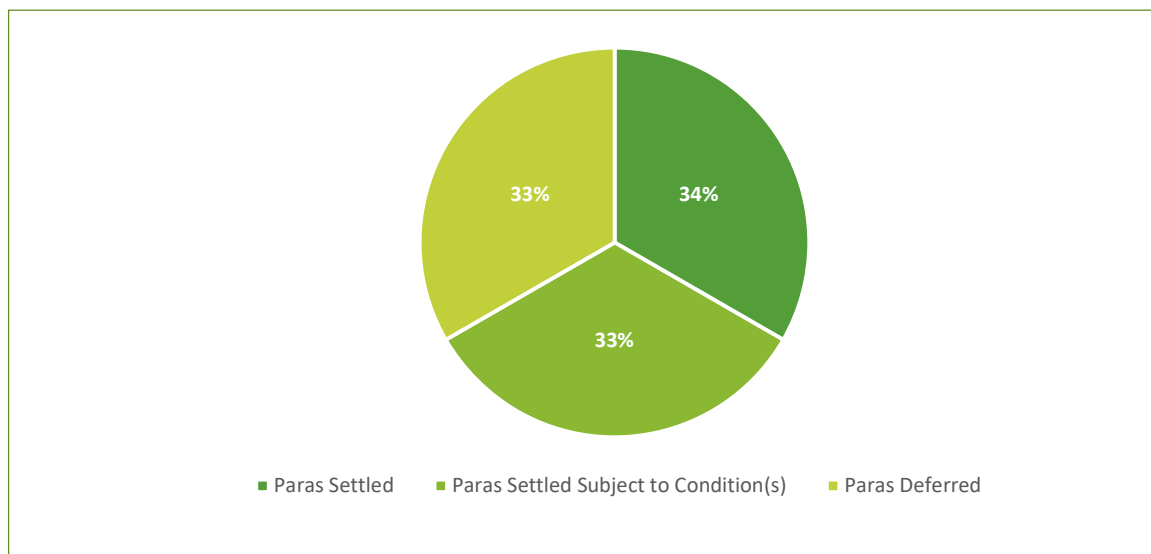
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	02
2.	Overpayments	01
<b>Total Paras</b>		<b>03</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	01
2.	Paras Settled Subject to Condition(s)	01
3.	Paras Deferred	01
<b>Total Paras</b>		<b>03</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2019-21**

Accountant General, Balochistan summarized the subject Appropriation Accounts before the Committee as under: -

**Printed in Audit Report 2022-23:**

Rs. in million

Type of grant	Final grant	Actual expenditure	Excess/ (Saving)	%age
Non-Development	265.232	277.522	12.29	4.63%
<b>Total</b>	<b>265.232</b>	<b>277.522</b>	<b>12.29</b>	<b>4.63%</b>

**Reported by office of the Accountant General, Balochistan:**

Rs. in million

General Ledger Description	Cheque	Date	DDO	G/L	Amount	Year
Special Grants from Provincial Retained Amounts T	1478541	04.10.2019	QA7614	A05213	80.00	2019-20
<b>Total</b>					<b>80.00</b>	
Special Grants from Provincial Retained Amounts T	1529092	16.09.2020	QA7614	A05213	75.00	2020-21
Special Grants from Provincial Retained Amounts T	1788378	15.06.2021	QA7614	A05213	75.00	2020-21
<b>Total</b>					<b>150.00</b>	

**PAC DIRECTIVES DATED 19<sup>th</sup> MAY, 2025**

Following the briefing by the Accountant General, Balochistan, the Committee directed the BRA management, representatives from the Finance Department, and the Accountant General's office to convene a joint meeting. The purpose of this meeting is to provide the BRA with necessary guidance on the preparation of Appropriation Accounts and the compilation of Financial Statements in line with the BRA Act.

The BRA is then required to have its Financial Statements audited/certified by a Chartered Accountant firm within one month and to report the progress to the PAC. Accordingly, the Committee has deferred its final decision on the Appropriation Accounts until compliance is ensured.

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 4.22.1 Overpayment of pay and allowances - Rs. 35.599 million**

As per the summary for the Chief Minister Balochistan dated May 20, 2016 and summary of even dated, "The Chief Minister approved the pay structure, allowances and fringe benefits for BRA till formulation of Advisory Council as per BRA Act, 2015. Conveyance Allowance shall be deducted in case vehicle is provided."

BRA, during the financial years 2019-21, paid pay and allowances / bonus to officers and officials in excess of the rates approved by the CM, resulting in an overpayment of Rs. 35.599 million, as detailed in Annexure 4.22.1 of the Audit Report.

Overpayment occurred due to weak financial management and resulted in loss to the government.

The matter was reported to the department in January 2022, to which it was replied that notices would be issued to the concerned officers for recovery.

In the DAC meeting held on August 30, 2022, the management agreed to issue notices to all the concerned officers for recovery. DAC directed the office for early recovery of the said amount.

No further progress was intimated till the finalization of this report.

Audit recommends immediate recovery of overpaid amount from the concerned officers.

#### **PAC DIRECTIVES DATED 19<sup>th</sup> MAY, 2025**

Following discussions, the Committee has deferred its decision on the overpayments of pay and allowances pending the outcome of the ongoing cases in the Balochistan High Court and/or Supreme Court of Pakistan. The Committee will revisit this matter once the courts have reached a final verdict.

For the remaining cases, the Committee has directed that recovery of the overpayment be made from the officers/officials who were not entitled for the allowances within one month under intimation to PAC and Audit. ***Hence, Para deferred.***

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#### **Para # 4.22.2      Non-imposition of penalties against non-filers - Rs. 95.965 million**

According to Section 35 of the BSTS Act, 2019, “Where any person fails to furnish a return within due date, such person shall be liable to pay a penalty of five thousand rupees provided if a return is not filed within fifteen days of the due date, a penalty of hundred rupees for each day of default shall be levied.”

Record of BRA revealed that there were several registered tax payers who had not furnished their tax returns during the financial years 2019-20 and 2020-21, but no penalties were imposed against the defaulters.

Non-imposition of penalties occurred due to weak internal controls and resulted in loss to the authority.

The matter was reported to the department in January 2022, to which the management replied that BRA was moving forward with a facilitating and encouraging approach to register more and more tax payers to enhance tax net gradually.

In the DAC meeting held on August 30, 2022, the management of BRA informed the forum that BRA was moving forward with a facilitating and encouraging approach to register more and more tax payers. DAC directed the Authority to effect recovery in lieu of penalties against non-filers.

No further progress was intimated till the finalization of this report.

Audit recommends that the rules and regulations should be implemented in letter and spirit so that the tax management and collection can be improved. Besides, the amount of penalty be recovered from the defaulters.

#### **PAC DIRECTIVES DATED 19<sup>th</sup> MAY, 2025**

The Chairperson BRA apprised the Committee that, pursuant to the DAC decision the Authority has taken stern action against defaulters, imposing periodic penalties on taxpayers to enforce regulatory compliance. He added that, since January 2021, the Authority has imposed penalties and successfully recovered an amount of Rs.50,090,996/- from various defaulters.

Audit office apprised the Committee that, no proof of imposition of penalties against the non-filers for the financial years 2019-21 was found attached. Department is requested to share proof of recoveries for the financial years 2019-21.

Keeping the above in view, the Committee **settled the para subject to** verification of penalty imposition and recovery records by the Audit team under intimation to PAC.

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#### **Para # 4.22.3 Irregular investment - Rs. 100 million**

As per Finance Department's Notification dated May 8, 2009, "The bank/financial institutions taking a deposit should have "AA" rating (ii) In case of total working balances exceed rupees ten million, the selection of the bank as well as terms of deposits will be approved by the concerned Board of Directors on the basis of competitive bidding from at least three independent banks."

The BRA invested Rs. 100 million in Allied Bank Limited, Assembly Branch, Quetta on May 13, 2020 @ 7.10% on half-yearly basis without obtaining comparative statements of return from other commercial banks.

Investment without obtaining comparative statements occurred due to weak financial management and resulted in loss to the authority.

The matter was reported to the department in January 2022, to which the management replied that the issue pointed out by the audit was noted for future compliance.

In the DAC meeting held on August 30, 2022, the forum agreed to initiate an inquiry against the person(s) at fault.

No further progress was intimated till the finalization of this report.

Audit recommends that the matter be inquired and responsibility be fixed on the person(s) at fault under intimation to Audit.

**PAC DIRECTIVES DATED 19<sup>th</sup> MAY, 2025**

The Committee ***settled the para***, directing the authority to refrain from such practices in the future.

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**Bolan University of Medical and Health Sciences, Quetta***(Meeting held on 8<sup>th</sup> October, 2025)***INTRODUCTION**

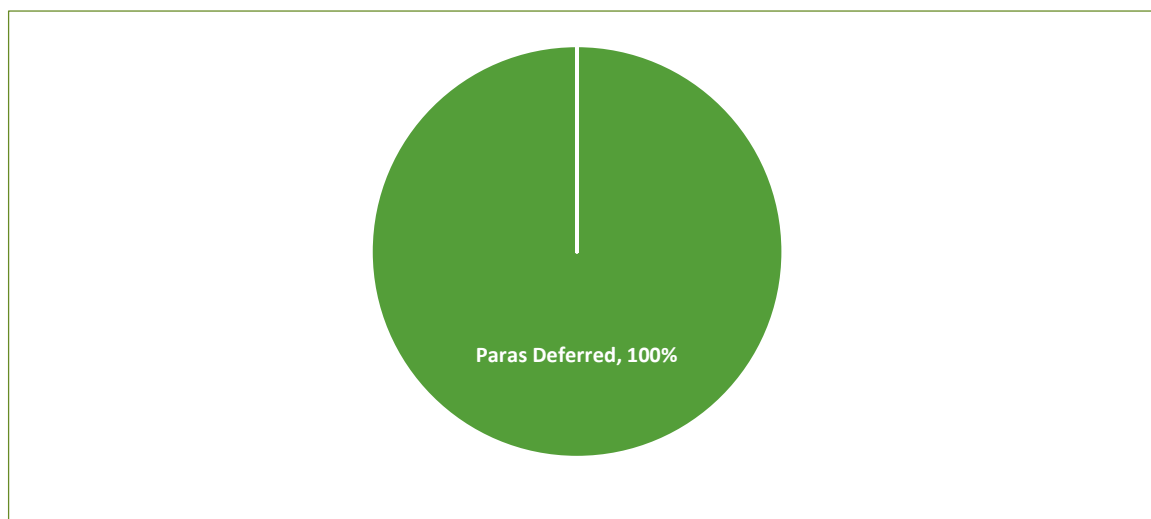
Bolan University of Medical and Health Sciences (BUMHS), Quetta is the first and only Medical University in Balochistan, to cater for medical professionals' teaching and learning needs. BUMHS was established vide Gazette Notification No. 172 dated 22nd December 2017, linked with reference No. PAB/ Legis: v (7)/2017/94. The Bolan University of Medical and Health Sciences has been established under an Act. No. VII of 2017.

**CLASSIFICATION OF AUDIT OBSERVATIONS**

#	Particulars	No. of Paras
1.	Irregular Expenditure	05
<b>Total Paras</b>		<b>05</b>

**BREAKUP OF PAC DIRECTIVES**

#	Particulars	No. of Paras
1.	Paras Deferred	05
<b>Total Paras</b>		<b>05</b>

**BREAKUP OF PAC DIRECTIVES AT A GLANCE**

**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General, Balochistan summarized the subject Appropriation Accounts before the Committee as under: -

**Printed in Audit Report 2022-23:**

Rs. in million

Type of grant	Final Grant	Actual Exp.	Excess/ (Saving)	%age
Non-Development (QA7287) Grant No. BC21042	253.332	252.693	0.639	0.25
<b>Total</b>	<b>253.332</b>	<b>252.693</b>	<b>0.639</b>	<b>0.25</b>

**Reported by office of the Accountant General, Balochistan:**

Rs. in million

Particulars	Cheque	Date	DDO	G/L	Amount
To Others (Grant in Aid)	2040370	21.12.2021	QA7287	A05270	125.00
To Others (Grant in Aid)	1836791	29.06.2022	QA7287	A05270	125.00
<b>Total</b>					<b>250.00</b>

**PAC DIRECTIVES DATED 8<sup>th</sup> OCTOBER, 2025**

1. The Committee directed the department to seek assistance from the Accountant General's Office in preparing appropriation accounts that clearly reflect the total funds received, including grants, and their expenditure.
2. The Committee noted that the current appropriation accounts are prepared using incorrect accounting principles; therefore, they are unsatisfactory, unreliable, and not comparable with proper accounting standards.
3. The Committee instructed the department that it has been given one week to prepare and submit accurate appropriation accounts, under intimation to the PAC.
4. Consequently, the committee **deferred the appropriation accounts** related matter.

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 4.24.1 Non-utilization of funds Rs. 1,000 million**

As per Section 12 of BPFM Act, 2020 "all departments, their attached departments and sub-ordinate offices and autonomous organizations shall surrender to the finance department by 15<sup>th</sup> May each year all anticipated savings in the grants or assignment accounts or grant in aid controlled by them."

The VC, BUMHS, Quetta during the financial years 2017-22, was operating an account No.16497991846803 in HBL Branch Quetta. The financial statement of the said account showed an unspent amount of Rs. 1,000 million on June 30, 2022.

Non-utilization of funds was due to weak financial management and resulted in irregular retention of public money.

The matter was reported to the university on December 12, 2022, but no reply was received.

In the DAC meeting held on January 10, 2023, the management apprised that the amount in question was invested for the generation of receipts to meet out the expenditure of the office as allowed by the Act of University. The DAC directed the management that the unspent amount should be surrendered to the government in the light of BPFM Act and rules governing grant-in-aid. Further, the management was directed to produce record of investment, approval of Senate, detail of the funds received, source of the fund received, purpose of the fund and selection process of bank to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that the unspent amount be deposited in government account besides, provision of necessary record in line with the decision of DAC.

#### **PAC DIRECTIVES DATED 8<sup>th</sup> OCTOBER, 2025**

The Committee deferred the Para, contingent upon the utilization of the unspent funds to address departmental needs, under intimation to the PAC.

Additionally, the Committee instructed the department to discontinue the improper practice of failing to utilize allocated funds effectively.

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#### **Para # 4.24.2 Irregular procurement of vehicles - Rs. 60.872 million**

According to Para 3.3.1 of HEC's Manual for establishment of new University, "The essential requirements for meeting institutional formalities are detailed in Form PU-01 and may be categorized under the following main headings:

- Registration as a legal entity;
- Premises and availability of physical resources;
- Organization and governance;
- Administrative and academic staffing;
- Student body and student support services;
- Programs of study and courses of study;
- Teaching and learning;
- Examination and assessment;

- Quality assurance mechanism, student supervision; and
- Budget and Finance.

The VC, BUMHS procured vehicles amounting to Rs. 60.872 million during the financial year 2021-22. In the absence of regular appointees, regular classes, non-establishment of a fully equipped institution, the expenditure was unjustified resulting in wastage of resources and funds. Moreover, the below mentioned vehicles amounting to Rs. 60.872 million were not delivered till the currency of Audit.

<b>Rs. in million</b>			
<b>#</b>	<b>Particular</b>	<b>Quantity</b>	<b>Amount</b>
1.	Altis Grande 1.8	2	8.428
2.	Van Toyota	2	20.128
3.	Double cabin Pickup	1	8.511
4.	Single cabin pickup	1	4.087
5.	Toyota HiAce	1	8.834
6.	Fortuner	1	10.884
<b>Total</b>			<b>60.872</b>

Irregular procurement occurred due to weak asset management and resulted in loss to the university.

The matter was reported to the university on December 12, 2022, but no reply was received.

In the DAC meeting held on January 10, 2023, the management apprised that the procurement was made by utilizing their own resources (Receipts), to facilitate the officers of BUMHS. Further, three out of the eight vehicles had been delivered. The DAC directed for provision of evidence in support of their stance that vehicles had been procured from their own resources besides, justification of procurement without having permanent staff.

No further progress was intimated till the finalization of this report.

Audit recommends for provision of relevant information as directed in the DAC meeting.

#### **PAC DIRECTIVES DATED 8<sup>th</sup> OCTOBER, 2025**

The Committee instructed the Audit Department of Balochistan to verify departmental records of Bolan University of Medical and Health sciences regarding the arrival of vehicles and confirmation of due payments. The Committee directed that verified records are to be submitted to the PAC within one month. **Hence, Para deferred.**

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**Para # 4.24.3 Irregular expenditure without calling open tenders - Rs. 15.431 million**

According to Rule 15(2) of BPPRRs, “All procurements opportunities over two hundred thousand and up to one million rupees shall be advertised timely on the Authority’s website as well as in the newspapers as prescribed in these rules.”

The VC, BUMHS, Quetta, incurred an expenditure amounting to Rs. 15.431 million during the financial year 2021-22, on account of store items, stationery, repair of machinery and equipment, without calling open tenders, as detailed in Annexure 4.13.1.

Expenditure without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the university on December 12, 2022, but no reply was received.

In the DAC meeting held on January 10, 2023, the management apprised that tenders were called for the amount in question at serial No. 5. The amounts at serial Nos. 14 and 17 related to pay & allowances which required no tenders. However, the management agreed with DAC for the remaining amount and ensured compliance in future. The DAC directed the management to produce complete record in respect of S. Nos. 5, 14 and 17 besides, regularization of other expenditures from the competent authority.

No further progress was intimated till the finalization of this report.

Audit recommends for provision of all relevant record and regularization the expenditure from the competent authority.

**PAC DIRECTIVES DATED 8<sup>th</sup> OCTOBER, 2025**

The Committee *deferred the Para* and instructed the department to have its records verified by the Audit department and submit the verified documents accordingly, under intimation to the PAC.

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**Para # 4.24.4 Non-supply of furniture - Rs. 6.839 million**

According to Rule 148-149 of GFR, Vol.-I, “All materials received should be examined, counted, measured or weighed as the case may be, when delivery is taken, and they should be taken in charge by a responsible Government officer who should see that the quantities are correct and their quality good, and record a certificate to that effect.”

The VC, BUMHS, incurred an expenditure amounting to Rs. 6.839 million, during the financial year 2020-21 on account of procurement of furniture which was not supplied till the currency of Audit.

Advance payment to the vendor without supply of furniture occurred due to weak internal controls and resulted in irregular expenditure.

The matter was reported to the university on December 12, 2022, but no reply was received.

In the DAC meeting held on January 10, 2023, the management apprised that the furniture amounting to Rs. 6.839 million had already been supplied and was present in the stock of the university, but the same could not be handed over to the BMC hostel as no officer was ready to accept the responsibility of receiving the same. The DAC directed for provision of inspection report of procured furniture in line with advertised specifications to Audit. Further, reasons of non-accepting of the furniture by the BMC be explained to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that the supply of furniture be assured, besides provision of relevant documents to Audit for verification.

#### **PAC DIRECTIVES DATED 8<sup>th</sup> OCTOBER, 2025**

The Committee directed that the department should strictly implement the decision taken in the DAC meeting. ***Hence, Para deferred.***

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#### **Para # 4.24.5      Wastage of funds on rent of building - Rs. 4.212 million**

According to Clause 6 and 25 of the rent agreement, “the Lessee shall pay in shape of cross cheque the Lease rent on monthly basis during the term of lease period” and, “the Lessee (2<sup>nd</sup> Party) shall be at liberty to terminate this agreement at any time by giving 3 months’ notice in writing of its intention to terminate this agreement without incurring any liability.”

The VC, BUMHS made advance payment amounting to Rs. 4.212 million during the financial year 2021–22, on account of rent of building. In the absence of classes specified for the students of MPhil and Ph.D. for conduct of research, the expenditure was unjustified.

Advance expenditure on account of rent in the absence of classes occurred due to weak administrative controls and resulted in the wastage of university funds.

The matter was reported to the university on December 12, 2022, but no reply was received.

In the DAC held on January 10, 2023, the management apprised that the rent for the building had already been paid in advance and even tenders were invited for establishing a diagnostic laboratory. But, due to litigation and other administrative issues the objectives could not be achieved. Moreover, the management in collaboration

with Liaqat Medical University was trying to establish the same. The DAC did not agree with their stance and highlighted clause 6 and 25 of the rent agreement which stated, “That the Lessee shall pay in shape of cross cheque the Lease rent on monthly basis during the term of lease period” and “That the Lessee (2<sup>nd</sup> Party) shall be at liberty to terminate this agreement at any time by giving 3 months’ notice in writing of its intention to terminate this agreement without incurring any liability”. The DAC directed the management for provision of justification of advance payment to Lessor in violation of clause 6 of the rent agreement. Further, the management should have terminated the contract in line with clause 25 of the rent agreement when they were faced with litigation and other administrative issues.

No further progress was intimated till the finalization of this report.

Audit recommends for provision of justification besides, conducting an inquiry to fix the responsibility against the person(s) at fault.

**PAC DIRECTIVES DATED 8<sup>th</sup> OCTOBER, 2025**

The Committee directed the department to establish a lab for which tenders have been received. Additionally, the Committee will conduct a visit. Consequently, the Committee *deferred the Para.*

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## Board of Revenue

*(Meeting held on 15<sup>th</sup> September, 2025)*

### INTRODUCTION

The major functions of the Board of Revenue include administration of land, land taxation, land revenue, preparation and maintenance of record pertaining to land ownership. It is the highest revenue court and custodian of rights in land of all right holders. Revenue Department exercises general superintendence and control over revenue courts in Balochistan.

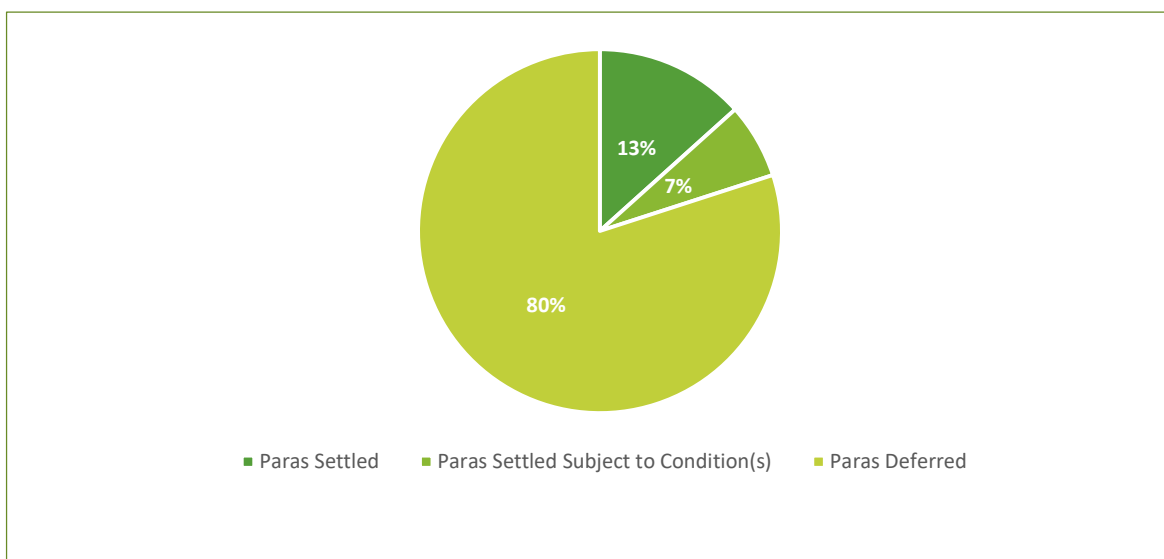
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	10
2.	Recoverable	01
3.	Non-Production of Record	01
4.	Overpayment	01
5.	Others	01
<b>Total Paras</b>		<b>15</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	02
2.	Paras Settled Subject to Condition(s)	01
3.	Paras Deferred	12
<b>Total Paras</b>		<b>15</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Particulars	Original Grant	Supp. Grant (Not Printed)	Surrender	Final Grant	Exp.	Rs. in million	
						Saving	%
Non-Development	4,179.060	1,138.447	1,361.408	3,956.100	3,548.785	407.315	10.30
Development	873.658	-	477.899	395.759	385.561	10.198	2.58
<b>Total</b>	<b>5,052.718</b>	<b>1,138.447</b>	<b>1,839.307</b>	<b>4,351.859</b>	<b>3,934.346</b>	<b>417.513</b>	<b>9.59</b>

**PAC DIRECTIVES DATED 15<sup>th</sup> SEPTEMBER, 2025**

The Committee has determined that the department must comply with the financial regulations outlined in the Public Financial Management Act. The Committee directed the department to ensure that any foreseen unspent funds are timely surrendered in the future. The practice of late surrenders must be discontinued.

Consequently, the Committee settled the subject Appropriation Accounts.

**EXAMINATION OF AUDIT REPORT 2022-23****Para# 5.2.1 Non-production of record - Rs. 33.736 million**

According to Rule 17 of GFR Vol.-I, read with Section 14(2) of Auditor General's (Functions, Power and Terms and Conditions of Service) Ordinance, 2001, "The departmental Officers are required to provide record for audit inspection and comply with requests for information in as complete as possible and with all reasonable expedition."

The following offices of BoR failed to produce record of receipt/expenditure of Rs. 33.736 million for the financial years 2019-20 and 2020-21. The accounts remained unverified due to non-production of record /documents to audit, as detailed below:

#	Name of Office	Nature of Accounts	Rs. in million
			Amount
1.	Commissioner, Zhob Division at Loralai	Covid-19	6.000
2.	DC, Kalat	Repair and Renovation of DC office	2.360
3.	DC, Khuzdar	Transfer, sale of lands, cancellation, allotments, compensation, collection/reconciliation of revenue, challan, cash book etc.,	7.503
4.	DC, Pishin	Transfer, sale of lands, cancellation, allotments, compensation, collection/reconciliation of revenue, challan, cash book etc.,	17.873
<b>Total</b>			<b>33.736</b>

Non-production of record was due to weak internal controls and resulted in un-audited expenditure.

The matter was reported to the department in April, December 2021 and March 2022, but no reply was received.

The PAO was requested in June 2022, followed by repeated reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends that record be produced to audit besides necessary actions against the officials at fault.

### **PAC DIRECTIVES DATED 15<sup>th</sup> SEPTEMBER, 2025**

1. The Committee has instructed the department to direct the Commissioner Zhob Division in Loralai to provide records concerning the amount spent to the Audit for verification of COVID-19 expenditures, under intimation to the PAC.
2. The Deputy Commissioner Kalat is required to submit records concerning the amount spent for the repair and renovation of the DC office to Audit for verification.
3. The Deputy Commissioners Khuzdar and Pishin must also provide records concerning the amount spent on account of transfers, land sales, cancellations, allotments made, compensation payments, and the collection and reconciliation of revenue challans, including cash books to Audit for verification.
4. The Committee categorically directed the department that if the above record is not submitted in due course, then the concerned officers will be summoned by the PAC in the next meeting.

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### **Para # 5.2.2      Irregular retention of Government money - Rs. 19,144.236 million**

According to Rule 283 (2) of TRs, Vol-I, "If for any reason, payment cannot be made within the course of the month the amount drawn for the payee shall be refunded to Government" Further, according to Rule 290 of TRs, "No money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grant."

The following offices of BoR retained an amount of Rs. 19144.236 million during the financial years 2020-2021 and 2021-22. Management retained the amount in different bank accounts without any cogent reason, as detailed below:

				<b>Rs. in million</b>
<b>#</b>	<b>Name of Office</b>	<b>AIR Para No.</b>	<b>Financial Year</b>	<b>Amount</b>
1.	DC, Turbat	1	2020-21	86.03
2.	DC, Killa Abdullah	2	2020-21	21.531
3.	DC, Quetta	2	2020-21	8,070.112
4.	DC, Awaran	1	2021-22	4,303.713
5.		4	2020-21	213.444
6.	DC, Gwadar	1	2020-21	4,628.48
7.	DC, Lasbella	6	2020-21	792.45
8.	DC, Panjgor	1	2020-21	5.277
9.	DC, Killa Saifullah	1	2020-21	1,012.059
10.	DC, Dera Bugti	1	2021-22	10.609
11.	Commissioner, Quetta	2	2020-21	0.531
<b>Total</b>				<b>19,144.236</b>

Non-utilization of funds was due to weak financial management and resulted in irregular retention of public money.

The matter was reported to the department in October, November, December 2021, June, July, August, and December 2022, but no reply was received.

The PAO was requested in June 2022, followed by repeated reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends that the amount be deposited into the government treasury under intimation to Audit.

#### **PAC DIRECTIVES DATED 15<sup>th</sup> SEPTEMBER, 2025**

The Committee has directed the department, along with instructions to all Deputy Commissioners, including the Commissioner Quetta Division, in whose accounts the funds are held, to immediately settle claims with affected landowners for property acquisition and land compensation. Payments to claimants must be made within the stipulated timeframe.

Furthermore, the Committee reiterated its previous instructions from 14<sup>th</sup> November, 2<sup>nd</sup> December, 9<sup>th</sup> December, and 27<sup>th</sup> December, 2024, to publicly announce claims through various media channels, including print, electronic, and social media. Should no claimants come forward, the funds held in the respective accounts must be transferred to the treasury in the name of the Government of Balochistan within a deadline of two months.

Additionally, the Committee issued directions particularly to the following Deputy Commissioners (DCs):

**1. DC Killah Abdullah;**

The Committee inquired of the DC that you have committed that you have submitted the held amount to the Government treasury. DC Killah Abdullah is therefore required to submit a report for verification to the Audit under intimation to the PAC within a month in both cases, whether the amount is in the Government treasury or not; if not, then state and justify your reason in the said report.

**2. DC Quetta;**

The Committee reiterated that the amount belongs to the affected beneficiaries and cannot be held in your accounts. Therefore, you are required to submit a record for verification to the Audit under intimation to the PAC according to the previous directives of the PAC.

**3. DC Awaran;**

The Committed firmly stated to the DC Awaran to submit the report for record verification to the Audit under intimation to the PAC within the specified time, which is one month.

**4. DC Gwadar;**

The Committee put a question to the claims of DC Gwadar and directed it to submit a report along with relevant evidentiary documents for record verification to the Audit department, under intimation to the PAC within a month.

**5. DC Panjgoor;**

The Committee settled the para of the Deputy Commissioner Panjgoor to the extent of the record submission to the Audit department under intimation to the PAC within a month.

**6. DC Killa Saifullah;**

The Committee firmly directed the Additional Deputy Commissioner General present in the meeting for record submission to the Audit under intimation to the PAC within a month.

**7. DC Dera Bugti;**

The Committee directed the Deputy Commissioner, Dera Bugti, to submit a record for verification to the Audit under intimation to the PAC within a month.

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**Para # 5.2.3 Non/less realization of outstanding Ushar, Abiana and Agriculture income tax - Rs. 1,101.469 million**

According to Rule 17 of Ushar (Assessment and collection) Rules, 1994, "If the ushar demanded is not paid within fifteen days after the period specified it shall be recorded as arrears of land revenue order." Further, as per Balochistan Occupiers Rates Abiana Rules, 1999, "The Abiana in respect of water supply from irrigation schemes, canals, bed works, weirs, tube wells etc., for irrigation purpose received as per rates given in the schedule." Furthermore, as per Section 7 of the Balochistan Agriculture Income Tax, Act, 2000, "agriculture income tax is to be charged at the prescribed rates on crop basis."

The following offices of BoR failed to recover Ushar, Abiana and Agriculture Income Tax according to the prescribed rates from farmers amounting to Rs. 1,101.469 million during the financial years 2019-20 and 2020-21, as detailed below:

<b>Rs. In million</b>						
#	Name of formation	Financial year	Ushar	Abiana	Agriculture Income Tax	Total
1.	DC, Lasbela	2019-20	7.385	72.747	0	80.132
2.	DC, Lasbela	2020-21	0	35.936	0	35.936
3.	DC, Lasbela	2020-21	6.869	0	1.111	7.980
4.	DC, Naseerabad	2020-21	499.848	382.056	0	881.904
5.	DC, Kalat	2019-21	0.882	0	0	0.882
6.	DC, Sohbatpur	2020-21	22.2	0	0	22.2
7.	DC, Sibi	2021-22	26.515	45.12	0.8	72.435
<b>Total</b>			<b>563.699</b>	<b>535.859</b>	<b>1.911</b>	<b>1,101.469</b>

Non/less realization of Ushar, Abiana and Agriculture income tax occurred due to weak internal controls and resulted in revenue loss to the Government.

The matter was reported to the department in October 2021, April, May and July 2022, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20, 2020-21 and 2021-22 with the financial impact of Rs. 895.139 million, Rs. 904.312 million and Rs. 40.389 million respectively but the PAO did not take remedial measures to avoid recurrence.

The PAO was requested in June 2022, followed by repeated reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends that the amount of Ushar, Abiana and Agriculture Income Tax be recovered and deposited into the Government treasury.

**PAC DIRECTIVES DATED 15<sup>th</sup> SEPTEMBER, 2025**

The Committee has directed the department to address the significant share of unrealized agriculture income tax held by the Deputy Commissioner Lasbela, which includes Ushar and Abiana. This shortfall of **Rs.1.1 billion**, compounded by contributions from other Deputy Commissioners, reflects a serious oversight.

Furthermore, the Committee has instructed the department to ensure that relevant Deputy Commissioners streamline their workflows and produce results. The current practice of inaction is a clear violation and indicates irregularities within the department. Consequently, the Committee has issued a warning against repeating such practices in the future.

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**Para # 5.2.4 Irregular award of contracts without mutation of land - Rs. 898.366 million**

As per Para 86, CPWD Code, “when land is required for the public purpose, the Public Works Department should obtain the requisite information from Revenue Office of the district for the probable cost of land together with value of buildings etc., and an estimate should be framed and got sanctioned, then commit the matter to the Revenue Officer, who will take the necessary preliminary action for the appropriation of land under Land Acquisition Act, 1894.”

The following offices of Board of Revenue awarded works "Construction of Sports Complexes" amounting to Rs. 898.366 million to various contractors without mutation of land to Government, as detailed below:

			<b>Rs. in million</b>
#	Name of Office	Name of work	Amount
1.	Commissioner Rakhshan Division	Establishment of Sports Complexes	750.000
2.	Commissioner Sibi Division		148.366
<b>Total</b>			<b>898.366</b>

Award of contracts without mutation of land for construction of sports complexes occurred due to weak internal controls and resulted in irregular expenditure.

The matter was reported to the department in July 2022, but no reply was received.

The PAO was requested in June 2022, followed by repeated reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends obtaining mutation of land from the concerned.

**PAC DIRECTIVES DATED 15<sup>th</sup> SEPTEMBER, 2025**

Mr. Zabid Ali Reki, member PAC, apprised the Committee about the main theme and objective of the agenda item. This initiative was initially approved for the district Washuk but was later removed for unknown reasons. The Committee directed the commissioner of the Rakshan Division to submit a report to the PAC regarding the establishment of a Sports Complex in the district.

The Committee settled the para for the Rakshan Division, where land was duly allotted and leased for the establishment of Sports Complexes on state land in each district, except for District Washuk. Additionally, the agenda item in the same para for the Sibi Division was deferred because the relevant office of the Board of Revenue is still awaiting approval from the appropriate authorities.

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**Para # 5.2.5 Irregular payments in the name of DDOs - Rs. 228.964 million**

According to Para 4.2.9.9 of APPM, “cheques payment should be released to the payee or personally collected by the payee or his authorized agent.”

The following offices of BoR, GoB incurred an expenditure amounting to Rs. 228.964 million during the financial years 2019-22 in various head of accounts by drawing cheques in the name of DDOs instead of payment to vendors’ accounts, as detailed below:

#	Office	Financial year	Rs. In million
			Amount
1.	Deputy Commissioner, Quetta	2021-22	99.5
2.	Commissioner Office, Mekran	2020-21	32.188
3.	Deputy Commissioner, Kachhi	2020-21	28.627
4.	Deputy Commissioner, Dera Bugti	2020-21	22.541
5.	Deputy Commissioner, Turbet	2020-21	11.152
6.	Deputy Commissioner, Khuzdar	2019-20	10
7.	Commissioner Sibi Division	2020-21	7.168
8.	Deputy Commissioner, Killa Abdullah	2021-22	4.143
9.	Deputy Commissioner, Musakhail	2020-21	3.732
10.	Deputy Commissioner, Loralai	2021-22	2.251
11.	Deputy Commissioner, Panjgur	2020-21	2.139
12.	Deputy Commissioner, Awaran	2020-21	1.818
13.	Deputy Commissioner, Nushki	2019-20	1.708
14.	Deputy Commissioner, Loralai	2020-21	1.479
15.	Deputy Commissioner, Mastung	2020-21	0.518

			Rs. In million
#	Office	Financial year	Amount
<b>Total</b>			<b>228.964</b>

Payment through DDOs instead of vendors occurred due to weak financial controls and resulted in irregular expenditure.

The matter was reported to the department in November 2021, June, July, August, October, and November 2022, but no reply was received.

The PAO was requested in June 2022, followed by repeated reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends that justification of DDO payment be provided.

### **PAC DIRECTIVES DATED 15<sup>th</sup> SEPTEMBER, 2025**

The committee has instructed the department and the relevant Deputy Commissioners to obtain prior approval from the appropriate authority. Furthermore, the Committee emphasized that this practice must be discontinued and will be challenged at any stage. As a result, the committee has ***settled the para.***

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#### **Para # 5.2.6 Non-deposit of earned interest - Rs. 395.500 million**

According to Para 5.2.2.11 of APPM, “Any public monies received by a government office, where permitted under the above direction are not revenues on the part of the collecting entity. No public monies received by a government office will be retained to meet departmental or other forms of expenditure unless otherwise permitted by the Government”.

The Deputy Commissioner, Quetta earned Rs. 395.500 million of interest from savings bank account during the financial year 2021-22. The interest amount was to be deposited into the government treasury, but the same was not deposited, as detailed below:

						Rs. in million
#	Title Of Account	A/c Type	A/c No.	Bank Branch	Date	Interest Amount
1.	Compensation for Land/Structure Acquired for Different Schemes	Savings	3138423907	NBP main City Branch (051), Quetta	17.07.21	200.300
					05.01.22	195.300
<b>Total</b>						<b>395.500</b>

Non-deposit of earned interest occurred due to financial mismanagement and resulted in loss to the government.

The matter was reported to the department in December 2022, but no reply was received.

The PAO was requested in June 2022, followed by repeated reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends that earned interest be deposited into the government account under intimation to Audit.

### **PAC DIRECTIVES DATED 15<sup>th</sup> SEPTEMBER, 2025**

The Committee addressed the issue after receiving a commitment from the department. The Deputy Commissioner Quetta agreed to submit the remaining amount of **Rs.195.3 million** and to provide a proper record for the deposited amount of **Rs.200.2 million** for verification with the Audit department, under intimation to the PAC.

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#### **Para # 5.2.7 Non / less deduction of government taxes - Rs. 103.792**

According to BSTS Act, 2015, Income Tax Ordinance, 2001, General Sales Tax Act, 1990 and Stamp Act, 1899, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, GST @ 17% and stamp duty @ 0.25% of cost of contract.

The following offices of Board of Revenue Department, made payments to various contractors/consultant/suppliers for various works and supplies without/less deduction of government taxes/duties. This resulted in non/less realization of governmental taxes amounting to Rs. 103.792 million, as detailed below:

<b>Rs. in million</b>							
#	Name of office	AIR Para No	Financial year	BSTS	Income Tax	Stamp Duty	GST
1.	Commissioner, Quetta Division	7	2021-22	-	-	0.642	-
2.	Commissioner, Rakhshan Division	4, 5	2020-21	-	0.853	-	-
3.	Commissioner, Zhob Division	2	2021-22	-	-	3.06	-
4.	DC, Jhal Magasi	4	2020-21	0.315	-	-	-
5.	DC, Duki	1	2020-21	0.259	-	-	-
6.	DC, Gwadar	2	2020-21	0.487	-	-	-
7.	DC, Pishin	7	2021-22	2.337	-	-	-
8.	DC, Quetta	7,8,9	2020-21	0.437	1.522	-	6.071
9.	DC, Sibi	2,3	2021-22	4.94	-	0.480	-
10.	DC, Sohatpur	5	2020-21	0.326	-	-	-

Rs. in million

#	Name of office	AIR Para No	Financial year	BSTS	Income Tax	Stamp Duty	GST
11.	PD, BRMIS, Quetta	2,3	2016-20	4.868	4.801	-	-
12.	PD LRMIS,	1,2	2020-21	14.75	13.425	-	-
13.	SMBR	5	2020-21	-	0.149	-	44.07
<b>Total</b>				28.71	20.75	4.182	50.14
<b>Grand total</b>				<b>103.792</b>			

Non/less deduction of government taxes occurred due to weak internal controls and resulted in revenue loss to the Government.

The matter was reported to the department in October 2021, June, July, August and December 2022, but no reply was received.

The PAO was requested in June 2022, followed by repeated reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned under intimation to Audit.

#### **PAC DIRECTIVES DATED 15<sup>th</sup> SEPTEMBER, 2025**

The Committee clearly directed the department to ensure compliance from the relevant Commissioners and Deputy Commissioners regarding specific conditions that must be followed by government offices when awarding contracts to firms, vendors, or contractors. They must verify the registration of these entities with the Federal Board of Revenue and strictly adhere to the Balochistan Revenue Authority's instructions in line with the **Balochistan Sales Act, 2019**, by all district accounts offices across the province.

The committee acknowledged the exemptions granted to tribal areas under the **Finance Act of 1995** regarding Stamp Duties and withholding agent retaining the prescribed share under the **BRA Withholding Agent Rules, 2018**, as well as the role of the Balochistan Revenue Authority in collecting its tax share directly from the firms, vendors, and contractors. The committee recognized the submission of returns and the realization of tax deductions by the Commissioners and Deputy Commissioners, as noted in the reply against the audit observations.

The Committee instructed the department to ensure strict compliance with the Balochistan Sales Tax deduction requirements in accordance with the applicable rules for submitting tax revenues to the government treasury from the relevant firms and vendors. Additionally, the Committee directed the department to submit

documentation for verification to the Audit department, supporting their claims of compliance in light of the audit observation.

As a result, the Committee concluded that full recovery (100%) of government taxes/duties, which apparently resulted in a loss to the government, should be achieved within a month, and the record be submitted with the Audit for verification under intimation to the PAC. **Hence, Para deferred.**

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**Para # 5.2.8 Overpayment due to allowing excess quantities and higher rate – Rs. 54.782 million**

According to Paras 16 and 221 of CPWA Code, “The Divisional and Sub Divisional Officers are responsible for ensuring correctness of rates, quantities and calculations before signing the bill of the contractor.”

The following offices of BOR awarded contracts to various contractors during the financial years 2019-20 to 2021-22. Overpayments amounting to Rs. 54.782 million was made to the contractors on account of allowing excess quantities and higher rates beyond PC-I, as detailed in Annexure 5.1 of the Audit Report.

<b>Rs. in million</b>				
#	Name of office	AIR Para Number	Financial year	Excess amount
1.	PD/Commissioner Sibi	12	2021-22	21.246
2.	Commissioner/PD, Turbat Development	4	2020-21	12.569
3.	City Project	3		9.955
4.	PD/Commissioner Sibi	11	2021-22	9.449
5.	Project Director, CMDDP Zhob	1	2019-20	0.999
6.	Project Director, Sports Complex, Quetta	5	2020-21	0.837
<b>Total</b>				<b>54.782</b>

Allowing of excess quantity and higher rates occurred due to weak internal controls and resulted in loss to the government.

The matter was reported to the department in April and December 2022, but no reply was received.

The PAO was requested in June 2022, followed by repeated reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends that overpayment be recovered from the contractors under intimation to Audit.

**PAC DIRECTIVES DATED 15<sup>th</sup> SEPTEMBER, 2025**

The Committee deferred the discussion on the Para because the department is currently engaged in correspondence with the CWPP&H department regarding the nature of the schemes being implemented. These discussions have been delayed due to bureaucratic requirements related to various projects, including city development initiatives initiated by the government.

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**Para # 5.2.9 Irregular expenditure without Technical Sanction / Administrative Approval Rs. 2,869.729 million**

According to Para 2.86 of B&R Code, “the authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If after the accord of technical sanction, alterations are contemplated, orders of the original sanctioning authority should be obtained even though no additional expenditure is involved.”

The following offices of BoR awarded different civil works to contractors and incurred an expenditure amounting to Rs. 2,869.729 million, during the financial year 2020-21, without obtaining Technical Sanction / Administrative approval from the competent authority, as detailed below:

<b>Rs. in million</b>				
#	Name of Office	AIR Para No.	Financial year	Amount
1.	PD CMDDP / Commissioner Turbat	7	2020-21	1,335.894
2.	Commissioner, Sibi Division	10	2020-21	1,255.234
3.	PD/Commissioner Quetta, Sports complex Pishin	5	2020-21	257.000
4.	DC, Killa Abdullah	3	2020-21	10
5.	DC, Gawadar	4	2020-21	10.103
6.	DC, Lasbela	4	2020-21	1.497
<b>Total</b>				<b>2,869.728</b>

Non-obtaining of technical sanction/administrative approval occurred due to weak internal controls and resulted in irregular expenditure.

The matter was reported to the department in October, November, December 2021, June, July, August and November 2022, but no reply was received.

The PAO was requested to convene a DAC meeting in June and November 2022, followed by reminders, but no meeting was held till the finalization of this report.

Audit recommends for obtaining technical sanction/administrative approval from the competent authority under intimation to Audit.

**PAC DIRECTIVES DATED 15<sup>th</sup> SEPTEMBER, 2025**

The Committee expressed concerns about the revisions in PC-1, specifically regarding the reckless revision of components and technical sanctions. The Committee noted irregularities in completing the necessary codal formalities and obtaining approval from the competent authority.

However, the Committee directed the department to submit records to the Audit department for verification to support the replies provided by the department in response to the audit observations.

\*\*\*\*\*

**Para # 5.2.10 Irregular expenditure without calling open tenders - Rs. 375.612 million**

According to Rule 12 and 15(2) of BPPRRs, “All procurements opportunities over two hundred thousand and up to one million rupees shall be advertised timely on the Authority’s website as well as in the newspapers as prescribed in these rules. The Procuring Agencies shall not split or package a procurement plan with the intention to shorten or facilitate the procurement process and approval mechanism.”

Various offices of BoR incurred an expenditure amounting to Rs. 375.612 million during the financial years 2016-17 to 2021-22, on account of procurement of different items by split-up and without calling open tenders, as detailed in Annexure 5.2.

Expenditure by split up without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the department in November 2021, April, June, July, August, October, November and December 2022, but no reply was received.

The PAO was requested in June and November 2022, followed by repeated reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends for regularization of expenditure from the competent authority.

**PAC DIRECTIVES DATED 15<sup>th</sup> SEPTEMBER, 2025**

The Committee directed the department to abandon such practices and to strictly adhere to the instructions of the BPPRA in accordance with the rules in the future.

**Hence, the Para was settled.**

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**Para # 5.2.11      Awarding of contracts without obtaining performance security  
- Rs. 107.675 million**

According to Rule 44 of BPPRRs, 2014 “Procuring Agency shall, in all procurement of goods and works of value more than twenty-five (25) million, carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee or insurance bond by AA ranking insurance company, an amount sufficient to protect the Procuring Agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than ten percent (10%) of the contract price.”

The following offices of BoR awarded contracts to different contractors amounting to Rs. 1076.791 million during the financial year 2020-21, without obtaining performance security @ 10% amounting to Rs. 107.675 million from the contractors, as detailed below:

<b>Rs. in million</b>				
<b>#</b>	<b>Name of office</b>	<b>AIR Para No.</b>	<b>Financial year</b>	<b>Amount</b>
1.	Commissioner/PD CMDDP, Kalat	2	2020-21	84.385
2.	Commissioner/PD, CMDDP, Turbat	1	2020-21	23.29
<b>Total</b>				<b>107.675</b>

Non-obtaining of performance security occurred due to weak internal controls which may result in compromised quality of works.

The matter was reported to the department in November 2021, and April, 2022, but no reply was received.

The PAO was requested in June and November 2022, followed by repeated reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends obtaining of performance security besides, taking action against the defaulters.

**PAC DIRECTIVES DATED 15<sup>th</sup> SEPTEMBER, 2025**

The Committee directed the department to provide records for verification to the Audit department regarding replies submitted in response to the Audit department, *while deferring the Para.*

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**Para # 5.2.12 Non-achievement of revenue targets - Rs. 66.047 million**

As per Rule 26 of GFR, Vol.-I, “Subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts, it is the duty of the departmental Controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.”

The following offices of BoR realized Rs. 22.733 million during the financial years 2020-21 and 2021-22, on account of revenue receipts against the revenue targets of Rs. 88.780 million, resulting in less realization of revenues amounting to Rs. 66.047 million, as detailed below:

<b>Rs. in million</b>					
#	Name of office	Financial year	Revenue target	Revenue realized	Shortfall
1.	DC, Zhob	2021-22	28.81	0.316	28.494
2.	DC, Loralai	2021-22	21.22	4.324	16.896
3.	DC, Mastung	2021-22	10.65	-	10.65
4.	DC, Pishin	2020-21	14.26	9.194	5.066
5.	DC, Killa Abdullah	2020-21	12.84	8.899	3.941
6.	DC, Loralai	2020-21	1.000	-	1.000
<b>Total</b>			<b>88.780</b>	<b>22.733</b>	<b>66.047</b>

Non-achievement of Revenue Targets occurred due to weak internal controls and resulted in loss to the government.

The matter was reported to the department in November, December 2021, July, November, and December 2022, but no reply was received.

The PAO was requested in June and November 2022, followed by repeated reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends for provision of justification for less realization of receipts.

**PAC DIRECTIVES DATED 15<sup>th</sup> SEPTEMBER, 2025**

The Committee directed the department to provide the recovery records to audit for verification purpose and effectuate the remaining recovery under intimation to PAC and Audit. **Hence, Para deferred.**

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**Para # 5.2.13 Time and cost overrun due to delay in completion of Projects - Rs.20 million**

According to Section 2.37 of Manual for Development Projects, “the Planning Commission proforma I (PC-I) is the primary project document, and its preparation is a key step in project preparation and processing. The sponsoring agency is expected to spend adequate time and resources in preparing this document to avoid complications during project implementation resulting in delays in project completion and cost overruns”.

The Commissioner/Project Director, CMDDP, Kalat Division at Khuzdar awarded the following schemes during 2017-18 to different contractors which were to be completed by 10.05.2019. The local office incurred an expenditure amounting to Rs. 20 million, but the schemes were not found completed till the currency of Audit.

<b>Rs. in million</b>					
#	Name of schemes	Cost	Exp:	Financial %	Physical %
1.	Remaining of work of Press Club at Khaliqabad	10.00	5.00	50	30
2.	Construction of football stadium at Garrani, Kalat	10	5.00	50	30
3.	Construction of football stadium at Giawandra Chappar, District Kalat	10.00	5.00	50	30
4.	Construction of BHU at killi Abdul Haq Adamzai Khaliq Abad.	10.00	5.00	50	35
<b>Total</b>		<b>40.00</b>	<b>20.00</b>		

Delay in completion occurred due to weak internal controls and resulted in time and cost overrun.

The matter was reported to the department in November 2021, but no reply was received.

The PAO was requested in June and November 2022, followed by repeated reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends for justification of delay besides fixing of responsibility under intimation to Audit.

**PAC DIRECTIVES DATED 15<sup>th</sup> SEPTEMBER, 2025**

The Committee directed the department to provide records for verification to the Audit department regarding replies submitted in response to the Audit department, **while deferring the para.**

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**Para # 5.2.14 Payment of excess amount due to miscalculation - Rs. 4.988 million**

According to Para 221 of the CPDW Code, “Before the bill of the contractor is prepared for payment, the contents of quantities should be properly checked.”

Commissioner/Project Director, Sports Complex, Kalat Division, awarded the work “Establishment of sports complex at Surab District” to a GC on June 2, 2021. While checking the arithmetical calculation of the 2nd running bill it was revealed that an overpayment of Rs. 4.988 million was made to the contractor due to wrong calculation, as detailed below:

<b>Rs. in million</b>					
<b>Item of work</b>	<b>Total quantity</b>	<b>Rate</b>	<b>Amount paid</b>	<b>Amount to be allowed</b>	<b>Difference</b>
P/L 1:2:4 Cement Concrete in foundation band i/c completing curing etc., SI No. 5-8(c)	15,690.62 Cft	247.2 Per Cft	8.879	3.879	5.000
<b>Less 0.23% rebate offered by contractor</b>					<b>-0.012</b>
<b>Total recovery</b>					<b>4.988</b>

Excess payment occurred due to weak financial controls and resulted in undue financial benefit to the contractor and loss to the government.

The matter was reported to the department in November, 2021, but no reply was received.

The PAO was requested in June 2022, followed by repeated reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends for making recovery from the contractor under intimation to Audit.

**PAC DIRECTIVES DATED 15<sup>th</sup> SEPTEMBER, 2025**

The Committee directed the department to provide the recovery/adjustment records to audit for verification purpose and effectuate the remaining recovery under intimation to PAC and Audit. **Hence, Para deferred.**

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**Para # 5.2.15 Irregular payment on account of Pay and Allowances - Rs. 2.589 million**

According to Rule 88 of GFR, Vol.-I. “The authority administering a grant is ultimately responsible for watching the progress of expenditure on public service under its control and the Controlling Officer should be in a position from month to month to estimate the likelihood of savings in and excess over grants.”

Deputy Commissioner, Quetta paid arrears of Pay and Allowances amounting to Rs. 2.589 million during the financial year 2020-21, to the officers who were not found on the payroll of the local office, as detailed below:

				<b>Rs. in million</b>
#	Name of officials	Period of arear	Particulars	Amount
1.	Mr. Abdul Samad, Naib Tehsildar	w.e.f. 1.7.2018 to 30.11.2020	Arrear of Pay and Allowances	1.243
2.	Muhammad Arif, Assistant	w.e.f July 2020 to June 2021	Arrear and Pay and Allowances	1.346
<b>Total</b>				<b>2.589</b>

Non-compliance with the rules occurred due to weak financial controls and resulted in irregular payment.

The matter was reported to the department in October 2021, but no reply was received.

The PAO was requested in June and November 2022, followed by repeated reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends that the matter be inquired and recovery be effected from the concerned Officer(s) under intimation to Audit.

**PAC DIRECTIVES DATED 15<sup>th</sup> SEPTEMBER, 2025**

The Committee directed the department to provide records for verification to the Audit department regarding replies submitted in response to the Audit department, *while deferring the para.*

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## Communication, Works, Physical Planning and Housing Department

(Meetings held on 16<sup>th</sup> August and 31<sup>st</sup> October, 2024)

### INTRODUCTION

Construction, maintenance and repair of roads, bridges, tunnels, ropeways and buildings, are the main functions of the Communication & Works Department. It also renders services in the field of engineering training for the departmental engineers, Public Health Works pertaining to Government buildings and Government residential estates.

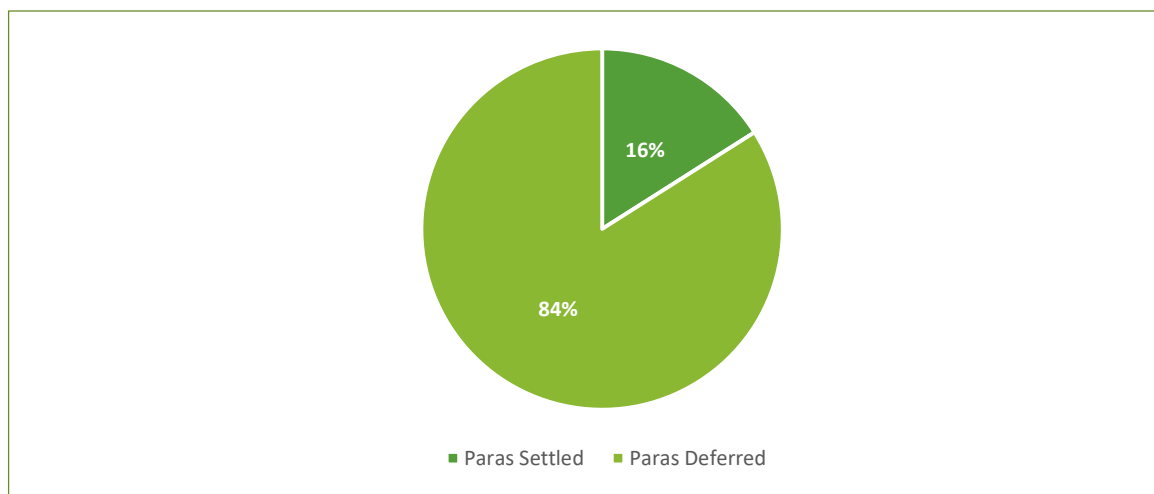
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	08
2.	Evasion of Taxes & Duties	01
3.	Loss Sustained by the Government	02
4.	Overpayments	13
5.	Other	01
<b>Total Paras</b>		<b>25</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	04
2.	Paras Deferred	21
<b>Total Paras</b>		<b>25</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Rs. in million

Financial Year 2021-22 [Non-Development Grant No. BC21065 and Development Grant No. BC12265 Function No.04570]						
Particulars	Original Grant	Surrender	Final Grant	Expenditure	(-) Saving	%
Non-Development (Grant No. BC21065)	7,045.344	(-)3,291.444	4,326.735	3,771.016	555.717	12.84
Development (Grant No. BC12265) Function No. 045701	6,972.099	(-)6,133.420	838.679	809.436	29.243	3.49
<b>Grand Total (Non-Development &amp; Development)</b>	<b>1,4017.443</b>	<b>(-)9,424.864</b>	<b>5,165.414</b>	<b>4,580.452</b>	<b>584.962</b>	<b>11.32</b>

**PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Following comprehensive discussions, the Committee settled the Appropriation Accounts, emphasizing the need to avoid similar issues in the future. Additionally, the Committee directed the Finance Department and Planning & Development Department to appoint knowledgeable representatives to attend future PAC meetings, facilitating informed discussions and effective oversight. **Hence, Appropriation Accounts settled.**

Rs. in million

Financial Year 2021-22 [Non-Development Grant No. BC21013 and Development Grant No. BC12213 Function No. 045202]							
Particulars	Original Grant	Supp. Grant	Surrender	Final Grant	Expenditure	(-) Saving	%
Non-Development (Grant No. BC21013)	6,747.674	1,618.682	(-)1,809.086	6,557.269	5,997.739	(-)559.530	8.53
Development (Grant No. BC12213) Function No. 045202	44,850.962	-	(-)17,748.381	27,102.581	26,396.532	(-)706.049	2.61
<b>Grand Total (Non-Development &amp; Development)</b>	<b>51,598.636</b>	<b>1,618.682</b>	<b>(-)19,557.467</b>	<b>33,659.850</b>	<b>32,394.271</b>	<b>(-)1,265.579</b>	<b>3.76</b>

**PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Following comprehensive discussions, the Committee settled the Appropriation Accounts, emphasizing the need to avoid similar issues in the future. Additionally, the Committee directed the Finance Department and Planning & Development Department to appoint knowledgeable representatives to attend future PAC meetings, facilitating

informed discussions and effective oversight. **Hence, Appropriation Accounts settled.**

### EXAMINATION OF AUDIT REPORT 2022-23

#### Para # 6.2.1 Overpayment due to allowing excess quantities - Rs. 82.469 million

According to Para, 16 and 221, CPWA Code, “The Divisional and Sub Divisional Officers are responsible for ensuring correctness of rates, quantities and calculations before signing the bill of the contractor.”

The following Building Divisions of CWPP&HD allowed and paid contractors for different items of work by allowing excess quantities than provided in approved PC Is during the financial year 2021-22. It resulted in overpayments of Rs. 82.469 million as detailed below:

Rs. in million				
#	Name of formation	AIR Para No.	Financial year	Amount
1.	PD, Uplifting of Chaman Town	1	2021-22	44.251
2.	Building Division, Killa Abdullah	1	2021-22	25.858
3.	Project Division - II, Quetta	7	2021-22	5.001
4.	Project Division - II, Quetta	6	2021-22	1.799
5.	Building Division, Killa Saifullah	4	2021-22	1.704
6.	Building Division, Killa Saifullah	5	2021-22	1.042
7.	Building Division, Killa Abdullah	3	2021-22	0.995
8.	Building Division, Killa Saifullah	3	2021-22	0.661
9.	Building Division, Naseerabad	1	2021-22	0.561
10.	Building Division, Jaffarabad	4	2021-22	0.314
11.	E&M Workshop, Khuzdar	1	2021-22	0.283
<b>Total</b>				<b>82.469</b>

Excess quantities were allowed due to weak internal controls which resulted in undue financial benefit to the contractors and loss to the public exchequer.

The matter was reported to the divisions in September 2022, but no reply was received.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to discuss the Audit paras but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned contractors under intimation to Audit.

**PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

**PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

Rs. in million

#	Name of formation	AIR Para No.	F.Y	Amount	PAC Decision
1.	PD, Uplifting of Chaman Town	1	2021-22	44.251	Decision hold
2.	Building Division, Killa Abdullah	1	2021-22	25.858	Decision hold
3.	Project Division - II, Quetta	7	2021-22	5.001	Decision hold
4.	Project Division - II, Quetta	6	2021-22	1.799	As the record has been verified by Audit, therefore, Committee settled the Para.
5.	Building Division, Killa Saifullah	4	2021-22	1.704	As the record has been verified by Audit, therefore, Committee settled the Para.
6.	Building Division, Killa Saifullah	5	2021-22	1.042	As the record has been verified by Audit, therefore, Committee settled the Para.
7.	Building Division, Killa Abdullah	3	2021-22	0.995	As the record has been verified by Audit in meeting, therefore, Committee settled the Para.
8.	Building Division, Killa Saifullah	3	2021-22	0.661	Decision hold
9.	Building Division, Naseerabad	1	2021-22	0.561	As the record has been verified by Audit, therefore, Committee settled the Para.
10.	Building Division, Jaffarabad	4	2021-22	0.314	As the record has been verified by Audit, therefore, Committee settled the Para.
11.	E&M Workshop, Khuzdar	1	2021-22	0.283	As the record has been verified by Audit, therefore, Committee settled the Para.

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**Para # 6.2.2            Overpayment due to allowing higher rate and wrong calculation - Rs. 35.939 million**

According to Para 16 and 220 of CPWA Code, “The Divisional and sub-Divisional officers have to satisfy themselves before signing the bill the quantities and rate recorded in the MB are correct and calculation have been checked arithmetically”.

Various Building Divisions of CWPP&HD, during the financial years 2019-20, 2020-21 and 2021-22, overpaid an amount of Rs. 35.939 million to the contractors by allowing inadmissible/allowing incorrect higher rates and wrong calculation of quantities as detailed in Annexure 6.1 of the Audit Report.

Allowing higher/inadmissible rates and wrong calculation of quantities was caused due to weak financial management, which resulted in overpayment to the contractors and loss to the government.

The matter was reported to the divisions in March and December 2021, May, July and September 2022, but no reply was received.

In the DAC meeting held on October 18 to 24, 2022, the department accepted the recovery in respect of Divisions at S. No. 1 to 8 and assured that the overpaid amount would be recovered. In respect of Divisions at S. No. 32 to 34, the department replied that deformed steel and Tor bars were paid as per approved PC I. Audit, however, reaffirmed that Tor and deformed steel both could not be used together. The division at S. No. 35 replied that the item of work brick masonry in Quetta bond was paid as per approved PC I but due to error payment of wall ties was mistakenly not recorded. The DAC directed the department to either rectify the mistake in the next bill with explanation against the counter signing / supervising officer who overlooked the mistake while cross checking the MB for correctness or to affect recovery of the difference of rate between brick masonry in Quetta bond and standard brick masonry. The DAC directed the department to effect recovery of the difference of amount of Tor steel paid to the contractors.

No further progress was intimated till the finalization of this report.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to discuss the Audit Paras of Divisions mentioned at S. No.9 to 31 but no meeting was held till the finalization of this report.

Audit recommends that the necessary recoveries be effected.

**PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

**PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

Rs. in million

#	Name of Formation	AIR Para No.	F.Y	Amount	PAC Decision
1.	Building Division, Mastung	4	2019-20	0.388	Committee directed the department to provide the recovery record to Audit within one week under intimation to PAC.
2.	Maintenance Division I, Quetta	5	2020-21	0.899	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
3.	Building Division, Nushki	2	2020-21	0.148	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
4.	Building Division, Washuk	3	2020-21	0.322	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
5.	Building Division, Kalat	9	2020-21	0.171	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
6.	Building Division, Gwadar	7	2020-21	0.473	On the basis of justification submitted by the department; Committee <b>settled the Para.</b>
7.	Building Division, Barkhan	3	2020-21	0.487	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
8.	Building Division, Lasbela	2	2020-21	0.877	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
9.	Building Division, Nushki	1	2021-22	0.217	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
10.	Building Division, Nushki	2	2021-22	0.365	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
11.	Building Division, Mastung	1	2021-22	0.733	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>

Rs. in million

#	Name of Formation	AIR Para No.	F.Y	Amount	PAC Decision
12.	Building Division, Mastung	2	2021-22	0.137	As the record has been verified by Audit, therefore, Committee <b><i>settled the Para.</i></b>
13.	Building Division, Jaffarabad	2	2021-22	0.358	As the record has been verified by Audit, therefore, Committee <b><i>settled the Para.</i></b>
14.	Building Division, Jaffarabad	3	2021-22	0.067	As the record has been verified by Audit, therefore, Committee <b><i>settled the Para.</i></b>
15.	Building Division, Killa Abdullah	4	2021-22	0.192	As the record has been verified by Audit, therefore, Committee <b><i>settled the Para.</i></b>
16.	Building Division, Kech at Turbat	1	2021-22	0.697	As the record has been verified by Audit, therefore, Committee <b><i>settled the Para.</i></b>
17.	Maintenance - II, Quetta	6	2021-22	1.295	As the record has been verified by Audit, therefore, Committee <b><i>settled the Para.</i></b>
18.	Building Division, Gwadar	3	2021-22	0.943	Committee directed the department to provide the relevant record to Audit for verification under intimation to PAC. Non-compliance shall necessitate the transfer and posting of officer as OSD for one year.
19.	Building Division, Gwadar	4	2021-22	0.489	As the record has been verified by Audit, therefore, Committee <b><i>settled the Para.</i></b>
20.	E&M Workshop, Khuzdar	3	2021-22	0.117	As the record has been verified by Audit, therefore, Committee <b><i>settled the Para.</i></b>
21.	Project Division-II, Quetta	1	2021-22	0.214	As the record has been verified by Audit, therefore, Committee <b><i>settled the Para.</i></b>
22.	Project Division-II, Quetta	2	2021-22	0.135	As the record has been verified by Audit, therefore, Committee <b><i>settled the Para.</i></b>
23.	Project Division-II, Quetta	3	2021-22	0.492	As the record has been verified by Audit, therefore, Committee <b><i>settled the Para.</i></b>
24.	Project Division-II, Quetta	5	2021-22	3.240	As the record has been verified by Audit, therefore, Committee <b><i>settled the Para.</i></b>
25.	Building Division, Lasbela	2	2021-22	2.827	As the record has been verified by Audit, therefore, Committee <b><i>settled the Para.</i></b>

Rs. in million

#	Name of Formation	AIR Para No.	F.Y	Amount	PAC Decision
26.	Maintenance-III, Quetta	2	2021-22	4.192	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
27.	Building Division, Naseerabad	4	2021-22	0.685	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
28.	Building Division, Kech at Turbat	3	2021-22	0.647	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
29.	Building Division, Gwadar	7	2021-22	0.628	Committee directed the department to provide the relevant record to Audit for verification under intimation to PAC. Non-compliance shall necessitate the transfer and posting of officer as OSD for one year.
30.	Building Division, Killa Saifullah	1	2021-22	1.494	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
31.	Building Division, Jhal Magsi	2	2021-22	0.583	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
32.	Building Division, Killa Abdullah	4	2019-20	5.695	Committee directed the department to effect remaining recovery under intimation to PAC. Non-compliance shall necessitate the transfer and posting of officer as OSD for one year.
33.	Building Division, Harnai	2	2020-21	0.560	Committee directed the department to effect remaining recovery under intimation to PAC. Non-compliance shall necessitate the transfer and posting of officer as OSD for one year.
34.	B&R (Buildings, Quetta	3	2020-21	0.743	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
35.	B&R Buildings, Zhob	12	2019-20	4.429	Committee directed the department to provide recovery record to Audit for verification purpose under intimation to PAC. <b>Hence, Para deferred.</b>

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**Para # 6.2.3 Overpayment due to allowing inadmissible items of work - Rs. 17.754 million**

According to Paras 16 and 221 of CPWA Code, “Divisional and Sub-Divisional Officers are responsible for ensuring correctness of rates, quantities and calculations before signing the bill of the contractor.”

Executive Engineer, Maintenance Division-II, Quetta awarded the work “Additional Work for Hide and Skin Market and Improvement of Slaughterhouse at Eastern Bypass, Quetta” to a GC during the financial year 2020-21.

The Audit observed the following irregularities:

- The Divisional Officer allowed width of more than 24 feet for internal/ link roads.
- The division allowed and applied 3.5” thick asphalt pavement. Being link/internal road, it did not bear heavy traffic, therefore, asphalt pavement layer up to 2” thick was sufficient.
- The division made payment for premix carpeting which included cost of tack coat. Prior to premix carpeting, prime coat was also laid and paid. Therefore, the cost of tack coat should have been deducted from the cost of premix carpeting.

The irregularities resulted in an inadmissible overpayment of Rs. 17.754 million, as detailed below:

				<b>Rs. in million</b>
<b>#</b>	<b>Name of formation</b>	<b>AIR Para No.</b>	<b>Financial year</b>	<b>Amount</b>
1.	Maintenance-II, Quetta	5	2021-22	8.195
2.	Maintenance-II, Quetta	3	2021-22	7.006
3.	Maintenance-II, Quetta	7	2021-22	2.553
<b>Total</b>				<b>17.754</b>

Allowing inadmissible items of work was caused due to weak internal controls and resulted in loss to the government.

The matter was reported to the divisions in September 2022, but no reply was received.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to discuss the Audit paras but no meeting was held till the finalization of this report.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery may be effected from the concerned contractors.

**PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

**PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024****Rs. in million**

#	Name of formation	AIR Para No.	F.Y	Amount	PAC Decision
1.	Maintenance-II, Quetta	5	2021-22	8.195	As the relevant record has been verified by Audit, therefore, Committee settled the Para.
2.	Maintenance-II, Quetta	3	2021-22	7.006	As the relevant record has been verified by Audit, therefore, Committee settled the Para.
3.	Maintenance-II, Quetta	7	2021-22	2.553	As the recovery has been effected and record thereof has been verified by Audit, therefore, Committee settled the Para.

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**Para # 6.2.4 Overpayment due to allowing inadmissible/wrong calculation of premium - Rs. 17.105 million**

According to P&D Department's Notification dated April 28, 2022, The Chief Minister granted percentage increases on different items of work of BCSR, 2018, subject to the conditions that the rates shall be applicable only for the forth coming new schemes of PSDP 2022-23 and those schemes of PSDP 2021-22 where works have not been awarded yet. All other schemes of PSDP 2021-22 (new or On-going), where works have been awarded, will be executed on same rates BCSR, 2018 without any increase.

The following Building Divisions of CWPP&HD made overpayments of Rs. 17.105 million to different contractors due to allowing inadmissible/wrong calculations of

premium than those approved and notified by the P&D Department during the financial years 2019-20, 2020-21 and 2021-22, as detailed below:

				<b>Rs. in million</b>
<b>#</b>	<b>Name of Formation</b>	<b>AIR Para No.</b>	<b>Financial year</b>	<b>Amount</b>
1.	Building Division, Kachhi	1	2019-20	1.634
2.	Building Division, Kachhi	6	2019-20	0.802
3.	Building Division, Kharan	3	2019-20	1.454
4.	Building Division, Kharan	8	2019-20	0.376
5.	Building Division, Kharan	9	2019-20	0.377
6.	Building Division, Kharan	10	2019-20	0.379
7.	Building Division, Kharan	11	2019-20	0.385
8.	Building Division, Kharan	12	2019-20	0.378
9.	Building Division, Washuk	4	2020-21	0.244
10.	Building Division, Harnai	6	2020-21	0.041
11.	Building Division, Kohlu	1	2020-21	0.426
12.	Maintenance -II, Quetta	4	2021-22	10.609
<b>Total</b>				<b>17.105</b>

Allowing inadmissible/wrong calculation of premium occurred due to weak financial management which resulted in undue financial benefit to the contractors and loss to the government.

The matter was reported to the divisions in March and December 2021, May, July and September 2022, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2020-21 and 2021-22 with the financial impact of Rs. 234.02 million and Rs. 10.807 million respectively but the PAO did not take remedial measures to avoid recurrence.

In the DAC meeting held on October 18 to 24, 2022, the department accepted the recovery and assured that it would be recovered from the contractor, whereas, in respect of Audit Paras of District Kohlu, the DAC directed to provide complete bidding documents to Audit for verification.

No further progress was intimated till the finalization of this report.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to discuss the Audit Paras of offices mentioned at S. No. 12 but no meeting was held till the finalization of this report.

Audit recommends that recovery may be effected from the concerned contractors, besides fixing the responsibility against the officials at fault.

**PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

**PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

#	Name of Formation	AIR Para No.	Financial year	Amount	PAC Decision
1.	Building Division, Kachhi	1	2019-20	1.634	On the basis of justification submitted by the department; Committee <b>settled the Para.</b>
2.	Building Division, Kachhi	6	2019-20	0.802	On the basis of justification submitted by the department; Committee <b>settled the Para.</b>
3.	Building Division, Kharan	3	2019-20	1.454	On the basis of justification submitted by the department; Committee <b>settled the Para.</b>
4.	Building Division, Kharan	8	2019-20	0.376	On the basis of justification submitted by the department; Committee <b>settled the Para.</b>
5.	Building Division, Kharan	9	2019-20	0.377	On the basis of justification submitted by the department; Committee <b>settled the Para.</b>
6.	Building Division, Kharan	10	2019-20	0.379	On the basis of justification submitted by the department; Committee <b>settled the Para.</b>
7.	Building Division, Kharan	11	2019-20	0.385	On the basis of justification submitted by the department; Committee <b>settled the Para.</b>
8.	Building Division, Kharan	12	2019-20	0.378	On the basis of justification submitted by the department; Committee <b>settled the Para.</b>
9.	Building Division, Washuk	4	2020-21	0.244	On the basis of justification submitted by the department; Committee <b>settled the Para.</b>
10.	Building Division, Harnai	6	2020-21	0.041	On the basis of justification submitted by the department; Committee <b>settled the Para.</b>
11.	Building Division, Kohlu	1	2020-21	0.426	On the basis of justification submitted by the department; Committee <b>settled the Para.</b>
12.	Maintenance - II, Quetta	4	2021-22	10.609	On the basis of justification submitted by the department; Committee <b>settled the Para.</b>

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**Para # 6.2.5 Non-utilization of available earth - Rs. 6.157 million**

According to SI. No. 3-16(A) of BCSR, 2018, "Filling, watering and compacting earth under floors in layers not exceeding 8 inches in thickness with surplus earth from foundation was available @ Rs. 3.900 Per Cu.ft." Further, As per Book Specification 2018, "If cutting and filling are being done simultaneously all suitable material obtained from excavation shall be used in filling of embankment. For this purpose, additional rate of Rs. 2.90 has been provided in SI. No. 21-1(f) CSR, 2018."

The following Building Divisions of CWPP&HD, failed to the utilize the surplus earth obtained from foundation, excavation and cutting during the financial year 2021-22, resulting in an overpayment of Rs. 6.157 million, as detailed below:

<b>Rs. in million</b>				
<b>#</b>	<b>Name of formation</b>	<b>AIR Para No.</b>	<b>Financial year</b>	<b>Amount</b>
1.	E&M Workshop, Khuzdar	2	2021-22	4.864
2.	Maintenance Division-III, Quetta	3	2021-22	1.141
3.	Building Division, Naseerabad	2	2021-22	0.152
<b>Total</b>				<b>6.157</b>

Non-utilization of available earth was caused due to weak internal controls and resulted in loss to the government.

The matter was reported to the divisions in September 2022, but no reply was received.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to discuss the Audit Paras but no meeting was held till the finalization of this report.

Audit recommends that recovery of the overpaid amount be made from the concerned contractors.

**PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

**PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

#	Name of formation	AIR Para No.	F.Y	Amount	PAC Decision
1.	E&M Workshop, Khuzdar	2	2021-22	4.864	As the relevant record has been verified by Audit, therefore, Committee settled the Para.
2.	Maintenance Division-III, Quetta	3	2021-22	1.144	As the recovery record has been verified by Audit, therefore, Committee settled the Para.
3.	Building Division, Naseerabad	2	2021-22	0.152	As the recovery record has been verified by Audit, therefore, Committee settled the Para.

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**Para # 6.2.6      Loss due to non-realization of sale proceeds of steel - Rs. 8.412 million**

According to Par 72 of CPWA Code, “When a voucher exhibits any expenditure from which revenue may be expected to accrue, either dismantling or repairs, a note should be recorded to indicate how the old material removed and if sold when the sales proceeds will be credited to Government.”

Executive Engineer, Building Jaffarabad awarded the work “Upgradation of DHQ Hospital, Dera Allah Yar, Jaffarabad” to a GC during February 2021. The contractor was paid for an item of work “Dismantling cement concrete reinforced, separating reinforcement from concrete, cleaning, straightening and stock the same of existing slab and structures.” The steel so obtained was required to be taken on appropriate register and disposed off through open auction. Non-auction of steel resulted in a loss of Rs. 8.412 million, as detailed below:

**Rs. in million**

Item No.	Quantity of RCC (Cft)	Rate of Enforcement	Quantity of steel	Rate	Amount
SI.No. 4.2	25,757 Cft	6 lbs. Per Cft	154,542 lbs. or 70,099 Kg or 70.099 Ton	120	8.412

Non-disposal and auction of steel obtained from dismantling of reinforced concrete occurred due to weak internal and financial controls and resulted in revenue loss to the Government.

The matter was reported to the divisions in March and December 2021, May, July and September 2022, but no reply was received.

In the DAC meeting held on October 18 to 24, 2022, the department replied that steel obtained from dismantling was rusty and not suitable for reuse. The DAC directed the department to enter the steel so obtained into dead stock register and start the process of its disposal/auction at the earliest.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be effected from the contractor.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

#### **PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

On the basis of discussion held, Committee directed the department to auction the steel within one week and deposit the proceeds into Government Treasury under intimation to PAC. **Hence, Para deferred.**

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#### **Para # 6.2.7      Loss due to allowing higher market rate - Rs. 5.715 million**

According to Balochistan CSR, 2018, "The SI No. 23-66 provides supply and fix gas items including all accessories and fitting such as GI, Pipe, Rubber, Specials Gas Stopcocks. a) Geysers 35 gallons capacity Rs. 13,311, b) Geysers 50 gallons capacity Rs. 14,760, c) Gas room heater (ordinary, single burner) Rs. 5,430 and d) Gas room heater (ordinary, double burner) Rs. 7,950."

The following Building Divisions of CWPP&HD procured gas geysers, room heaters, sample of water bore for testing and gate valve and mono block pump on market rates basis for various Government works, buildings (residential and non-residential) during the financial years 2019-21 and 2021-22. The items of work were provided and available in the CSR, 2018 but the divisional officers procured the above said items on higher market rates basis. Thus, due to allowing higher market rates an overpayment of Rs. 5.715 million was made to contractors, as detailed below:

<b>Rs. in million</b>				
<b>#</b>	<b>Name of division</b>	<b>AIR Para No.</b>	<b>Financial year</b>	<b>Amount</b>
1.	Gas Division, Quetta	5	2019-21	4.456
2.	Building Division, Panjgur	6	2021-22	0.335

Rs. in million

#	Name of division	AIR Para No.	Financial year	Amount
3.	Maintenance Division-III, Quetta	4	2021-22	0.924
<b>Total</b>				<b>5.715</b>

Allowing market rates despite availability of the items in the CSR was due to weak internal controls and resulted in loss to government.

The matter was reported to the divisions in March and December 2021, May, July and September 2022, but no reply was received.

In the DAC meeting held on October 18 to 24, 2022, the department replied that no contractor was ready to provide the items at the rate provided in CSR, 2018. Therefore, items were procured by obtaining quotations from the market and preparing rate analysis. The DAC did not accept the stance of the department and directed the department to effect recovery of the overpaid amount under intimation to Audit.

No further progress was intimated till the finalization of this report.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to discuss the Audit Paras of offices mentioned at S. No.2 and 3 but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned contractor under intimation to Audit.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

#### **PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

Rs. in million

#	Name of division	AIR Para No.	F.Y	Amount	PAC Decision
1.	Gas Division, Quetta	5	2019-21	4.456	On the basis of justification submitted by the department; Committee settled the Para.
2.	Building Division, Panjgur	6	2021-22	0.335	On the basis of justification submitted by the department; Committee settled the Para.
3.	Maintenance Division-III, Quetta	4	2021-22	0.924	On the basis of justification submitted by the department; Committee settled the Para.

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**Para # 6.2.8 Irregular expenditure due to enrolment of excess staff in different cadres - Rs. 12.734 million**

As per Rule 90 of Audit Manual, “A Scale Audit Register in Form 22 will be maintained in offices for the purpose of verification that appointments are not made in any grade or class of Government servants in excess of the sanctioned scale and that no post is abolished or held in abeyance, except to the extent authorized, without the orders of the competent authority.”

The Executive Engineer, Gas Division Quetta enrolled excess employees in different cadres than provided in the budget book and made payment of Rs. 12.734 million against their pay and allowances during the financial year 2020-21, as detailed in Annexure 6.2 of the Audit Report.

Enrollment of excess staff was caused by weak internal controls and resulted in irregular expenditure.

The matter was reported to the divisions in March and December 2021, May, July and September 2022, but no reply was received.

In the DAC meeting held on October 18 to 24, 2022, the department replied that the excess appointments were due to an order of the High Court that restored several employees who were removed from service after their appointment in 2011-12. The DAC directed the department to regularize the excess payments.

No further progress was intimated till the finalization of this report.

Audit recommends that the excess posts be got regularized from the Finance Department.

**PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

**PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

Committee **settled the Para** with direction to avoid such practice in future.

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**Para # 6.2.9            Non/less deduction of governmental taxes - Rs. 133.115 million**

According to BSTS Act, 2015, Income Tax Ordinance, 2001, General Sales Tax Act, 1990 and Stamp Act, 1899, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, GST @ 17% and stamp duty @ 0.25% of cost of contract.

In various Building Divisions of CWPP&HD, during the financial years 2019-20 and 2020-21, made payments of Rs. 2,119.153 million to the contractors/consultants for execution of civil works without/less deduction of government taxes and duties amounting to Rs. 133.115 million, as detailed in Annexure 6.3 of the Audit Report.

Non/less deduction of government taxes was caused by weak financial management and resulted in revenue loss to the Government.

The matter was reported to the divisions in March and December 2021, May, July and September 2022, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2020-21 and 2021-22 with the financial impact of Rs. 91.497 million and Rs. 119.995 million respectively but the PAO did not take remedial measures to avoid recurrence.

In the DAC meeting held on October 18 to 24, 2022, the DAC directed that recovery be effected from the Divisions at S. No.1 to 3 for stamp duty, 1 to 15 for BSTS and 1 to 7 for income tax.

No further progress was intimated till the finalization of this report.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to discuss the Audit paras of offices mentioned at S. No.4 to 12 (for stamp duty), 16 to 26 (for BSTS) and 8 to 12 (for income tax) but no meeting was held till the finalization of this report.

Audit recommends that the necessary recoveries be effected.

**PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

**PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024****Rs. in million**

#	Name of offices	AIR No.	F.Y	Amount	PAC Decision
<b>Stamp duty</b>					
1.	Building Division, Kachhi	7	2019-20	1.866	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
2.	Building Division, Mastung	6	2020-21	0.344	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
3.	PD, Uplifting of Chaman Town	4	2019-20	1.319	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
4.	Building Division, Panjgur	7	2021-22	0.447	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
5.	Building Division, Mastung	4	2021-22	0.466	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>

Rs. in million

#	Name of offices	AIR No.	F.Y	Amount	PAC Decision
6.	Building Division, Pishin	4	2021-22	4.931	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
7.	Building Division, Jaffarabad	5	2021-22	1.151	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
8.	Building Division, Gwadar	6	2021-22	2.144	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
9.	Building Division, Jhal Magsi	4	2021-22	0.762	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
10.	E&M Workshop, Khuzdar	4	2021-22	2.541	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
11.	Building Division, Lasbela	5	2021-22	3.960	On the basis of discussion held, Committee directed the department to effect recovery

Rs. in million

#	Name of offices	AIR No.	F.Y	Amount	PAC Decision
					within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
12.	PD, Uplifting of Chaman Town	4 (5)	2021-22	1.320	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
<b>BSTS</b>					
1.	Building Division, Sherani	5	2020-21	1.820	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
2.	Building Division, Chagai	6	2020-21	0.423	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
3.	PD, Uplifting of Chaman Town, Quetta	1	2019-20	0.615	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
4.	Building Division, Zhob	2	2019-20	5.308	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-

Rs. in million

#	Name of offices	AIR No.	F.Y	Amount	PAC Decision
					compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
5.	Building Division, Kachhi	3	2019-20	3.279	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
6.	Building Division, Gwadar	2	2019-20	3.672	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
7.	Building Division, Gwadar	4	2019-20	0.993	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
8.	Building Division, Killa Abdullah	3	2019-20	6.566	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
9.	Project Engineer, Project Area Mastung	1	2019-20	3.230	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as

Rs. in million

#	Name of offices	AIR No.	F.Y	Amount	PAC Decision
					Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
10.	Maintenance Division I Quetta	1	2020-21	39.862	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
11.	Buildings, Harnai	4	2020-21	0.146	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
12.	Building Division, Barkhan	4	2020-21	0.103	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
13.	Building Division, Ziarat	5	2020-21	0.544 (9.073 )	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
14.	Building Division, Ziarat	8	2020-21	(4.648)	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>

Rs. in million

#	Name of offices	AIR No.	F.Y	Amount	PAC Decision
15.	Project Engineer, Project Area Mastung	2	2019-20	1.955	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
16.	Building Division, Panjgur	1	2021-22	1.045	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
17.	Building Division, Kech at Turbat	5	2021-22	3.943 (8.547)	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
18.	Maintenance -III, Quetta	1	2021-22	5.338 (5.731)	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
19.	Maintenance -III, Quetta	5	2021-22	1.945	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
20.	E&M Workshop, Khuzdar	6	2021-22	3.638	On the basis of discussion held, Committee directed the department to effect recovery

Rs. in million

#	Name of offices	AIR No.	F.Y	Amount	PAC Decision
					within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
21.	Building Division, Lasbela	1	2021-22	0.899	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
22.	Building Division, Lasbela	4	2021-22	1.541	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
23.	Building Division, Panjgur	2	2021-22	0.504 (GST)	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
24.	Building Division, Panjgur	4	2021-22	0.588 (GST)	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
25.	Building Division, Pishin	2	2021-22	0.977 (GST)	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the

Rs. in million

#	Name of offices	AIR No.	F.Y	Amount	PAC Decision
					transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
26.	Building Division, Pishin	7	2021-22	0.516 (GST)	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
<b>Income Tax</b>					
1.	Building Division, Kachhi	5	2019-20	4.732	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
2.	Project Division II, Quetta	1	2020-21	0.551	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
3.	Building Division, Kalat	1	2020-21	1.856	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
4.	Building Division, Gwadar	3	2020-21	0.761	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as

Rs. in million

#	Name of offices	AIR No.	F.Y	Amount	PAC Decision
					Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
5.	Building Division, Ziarat	5	2020-21	0.680 (9.073)	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
6.	Building Division, Ziarat	8	2020-21	0.349 (4.648)	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
7.	Maintenance Division I, Quetta	7	2020-21	2.182 (14.760)	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
8.	Buildings, Kech at Turbat	5	2021-22	4.601 (8.547)	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
9.	Maintenance -III, Quetta	1	2021-22	0.393 (5.731)	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>

Rs. in million

#	Name of offices	AIR No.	F.Y	Amount	PAC Decision
10.	Maintenance -III, Quetta	5	2021-22	2.269	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
11.	Building Division, Jhal Magsi	1	2021-22	1.964	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>
12.	Building Division, Lasbela	4	2021-22	1.797	On the basis of discussion held, Committee directed the department to effect recovery within 15 days under intimation to PAC and Audit. Non-compliance shall necessitate the transfer and posting of responsible officer/ official as Officer on Special Duty (OSD) for one year. <b>Hence, Para deferred.</b>

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**Para # 6.2.10 Irregular expenditure without inviting open tenders - Rs. 18.616 million**

According to Rule 15(2) of BPPRRs, “All procurements opportunities over two hundred thousand and up to one million rupees shall be advertised timely on the Authority’s website as well as in the newspapers as prescribed in these rules.”

Executive Engineer, Gas Division Quetta incurred an expenditure of Rs. 18.616 million on repair and maintenance during the financial years 2018-19 to 2020-21. The expenditure was incurred without inviting open tenders to obtain competitive rates through bidding. Further, divisional officer had not maintained the ledger of government buildings (Non-residential and Residential, including Rest Houses/Dak Bungalows, Circuit Houses). Moreover, stock inventory of new and old replaced items was also not maintained.

Expenditure without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the divisions in March and December, 2021, May, July and September, 2022, but no reply was received.

In the DAC meeting held on October 18 to 24, 2022, the department replied that the work of repair and maintenance of gas items was done on a need basis for which tender could not be called. Audit, however, reaffirmed that exception could not be granted and tenders had to be called in all public procurements over a prescribed limit as enunciated by BPPR Rules. The department provided the original stock register to the forum. Audit pointed out that the register provided was not being maintained with complete details. The DAC directed the department to devise a policy for carrying out similar nature of works through tendering for a suitable period if contractors were not willing to offer rates for the whole year and to regularize the already incurred expenditure. DAC further directed the department to properly maintain the stock register and provide the same to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that matter be inquired and responsibility be fixed.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

#### **PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

Committee directed the department to get the expenditure regularized from the competent authority under intimation to PAC and Audit. **Hence, Para deferred.**

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#### **Para # 6.2.11      Overpayment due to allowing excess/inadmissible quantities - Rs. 157.928 million**

As per B&R Code 2.86 and CPWD Code 56, "The authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If subsequent to the grant of technical sanction, material structural

alterations are contemplated, the orders of the original sanctioning authority should be obtained even though no additional expenditure is involved by the alterations.”

In various Road Divisions of CWPP&HD, during the financial years 2020-22, paid excess/inadmissible quantities of different items of works to the contractors, resulting in an overpayment of Rs. 157.928 million, as detailed in Annexure 6.4 of the Audit Para.

Excess/inadmissible quantities were allowed due to weak internal controls and poor financial management which resulted in an undue financial benefit to the contractors and loss to the government.

The matter was reported to the department in December 2021, July and November 2022, but no reply was received.

In the DAC meeting held on October 18 to 24, 2022, the DAC directed the offices mentioned at S. No. 1 to 17 to provide the complete record including MBs and PCIs to Audit for verification and effect recovery of overpayments.

No further progress was intimated till the finalization of this report.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to convene a DAC meeting to discuss the Audit Paras of offices at S. No. 18 to 27. However, no meeting was convened till the finalization of this report.

Audit recommends that recovery be effected from the concerned contractors under intimation to Audit.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

#### **PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

**Rs. in million**

#	Name of division	AIR No.	F.Y	Amount	PAC Decision
1.	Road Division, Naseerabad	4	2019-20	1.948	As the stance of the department was justifiable, therefore, Committee <b>settled the Para.</b>

Rs. in million

#	Name of division	AIR No.	F.Y	Amount	PAC Decision
2.	Road Division, Zhob	9,10/ 12, 13	2019-20	13.437 (Para 12: 0.802) (Para 13: 12.635)	AIR # 9: Committee directed the department to effect recovery of Rs.0.802 million and get the recovery record verified from Audit under intimation to PAC.  AIR # 10: As the department has no source of recovery other than Security of the contractor amounting to Rs.6.00 million, therefore, Committee directed the department to forfeit the Security amount and get the record verified from Audit under intimation to PAC.  <b>Hence, Para deferred.</b>
3.	Road Division, Kachhi at Bolan	9	2019-20	0.319	Committee directed the department to effect the recovery under intimation to PAC and Audit. <b>Hence, Para deferred.</b>
4.	Road Division, Kachhi at Bolan	12	2019-20	0.430	<b>Decision hold.</b>
5.	Road Division, Kachhi at Bolan	13	2019-20	0.351	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
6.	Road Division, Kachhi at Bolan	14	2019-20	0.285	Committee directed the department to effect the recovery under intimation to PAC and Audit. <b>Hence, Para deferred.</b>
7.	Road Division, Quetta	1	2019-20	2.843	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
8.	Road Division, Kachhi at Bolan	5	2020-21	0.306	Committee settled the Para subject to verification of recovery Challans by Audit under intimation to PAC. <b>Hence, Para deferred.</b>
9.	Road Division, Kachhi at Bolan	1	2019-20	1.336	On the basis of discussion held Committee directed the department to recovery 50% of the pointed recovery under intimation to PAC and Audit. <b>Hence, Para deferred.</b>

Rs. in million

#	Name of division	AIR No.	F.Y	Amount	PAC Decision
10.	Road Division, Barkhan	2	2020-21	1.385	Decision hold till scrutiny of the record by Audit under intimation to PAC. <b>Hence, Para deferred.</b>
11.	Road Division, Jhal Magsi	2 (3)	2020-21	5.968	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
12.	Road Division, Musakhail	5	2020-21	1.007	As the recovery has been effected and record thereof is verified by Audit during meeting, therefore, Committee <b>settled the Para.</b>
13.	Road Division, Killa Saifullah	7	2020-21	5.468	Decision hold till scrutiny of the record by Audit under intimation to PAC. <b>Hence, Para deferred.</b>
14.	Road Division, Killa Saifullah	9	2020-21	1.338	Decision hold till scrutiny of the record by Audit under intimation to PAC. <b>Hence, Para deferred.</b>
15.	PD, Construction Up-gradation of Dirgai Shabozai N 70 to Tunsar Sharif Road Project, Quetta	1	2020-21	62.905	Decision hold till scrutiny of the record by Audit under intimation to PAC. <b>Hence, Para deferred.</b>
16.	Road Division, Zhob	10	2019-20	11.878	Committee directed the department to take up the matter with NAB on war-footing basis and submit the final report to PAC for consideration and final decision. <b>Hence, Para deferred.</b>
17.	Road Division, Zhob	9 (12)	2019-20	0.802	Committee directed the department to take up the matter with NAB on war-footing basis and submit the final report to PAC for consideration and final decision. Moreover, if the recovery has been effected; record thereof shall be shared with Audit for verification purpose under intimation to PAC. <b>Hence, Para deferred.</b>
18.	Road Division, Chagai	3	2020-21	1.151	Decision hold till scrutiny of the record by Audit under

Rs. in million

#	Name of division	AIR No.	F.Y	Amount	PAC Decision
					intimation to PAC. <b>Hence, Para deferred.</b>
19.	PD, Construction of Turbat Buleda Road, Kech	1	2021-22	9.597	As the Para does not pertain to department, therefore, shall be discussed in the meeting of relevant department. <b>Hence, Para excluded.</b>
20.	Road Division, Jaffarabad	4	2021-22	23.032	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
21.	Road Division, Lasbela	2	2021-22	2.169	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
22.	Road Division, Loralai	4	2020-21	3.069	Decision hold till scrutiny of the record by Audit under intimation to PAC. <b>Hence, Para deferred.</b>
23.	Maintenance Division-I, Quetta	7	2021-22	1.894 (1.887)	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
24.	Road Division, Mastung	3	2020-21	1.725	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
25.	Road Division, Mastung	5	2020-21	1.811	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
26.	Road Division, Mastung	7	2020-21	0.286	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
27.	Road Division, Mastung	4	2021-22	1.188	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>

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**Para # 6.2.12 Overpayment due to allowing higher rate - Rs. 102.121 million**

According to Para 16 and 220 of CPWA Code, “The Divisional and Sub Divisional officers have to satisfy themselves before signing the bill that the quantities and rates recorded in the MB are correct and calculations have been checked arithmetically”.

Various Road Divisions of CWPP&HD, during the financial years 2019-21, overpaid an amount of Rs. 102.121 million to the contractors due to allowing incorrect higher rates, as detailed in Annexure 6.5 of the Audit Report.

Payment of inadmissible higher rates was due to weak financial management which resulted in overpayment to the contractors and loss to the Government.

The matter was reported to the department in March, July and November 2022, but no reply was received.

In the DAC meeting held on October 18 to 24, 2022, the DAC directed the offices mentioned at S.No. 1 to 6 to provide revised TS estimates/ MBs and effect recovery of overpayments.

No further progress was intimated till the finalization of this report.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to convene a DAC to discuss the Audit Paras of offices at S.No. 7 to 13. However, no meeting was convened till the finalization of this report.

Audit recommends for provision of all relevant record including TS, estimates and MBs besides effecting recovery of overpaid amount from the contractors under intimation to Audit.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

#### **PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

#	Name of division	AIR Para No.	F.Y	Amount	PAC Decision
1.	Road Division, Quetta	1	2019-20	0.497	On the basis of justification submitted by the department, Committee <b>settled the Para.</b>
2.	Road Division, Sibi	1	2020-21	3.013	Committee granted one week time for submission of relevant record to Audit under intimation to PAC. <b>Hence, Para deferred.</b>
3.	Road Division, Gwadar	2	2020-21	0.367	As recovery of Rs.0.028 million has been effected and remaining amount is adjusted against revised

#	Name of division	AIR Para No.	F.Y	Amount	PAC Decision
					Technical Sanction, therefore, Committee settled the Para with direction to avoid such practice in future. <b>Hence, Para deferred.</b>
4.	Road Division, Jhal Magsi	2	2020-21	31.417 (31.471)	Committee deferred the Para with direction that department will provide the relevant record to Audit for verification purpose under intimation to PAC. <b>Hence, Para deferred.</b>
5.	Maintenance Division-I, Quetta	5	2020-21	0.899	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
6.	Road Division, Turbat	6	2020-21	0.521 (0.217)	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
7.	Road Division, Jhal Magsi	3	2021-22	36.361	Committee deferred the Para with direction that department will provide the relevant record to Audit for verification purpose under intimation to PAC. <b>Hence, Para deferred.</b>
8.	Road Division, Khuzdar	1	2021-22	0.063	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
9.	Road Division, Naseerabad	6	2021-22	4.525 (4.480)	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
10.	Roads Division, Nushki	3	2021-22	1.802	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
11.	Road Division, Turbat	1	2021-22	15.623	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
12.	Road Division, Zhob	3	2020-21	0.473 (0.700)	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
13.	Road Division, Zhob	3 (5)	2020-21	2.561	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>

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**Para # 6.2.13 Overpayment due to allowing lead carriage charges - Rs. 43.630 million**

According to BCSR, 2018, “Depending upon the feasibility and economy, the Contractor shall propose the mode of carriage and shall be as approved by the Engineer-in-Charge in accordance with corresponding CSR item as provided in Contract Agreement Notification. “The lead/carriage charges are allowed on SI. No. 1-1, 1-5 (a) 1-6 of CSR, 1998, beyond 20 Km in all districts of the province from July, 2008.”

The following Road Divisions of CWPP&HD, during the financial years 2019-20 and 2021-22, allowed lead carriage charges to the contractors for obtaining material without observance of Government standing orders/ Rules, resulting in an overpayment of Rs. 43.630 million, as detailed below:

<b>Rs. in million</b>				
<b>#</b>	<b>Name of division</b>	<b>AIR No.</b>	<b>AIR No./Year</b>	<b>Amount</b>
1.	Road Division, Gwadar.	3,7	2021-22	19.396
2.	Road Division, Naseerabad	3	2021-22	22.912
3.	Maintenance Division-I, Quetta	5,9	2019-20	1.322
<b>Total</b>				<b>43.630</b>

Payment of lead carriage charges without observing Government Rules was due to weak internal controls resulted in overpayment and loss to the Government.

The matter was reported to the department in December 2021, and November 2022, but no reply was received.

In the DAC meeting held on 18 to 24 October, 2022, the Executive Engineer, Maintenance Division I, Quetta replied that the work on site was in the Red Zone and the material could not be disposed-off there. Lead was paid for disposal of material and not on borrowing of material; therefore, the restriction of 20 Kms did not apply on disposal. Audit, however, did not agree and reasserted that as per P&D’s notification no lead could be paid within 20 Kms irrespective of the nature and vicinity of work. The DAC, considering the difference in opinion of both departments, decided to refer the matter to P&D department for clarification.

No further progress was intimated till the finalization of this report.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to convene a DAC meeting to discuss the Audit Paras of offices at S.No.1 to 2. However, no meeting was convened till the finalization of this report.

Audit recommends that recovery be effected from the concerned contractors.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

#### **PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

Rs. in million

#	Name of division	AIR Para No.	F.Y	Amount	PAC Decision
1.	Road Division, Gwadar.	3	2021-22	12.608	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
		7		6.753	
2.	Road Division, Naseerabad	3	2021-22	22.912	As the record has been verified by Audit, therefore, Committee <b>settled the Para.</b>
3.	Maintenance Division-I, Quetta	5	2019-20	0.797	AIR # 5: on the basis of justification submitted by the department, Committee settled the Para in respect of <i>Maintenance Division-I [Red Zone - Quetta]</i> . AIR # 9: Committee directed the department to recover 50% of overpayment on account of lead carriage charges calculated as Rs.0.261 million in respect of <i>Maintenance Division-I [Chief Minister Annexe – Hanna]</i> under intimation to PAC and Audit. <b>Hence, Para partially deferred.</b>
		9		0.522	

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**Para # 6.2.14 Overpayment due to allowing inadmissible item of work - Rs. 28.463 million**

As per SI. No.1-11.2 (f) of Book of Specification, 2018, “The existing road surface is to be used as the sub-grade, the correct elevation on which the base or sub-base is to be laid shall be obtained, where necessary, either by means of levelling course or by scarification. Scarification shall include disposal of any surplus material in the adjacent embankment or elsewhere. When the width of the new road is greater than that of the existing roads, surface shall be prepared and the part that falls outside the existing road surface shall be prepared accordingly.”

In the following offices of Road Divisions of CWPP&HD, during the financial year 2020-21, MBs of the works revealed that bitumen carpet was removed from the existing road surface and after that contractor was allowed new subbase with pitrun gravel. Laying of pitrun gravel without removing of existing sub-base was inadmissible. Thus, due to allowing inadmissible item of work an overpayment of Rs. 28.463 million was made to contractor, as detailed below:

<b>Rs. in million</b>				
<b>#</b>	<b>Name of division</b>	<b>Financial year</b>	<b>Name of work</b>	<b>Amount</b>
1.	Road Division, Pishin	2020-21	Construction/Rehabilitation of Surkhab Khanozai Road, Pishin	14.998
2.	Road Division, Jaffarabad	2020-21	Construction of BT Road from Main Khirthar to Khanki Pul Canal old Rojhan Kashmir Kot, length 10 Km	13.465
<b>Total</b>				<b>28.463</b>

Payment of inadmissible item of work was made due to non-compliance to the prescribed specifications governing the road structures which resulted in overpayment to contractors and loss to government.

The matter was reported to the department in October and November 2021, but no reply was received.

In the DAC meeting held on October 18 to 24, 2022, the Executive Engineer, Road Division, Pishin replied that the road was very old with no sub-base. Therefore, pitrun gravel and graded aggregate was laid as per approved PC I. Audit, however, disagreed and replied that PC I only provided for dismantling of bitumen carpet and not base/subbase, therefore, the contractor had been overpaid. The DAC directed the department to provide a certificate from site Engineer and the SE in support of their claim. Besides, revised PC-I providing for base/sub-base be submitted to Audit;

otherwise, recovery of pitrun gravel and graded aggregate be effected under intimation to Audit.

No further progress was intimated till the finalization of this report.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to convene a DAC meeting to discuss the Audit Paras of office at S.No.2. However, no meeting was convened till the finalization of this report.

Audit recommends that revised PC I be produced for verification; otherwise, recovery be effected under intimation to Audit.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

#### **PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

**Rs. in million**

#	Name of division	AIR Para No.	F.Y	Amount	PAC Decision
1.	Road Division, Pishin	7	2020-21	14.998	The Committee, following a thorough discussion, resolved to conduct a site visit to assess the condition of Surkhab-Khanozai Road, Yaro-Pishin Road, and By-Pass I & II. Based on the findings of this visit, the Committee will make a final decision on the matter. Additionally, the Committee reserves the option to order a Special Audit of the aforementioned roads. Consequently, the <b>decision on this item has been deferred</b> pending the outcome of the site visit and potential audit.

Rs. in million

#	Name of division	AIR Para No.	F.Y	Amount	PAC Decision
2.	Road Division, Jaffarabad	3	2020-21	13.465	As the relevant record has been verified by Audit, therefore, Committee <b>settled the Para.</b>

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**Para # 6.2.15 Non-deduction of stacking charges - Rs. 23.853 million**

According to SI. No. 21-2, 21-3 and 21-4 of BCSR,1998, “The rates for excavation or cutting in soft rock, medium rock and hard rock are inclusive of labor charges for stacking at site. The unit rate paid includes Rs. 26.710 Per Cum for sorting and stacking the excavated material at the site of work.”

PD, Construction/Upgradation of Dirgai Shabozai N-70 to Taunsa Sharif Road Project, Quetta awarded the work “Construction Upgradation of Dirgai Shabozai N 70 to Tansa Sharif Road N-55” to various GCs through different packages during June, 2017.

Record revealed that contractors were paid for the items of work “Excavation or cutting in soft and hard rock by blasting including sorting and stacking the excavated material within a lift of 1.5 m (5 Ft) and lead upto 30 m (100 Ft)” under SI No. 21-3 and 21-4 @ Rs. 145.350 Per Cum and @ Rs. 259.450 Per Cum respectively. The rate paid was inclusive of sorting and stacking the excavated material at the site of work but stacking charges at the rate of Rs. 26.710 Per Cum were not deducted from the unit rate. This resulted in an overpayment of Rs. 23.853 million, as detailed below:

Rs. In million

#	Name of work	Quantity (Cum)	Rate (Per Cum)	Amount
1.	Package 6, M/s Zareef Khan Hussainzai	402,351	26.710	10.747
		185,321	26.710	4.950
	Package 4, M/s Origin Enterprises	52,300	26.710	1.397
		52,300	26.710	1.397
<b>Subtotal</b>				<b>18.491</b>
<b>Add premium @ Rs. 29% on above CSR, 1998</b>				<b>5.362</b>
<b>Grand total</b>				<b>23.853</b>

Non-deduction of stacking charges from unit rate of items was due to weak internal controls which resulted in overpayment to the contractors and loss to government.

The matter was reported to the department during October 2021, but no reply was received.

In the DAC meeting held on October 18 to 24, 2022, the department replied that the road cutting comprised of box and side cutting at different reaches. Stacking of box cutting was not possible, however, recovery of an amount of Rs. 2.835 million of side cutting was possible which would be recovered. The DAC directed the department to provide MB and road cutting profile to Audit in support of their claim. The DAC further directed the department to affect recovery of the accepted amount at the earliest under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be effected from the concerned contractor besides provision of related record to Audit for scrutiny.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

#### **PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

On the basis of justification submitted by the Department Committee **settled the Para.** However, department shall provide the proof of accepted recovery of Rs.2.835 million to Audit for verification purpose under intimation to PAC.

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#### **Para # 6.2.16      Overpayment due to non-utilization of available earth - Rs. 20.531 million**

As per Book Specification 2018, "If cutting and filling are being done simultaneously all suitable material obtained from excavation shall be used in filling of embankment. For this purpose, additional rate of Rs. 2.90 has been provided in SI. No. 21-1(f) CSR, 2018."

The following Road Divisions of CWPP&HD, failed to utilize the surplus earth obtained from excavation or cutting for preparation of embankment during the financial years 2019-22, resulting in an overpayment of Rs. 20.531 million, as detailed below:

				<b>Rs. in million</b>
<b>#</b>	<b>Name of division</b>	<b>AIR No.</b>	<b>Financial Year</b>	<b>Amount</b>
1.	Road Division, Zhob	9	2019-20	4.359
2.	Road Division, Turbat	2	2020-21	1.207

				Rs. in million
#	Name of division	AIR No.	Financial Year	Amount
3.	Road Division, Turbat	6	2021-22	0.217
4.	Road Division, Jaffarabad	1	2021-22	9.137
5.	Road Division, Jaffarabad	5	2021-22	2.784
6.	Road Division, Lasbela	4	2021-22	2.827
<b>Total</b>				<b>20.531</b>

Non-utilization of available earth was caused due to weak internal controls and resulted in a loss to the government.

The matter was reported to the department in July and November 2022, but no reply was received.

In the DAC meeting held on October 18 to 24, 2022, the DAC directed the offices at S. No. 1 to 2 to provide soil classification certificates from the SE, lab test reports and linear plan of the borrowed material to Audit.

No further progress was intimated till the finalization of this report.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to convene a DAC meeting to discuss the Audit Paras of offices at S. No. 3 to 6. However, no meeting was convened till the finalization of this report.

Audit recommends that either lab test report, soil classification report along-with certificate of classification from SE may be produced to audit for verification or recovery of the overpaid amount be made from the concerned contractors.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

#### **PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

					Rs. in million
#	Name of division	AIR Para No.	F.Y	Amount	PAC Decision
1.	Road Division, Zhob	9 (11)	2019-20	4.359	Committee hold the decision into the matter till finalization of inquiry by NAB and submitting report thereof to the PAC. <b>Hence, Para deferred.</b>

Rs. in million

#	Name of division	AIR Para No.	F.Y	Amount	PAC Decision
2.	Road Division, Turbat	2	2020-21	1.207	As the record has been verified by the Audit, therefore, Committee <b>settled the Para.</b>
3.	Road Division, Turbat	6	2021-22	0.217	As the record has been verified by the Audit, therefore, Committee <b>settled the Para.</b>
4.	Road Division, Jaffarabad	1	2021-22	9.137	As the record has been verified by the Audit, therefore, Committee <b>settled the Para.</b>
5.	Road Division, Jaffarabad	5	2021-22	2.784	As the record has been verified by the Audit, therefore, Committee <b>settled the Para.</b>
6.	Road Division, Lasbela	4	2021-22	2.827 (2.821)	As the record has been verified by the Audit, therefore, Committee <b>settled the Para.</b>

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**Para # 6.2.17 Overpayment due to non/less deduction of premium - Rs. 20.351 million**

According to P&D Department's Notification dated March 16, 2013 rates of premium has been notified for each district in Balochistan. Further, according to P&D Department's Notification dated July 16, 2018, the government had approved BCSR, 2018, which was applicable w.e.f July 1, 2018. Furthermore, as per CPWA Code 16 and 220, "The Divisional and Sub Divisional Officers have to satisfy themselves before signing the bill that the quantities recorded in the MB and rates are correct and calculations have been checked arithmetically".

The following Road Divisions of CWPP&HD, during the financial years 2019-20 and 2020-21, overpaid an amount of Rs. 20.351 million to the contractors due to non/less deduction of applicable premium, as detailed below:

Rs. in million

#	Name of division	AIR No.	Financial year	Amount
1.	Road Division, Jhal Magsi	1	2020-21	2.958
2.	Road Division, Pishin	1	2020-21	3.730
3.	Maintenance Division-I, Quetta	3,6	2021-22	13.663
<b>Total</b>				<b>20.351</b>

Non/less deduction of premium occurred due to weak financial controls and resulted in undue favor to the contractors.

The matter was reported to the department in November 2021, and March and September 2022, but no reply was received.

In the DAC meeting held on October 18 to 24, 2022, the DAC directed the offices mentioned at S.No.1 and 2 to affect recovery of overpaid premium from contractors.

No further progress was intimated till the finalization of this report.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to convene a DAC meeting to discuss the Audit Paras of office at S.No.3. However, no meeting was convened till the finalization of this report.

Audit recommends that recovery be effected from the concerned contractors, besides fixing the responsibility against the officials at fault.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

#### **PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

<b>Rs. in million</b>					
#	Name of division	AIR Para No.	F.Y	Amount	PAC Decision
1.	Road Division, Jhal Magsi	1	2020-21	2.958 (2.698)	On the basis of justification submitted by the department Committee <b>settled the Para.</b>
2.	Road Division, Pishin	1	2020-21	3.730	The Committee, following a thorough discussion, resolved to conduct a site visit to assess the condition of Yaro-Pishin Road. Based on the findings of this visit, the Committee will make a final decision on the matter. Visit team may include Chairman PAC, members, representative of Audit Office, representative of department and concerned Chief Engineer. <b>Hence, Para deferred.</b>
3.	Maintenance Division-I, Quetta	3,6	2021-22	13.663 (Para No. 3: 11.489) (Para No. 6: 2.174)	As the record has been verified by the Audit, therefore, Committee <b>settled the Para.</b>

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**Para # 6.2.18 Overpayment due to stacking excess quantity - Rs. 12.635 million**

According to detailed analysis of CSR-1998, “Compacted depth of graded aggregate base course and natural pitrun gravel shall be considered for payment. The compacted depth shall be equal to 0.67% of the loose thickness.”

Executive Engineer, Road Division, Zhob awarded the work “Construction of BT Road Murgha Kibzai 39 to 94.50 Km, Zhob” to a GC in January 2011. The contractor was paid for an item of work “Supplying and stacking hand broken stone ballast of approved quality for sub base or base along road side of alignment including all lead and lift”. Scrutiny of MB revealed that 1,422,544 Cft hand broken stone ballast was stacked along road side alignment, out of which a quantity of 142,680 Cft was laid in base course. It clearly indicated that excess quantity was stacked resulting in overpayment of Rs. 12.635 million, as detailed below:

<b>Rs. in million</b>					
<b>Name of item</b>	<b>Stacked quantity (Cft)</b>	<b>Laid quantity (Cft)</b>	<b>Excess quantity stacked (Cft)</b>	<b>Rate (Rs. per % Cft)</b>	<b>Overpaid amount</b>
Graded aggregate base course SI No. 21-15	1,422,544	142,680	1,279,864	922.60	11.808
<b>Add premium @ 7%</b>					<b>0.827</b>
<b>Total</b>					<b>12.635</b>

Excess stacking of stone was due to weak internal controls and resulted in overpayment.

The matter was reported to the department in August 2021, but no reply was received.

In the DAC meeting held on October 18 to 24, 2022, the department replied that the material was being laid as the work was in progress, and further added that the NAB inquiry was initiated on the work due to which the work had been stopped. The DAC directed the department to keep Audit updated about the inquiry report/proceedings and usage of the stacked quantity and if the stack was not fully utilized then the recovery be effected under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be effected from the contractor under intimation to Audit.

**PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

**PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

Committee directed the department to take up the matter with NAB on war-footing basis and submit the final report to the PAC for consideration and final decision. Hence, Para deferred.

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**Para # 6.2.19 Irregular advance payment due to recording superficial measurements - Rs.61.167 million**

As per Para 56 of CPWA code, “Advance to contractors are as a rule prohibited and every endeavor should be made to maintain a system under which no payments are made except for work actually done.”

The following Road Divisions of CWPP&HD, during the financial years 2019-20 and 2020-21 made payment of Rs. 61.167 million to the contractors immediately after the award of contracts, as detailed below:

				<b>Rs. in million</b>
<b>#</b>	<b>Name of division</b>	<b>AIR No.</b>	<b>Financial year</b>	<b>Amount</b>
1.	Road Division, Zhob	4	2019-20	19.700
2.	Road Division, Musakhail	2	2020-21	1.700
3.	Road Division, Kharan	2	2020-21	32.367
4.	Road Division, Pishin	1	2020-21	7.400
<b>Total</b>				<b>61.167</b>

Payment without actual execution was due to weak internal controls.

The matter was reported to the department in December 2021, April and May 2022, but no reply was received.

In the DAC meeting held on October 18 to 24, 2022, the DAC directed the Executive Engineer, (Road) Division, Zhob to provide PC IV/completion certificate and third-party validation of work to Audit. However, DAC issued the directions to conduct a fact-

finding inquiry against the Executive Engineer, Road Division, Musakhail, the result of which be shared with Audit.

No further progress was intimated till the finalization of this report.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to convene a DAC meeting to discuss the Audit Paras of offices at S. No.3 to 4. However, no meeting was convened till the finalization of this report.

Audit recommends that inquiry may be conducted in the matter, and physical verification of the works may be carried out by the Director Development, P&D Department and results be shared with the Audit.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

#### **PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

Rs. in million					
#	Name of division	AIR Para No.	F.Y	Amount	PAC Decision
1.	Road Division, Zhob	4	2019-20	19.700	On the basis of discussion held Committee directed the Department to provide Third Party Validation to Audit for verification purpose under intimation to PAC. <b>Hence, Para deferred.</b>
2.	Road Division, Musakhail	2	2020-21	1.700	Decision hold till scrutiny of record by Audit under intimation to PAC. <b>Hence, Para deferred.</b>
3.	Road Division, Kharan	2	2020-21	32.367	As the record has been verified by the Audit, therefore, Committee <b>settled the Para.</b>
4.	Road Division, Pishin	1	2020-21	7.400	As the record has been verified by the Audit, therefore, Committee <b>settled the Para.</b>

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**Para # 6.2.20      Non/less deduction of governmental taxes/duties - Rs. 317.817 million**

According to BSTS Act, 2015, Income Tax Ordinance, 2001, General Sales Tax Act, 1990 and Stamp Act, 1899, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, GST @ 17% and stamp duty @ 0.25% of cost of contract.

Various Road Divisions of CWPP&HD, during the financial years 2019-22, made payments to the contractors/consultants for execution of civil works without/less deduction of government taxes amounting to Rs. 317.817 million, as detailed in Annexure 6.6 of the Audit Report.

Non/less deduction of government taxes occurred due to weak internal controls and resulted in revenue loss to the Government.

The matter was reported to the department in December, 2021, and July and November, 2022 but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20, 2020-21 and 2021-22 with the financial impact of Rs. 717.317 million, Rs. 84.711 million and Rs. 216.519 million respectively but the PAO did not take remedial measures to avoid recurrence.

In the DAC meeting held on October 18 to 24, 2022, DAC directed the offices mentioned at S.No.1 to 54 to recover government taxes and dues at earliest.

No further progress was intimated till the finalization of this report.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to convene a DAC meeting to discuss the Audit Paras of offices at S. No. 56 to 65. However, no meeting was convened till the finalization of this report.

Audit recommends that the necessary recoveries be effected.

**PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

**PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

#	Name of Division	AIR Para No.	F.Y	Amount	PAC Decision
<b>BSTS</b>					
1.	PD, Uplifting of Chaman Town, Killa Abdullah	4 (1)	2019-20	0.615	The Committee directed the department to verify the BSTS recovery records from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
2.	Road Division, Naserabad	2 (1)	2019-20	1.557	The Committee directed the department to verify the BSTS recovery records from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
3.	Road Division, Sherani	1	2019-20	0.593	The Committee directed the department to verify the BSTS recovery records from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
4.	Road Division, Kachhi at Bolan	17	2019-20	10.165	The Committee directed the department to verify the BSTS recovery records from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>

#	Name of Division	AIR Para No.	F.Y	Amount	PAC Decision
5.	Road Division, Gwadar (Usman Bugti, AO)	Para 4&6	2019-20	8.205 (Para-4: 2.760 Para-6: 5.445)	The Committee directed the department to verify the BSTS recovery records from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
6.	Road Division, Zhob	4 (2)	2019-20	4.105 (4.103)	The Committee directed the department to verify the BSTS recovery records from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
7.	Road Division, Kachhi at Bolan	5	2019-20	4.117	The Committee directed the department to verify the BSTS recovery records from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
8.	Road Division, Sibi	3	2020-21	3.136	The Committee directed the department to verify the BSTS recovery records from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
9.	Road Division, Kachhi at Bolan	1	2020-21	8.058 (16.191)	The Committee directed the department to verify the BSTS

#	Name of Division	AIR Para No.	F.Y	Amount	PAC Decision
					recovery records from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
10.	Road Division, Washuk	1	2020-21	2.318 (3.818)	The Committee directed the department to verify the BSTS recovery records from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
11.	PD, Construction Up-gradation of Dirgai Shabozai N 70 to Tunsar Sharif Road Project, Quetta	4	2020-21	30.409	The Committee directed the department to verify the BSTS recovery records from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
12.	Road Division, Gwadar	4	2020-21	2.116 (3.446)	The Committee directed the department to verify the BSTS recovery records from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
13.	Road Division, Gwadar	6	2020-21	1.345	The Committee directed the department to verify the BSTS recovery records from Audit under intimation to PAC and

#	Name of Division	AIR Para No.	F.Y	Amount	PAC Decision
					recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
14.	Maintenance Division-I, Quetta	1	2020-21	39.861 (39.862)	The Committee directed the department to verify the BSTS recovery records from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
15.	Road Division, Sherani	6	2020-21	0.5 (0.593)	The Committee directed the department to verify the BSTS recovery records from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
16.	Road Division, Turbat	1	2020-21	1.092	The Committee directed the department to verify the BSTS recovery records from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
<b>Stamp Duty</b>					
17	Road Division, Quetta	1 (7)	2019-20	0.404	The Committee directed the department to get the recovery of Stamp Duty verified from Audit under intimation to PAC and recover remaining

#	Name of Division	AIR Para No.	F.Y	Amount	PAC Decision
					amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
18	Road Division, Kalat	3	2019-20	0.323	The Committee directed the department to get the recovery of Stamp Duty verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
19	PD, Uplifting of Chaman Town	4	2019-20	1.319	The Committee directed the department to get the recovery of Stamp Duty verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
20	Road Division, Musakhail	6	2020-21	0.46	The Committee directed the department to get the recovery of Stamp Duty verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
<b>Income Tax</b>					
21	Road Division, Nushki	3	2020-21	7.013	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week,

#	Name of Division	AIR Para No.	F.Y	Amount	PAC Decision
					notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
22	Road Division, Kalat	3	2020-21	0.323	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
23	Road Division, Sibi	6	2020-21	1.484	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
24	Road Division, Gwadar	4	2020-21	1.679 (3.446)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
25	Project Division II, Quetta	1	2020-21	0.551	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit

#	Name of Division	AIR Para No.	F.Y	Amount	PAC Decision
					accordingly. <b>Hence, Para deferred till compliance.</b>
26	Road Division, Washuk	1	2020-21	1.5 (3.818)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
27	Road Division, Kachhi at Bolan	1	2020-21	8.133 (16.191)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
28	Road Division, Kachhi at Bolan	6	2019-20	3.345 (10.165)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
29	PD Construction of Turbat Buleda Road, Kech	4	2021-22	25.155	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>

#	Name of Division	AIR Para No.	F.Y	Amount	PAC Decision
30	Road Division, Duki	7	2020-21	0.382	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
31	Road Division, Gwadar	5	2021-22	1.99 (4.027)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
32	Road Division, Jhal Magsi	4	2021-22	4.39	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
33	Road Division, Khuzdar	2	2021-22	1.759	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
34	Road Division, Lasbela	1	2021-22	0.452 (7.201)	The Committee directed the department to get the recovery

#	Name of Division	AIR Para No.	F.Y	Amount	PAC Decision
					of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
35	Road Division, Loralai	2	2020-21	2.117 (2.116)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
36	Maintenance-I Division, Quetta	1	2021-22	26.798 (29.582)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
37	Road Division, Mastung	2	2020-21	0.754	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
38	Road Division, Naseerabad	1	2021-22	5.886 (6.313)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC

#	Name of Division	AIR Para No.	F.Y	Amount	PAC Decision
					and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
39	Road Division, Panjgoor	1	2021-22	1.836	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
40	Road Division, Turbat	2	2021-22	1.223 (2.641)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
41	Road Division, Zhob	2	2020-21	2.905	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
42	PD, Construction of. Turbat Buleda Road, Kech	2	2021-22	1.117	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week,

#	Name of Division	AIR Para No.	F.Y	Amount	PAC Decision
					notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
43	Road, Jhal Magsi	6	2021-22	3.423	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
44	Road Division, Kharan	5	2020-21	1.107	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
45	Road Division, Khuzdar	5	2021-22	2.449 (2.450)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
46	Road Division, Lasbela	7	2021-22	4.959	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit

#	Name of Division	AIR Para No.	F.Y	Amount	PAC Decision
					accordingly. <b>Hence, Para deferred till compliance.</b>
47	Maintenance Division-I, Quetta	9	2021-22	4.12 (4.118)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
48	Road Division, Mastung	6	2021-22	1.09	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
49	Road Division, Panjgoor	6	2021-22	0.315 (0.538)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
50	Road Division, Pishin	9	2021-22	2.607 (2.608)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>

#	Name of Division	AIR Para No.	F.Y	Amount	PAC Decision
51	Project Division I, Quetta	3	2020-21	1.3	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
52	Road Division, Turbat	8	2021-22	3.018	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
53	Road Division, Quetta	6	2021-22	2.746	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
54	Road Division, Panjgur	2	2020-21	4.897	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
55	Road Division, Duki	5	2020-21	26.200	The Committee directed the department to get the recovery

#	Name of Division	AIR Para No.	F.Y	Amount	PAC Decision
					of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
56	Road Division, Gwadar	5	2021-22	4.027	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
57	Road Division Jaffarabad	2	2021-22	4.933	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
58	Road Division Jhal Magsi	2	2021-22	4.953	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
59	Road Division, Killa Abdullah	4	2021-22	1.587	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC

#	Name of Division	AIR Para No.	F.Y	Amount	PAC Decision
					and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
60	Road Division, Lasbela	1	2021-22	6.749 (7.201)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
61	Maintenance Division-I, Quetta	1	2021-22	2.784 (29.582)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
62	Road Division, Naseerabad	1	2021-22	6.867 (6.313)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
63	Road Division, Panjgoor	2	2020-21	4.897	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week,

#	Name of Division	AIR Para No.	F.Y	Amount	PAC Decision
					notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
64	Road Division, Turbat	2	2021-22	1.418 (2.641)	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>
65	Road Division, Zhob	6	2020-21	0.099	The Committee directed the department to get the recovery of Income Tax verified from Audit under intimation to PAC and recover remaining amounts within one week, notifying PAC and Audit accordingly. <b>Hence, Para deferred till compliance.</b>

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**Para # 6.2.21 Irregular expenditure beyond scope of work - Rs. 32.244 million**

According to Para 2.86 of B&R Code, “the authority granted by a sanction to an estimate must on all occasions be looked upon as strictly limited by the precise objects for which the estimate was intended to provide. Accordingly, any anticipated or actual saving on a sanctioned estimate for a definite project should not, without special authority be applied to carry out additional work not contemplated in the original project or fairly contingent on its actual execution”.

The Executive Engineer, Road Division, Quetta awarded the works “Construction of Road BT and Side Drain at Killi Shah Mardan “Z2021.2271” and Construction of Road Mullah Imam Bargh Rizvia, Hazra Town Quetta 2.3 Km, “Z2021.0210” to GCs during the financial year 2021-22 at cost of Rs. 19.720 million and Rs. 19.768 million

respectively. MBs of the works with reference to approved Minutes of Meeting held on August 20, 2012 of Department Sub Committee (DSC), revealed that construction work was not executed as per approved scope of work. Thus, an expenditure of Rs. 32.244 million was held irregular.

Execution beyond scope of work was caused due to weak internal controls and resulted in irregular expenditure.

The matter was reported to the department in November 2022, but no reply was received.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to convene a DAC meeting to discuss the Audit Paras. However, no meeting was convened till the finalization of this report.

Audit recommends that inquiry be conducted besides regularization of expenditure from the competent authority.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. *Hence, decision deferred.*

#### **PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

Committee directed the department to provide Third Party Validation, PC-I and Measurement Book to Audit for verification purpose under intimation to PAC and Audit.

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#### **Para # 6.2.22 Irregular expenditure without budget allocation - Rs. 5.703 million**

According to Para 4(11) of CPWD Code, “Incidental expenses of miscellaneous character which cannot appropriately be classified under distinct sub head or sub work yet pertain to the work as a whole can be charged against the provision of contingencies in estimates. Further, as per PC-I of the project, provision of 1% contingency was provided.”

The following Road Divisions of CWPP&HD expended Rs. 5.703 million on different schemes, without budget allocation, from savings of other schemes, as detailed below:

Rs. in million

#	Name of division	AIR No.	Financial Year	Amount
1.	Road Division, Mastung	1	2020-21	3.981
2.	Road Division, Kharan	1	2020-21	1.722
<b>Total</b>				<b>5.703</b>

Payment without budget allocation was due to weak internal controls and resulted in irregular expenditure.

The matter was reported to the department in September 2021, and May, 2022, but no reply was received.

In the DAC meeting held on October 18 to 24, 2022, the Executive Engineer, Kharan replied that repair works were charged to contingency rather than savings, for which proper approval was obtained from the competent authority i.e., SE. Audit however, disagreed and replied that the works executed and the schemes to which the works had been charged was different, thus the expenditure was unjustified. The DAC directed the department to recover the overpaid amount from the concerned.

No further progress was intimated till the finalization of this report.

The PAO was requested in December, 2022, followed by repeated reminders in January, 2022, to discuss Audit Paras of Mastung division. However, no meeting was convened till the finalization of this report.

Audit recommends that recovery be effected from the concerned officials responsible under intimation to Audit.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. *Hence, decision deferred.*

#### **PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

#	Name of division	AIR Para No.	F.Y	Amount	PAC Decision
1.	Road Division, Mastung	1	2020-21	3.981	As the recovery has been made and record thereof has been verified by Audit, therefore, Committee settled the Para.
2.	Road Division, Kharan	1 (5)	2020-21	1.722	As the recovery has been made and record thereof has been verified by Audit, therefore, Committee settled the Para.

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**Para # 6.2.23 Payment of acquisition of land/Property Compensation - Rs. 597.900 million**

As per CPWD Code 86, “When land is required for the public purpose, the Public Works Department should obtain the requisite information from Revenue Office of the district for the probable cost of land together with value of buildings etc., and an estimate should be framed and got sanctioned, then commit the matter to the Revenue Officer, who will take the necessary preliminary action for the appropriation of land under Land Acquisition Act 1894.”

The following divisions of CWPP&H Department made payment of Rs. 597.900 million to Deputy Commissioners Quetta and Panjgoor for land compensation during the financial year 2020-21. Detailed estimates and supporting documents were not obtained from the Board of Revenue. Further, mutation/transfer deeds of the property in the name of Government could not be confirmed, as detailed below:

<b>Rs. in million</b>				
#	Name of division	AIR No. Year	Description	Amount
1.	Project Division-I, Quetta	AIR-1, 2020-21	Rehabilitation/dualization of Black Topped Road from Nawa Killi Check Post to Hanna and CM Annexe Hanna, District Quetta	250
<b>Subtotal</b>				<b>250</b>
2.	Road Division, Panjgoor	AIR-1, 2020-21	Construction of dual carriage way from DC office to Sordo	32.400
			Construction of dual carriage way from Airport to Gramkan cross	62.200
			Construction of dual carriage way from Azmat Chowk to Tasp	118.900
			Construction of dual carriage way from Washbod bypass to Gramkan cross	118.900
			Construction of dual carriage way from Allahoakbar chowk to Kalam chowk	14.500
<b>Subtotal</b>				<b>347.900</b>
<b>Grand total</b>				<b>597.900</b>

Payment to Deputy Commissioners/Collectors without obtaining essential record was due to weak internal controls and resulted in irregular expenditure.

The matter was reported to the department in July and October, 2022, but no reply was received.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to convene a DAC meeting to discuss the Audit Paras. However, no meeting was convened till the finalization of this report.

Audit recommends that the detailed expenditure statement, transfer deeds and payees' acknowledgment be obtained from the Board of Revenue to authenticate expenditure.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. *Hence, decision deferred.*

#### **PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

**Rs. in million**

#	Name of division	AIR Para No.	F.Y	Amount	PAC Decision
1.	Project Division-I, Quetta	1	2020-21	250.00	<p>Committee directed the department to take up the matter with Deputy Commissioner, Quetta and arrange the following record for consideration and final decision of the PAC into the matter:</p> <ol style="list-style-type: none"> <li>1. Copies of the CNIC's of the owners of land.</li> <li>2. Mutation/transfer deeds of the property in the name of Government.</li> <li>3. Brake-up of amount allocated for acquisition of land/property compensation, paid to property/land owners and balance amount.</li> </ol> <p>Hence, Para deferred.</p>
2.	Road Division, Panjgur	1	2020-21	347.900	<p>Committee directed the department to take up the matter with Deputy Commissioner, Panjgur and arrange the following record for consideration and final decision of the PAC into the matter:</p> <ol style="list-style-type: none"> <li>1. Copies of the CNIC's of the owners of land.</li> <li>2. Mutation/transfer deeds of the property in the name of Government.</li> <li>3. Brake-up of amount allocated for acquisition of land/property compensation, paid to property/land owners and balance amount.</li> </ol> <p>Moreover, the Committee also directed the Special Audit of the acquisition of land/property by Deputy Commissioner Panjgur.</p>

Rs. in million

#	Name of division	AIR Para No.	F.Y	Amount	PAC Decision
					The Terms of Reference (ToRs) of Audit will be set by the Committee in collaboration with office of the D.G Audit, Balochistan. Hence, Para deferred.

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**Para # 6.2.24 Non-deduction of cost of prime coat - Rs. 91.813 million**

As per Handbook of Civil Engineering, “The prime coat is the initial application of a binder to an abstract high way surface prior to premix carpeting, whereas, tack coat is the initial application of a binder to an existing surface to ensure thorough bond between the new construction and the existing surface and tack coat and prime coat are not given together”.

Various Road Divisions of CWPP&HD, during the financial years 2020-21 and 2021-22, awarded different works to various contractors. The contractors carried out premix carpeting under SI. No. 21-32 and 21-35 of Balochistan CSR, 2018 and 1998 respectively, that included cost of tack coat. In addition, prior to premix carpeting, prime coats were also paid to the contractors. Additional payment for prime coat was not in order because cost of tack coat was already included in the unit rate of premix carpeting. Therefore, the rate of prime coat should have been adjusted within the existing cost of tack coat as both items are not applied together. Thus, due to non-deduction of the cost of prime coat, an overpayment of Rs. 91.813 million was made to the contractors, as detailed in Annexure 6.7 of the Audit Report.

Non-deduction of cost of prime coat from premix carpeting was due to weak financial management and resulted in loss to the government.

The matter was reported to the department in December 2021, July and November 2022, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20 and 2021-22 with the financial impact of Rs. 32.768 million and Rs. 46.586 million respectively but the PAO did not take remedial measures to avoid recurrence.

In the DAC meeting held on October 18 to 24, 2022, the DAC directed the offices mentioned at S.No. 1 to 6 to effect recovery of cost of prime coat.

No further progress was intimated till the finalization of this report.

The PAO was requested in December 2022, followed by repeated reminders in January 2022, to convene a DAC meeting to discuss the Audit Paras of offices at S. No. 7 to 15. However, no meeting was convened till the finalization of this report.

Audit recommends that recovery be effected from the concerned contractors under intimation to Audit.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. **Hence, decision deferred.**

#### **PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

Rs. in million

#	Name of division	AIR Para No.	F.Y	Amount	PAC Decision
1.	Road Division, Harnai	7	2020-21	10.323	As the DAC decision printed in the Audit Report and submitted by Audit through PACIS were inconsistent, therefore, Committee hold its decision till clarification by Audit. <b>Hence, Para deferred.</b>
2.	Road Division, Gwadar	1	2020-21	3.976	On the basis of discussion held, Committee settled the Para.
3.	Road Division, Musa Khail	1	2020-21	0.157	As the recovery has been effected and record thereof is duly verified by Audit, therefore, Committee <b>settled the Para.</b>
4.	Road Division, Turbat	4	2020-21	0.391 (0.390)	As the recovery has been effected and record thereof is duly verified by Audit, therefore, Committee <b>settled the Para.</b>

Rs. in million

#	Name of division	AIR Para No.	F.Y	Amount	PAC Decision
5.	Road Division, Kachhi at Bolan	2	2019-20	7.686	The Committee deferred decision due to disagreement between Audit and Department over technical nature of issue. An independent engineer's brief will be sought to clarify matters. <b>Hence, Para deferred.</b>
6.	Roads Division, Ziarat	5	2020-21	1.791	The Committee deferred decision due to disagreement between Audit and Department over technical nature of issue. An independent engineer's brief will be sought to clarify matters. <b>Hence, Para deferred.</b>
7.	Road Division, Chagai	2	2020-21	0.487	The Committee deferred decision due to disagreement between Audit and Department over technical nature of issue. An independent engineer's brief will be sought to clarify matters. <b>Hence, Para deferred.</b>
8.	Road Division, Jhal Magsi	1	2021-22	27.454	The Committee deferred decision due to disagreement between Audit and Department over technical nature of issue. An independent engineer's brief will be sought to clarify matters. <b>Hence, Para deferred.</b>
9.	Road Division, Lasbela	7	2021-22	1.630	The Committee deferred decision due to disagreement between Audit and Department over technical nature of issue. An independent engineer's brief will be sought to clarify matters. <b>Hence, Para deferred.</b>
10.	Road Division, Panjgur	2,5	2021-22	2.754 (Para No: 2: 1.423)	The Committee deferred decision due to disagreement between Audit and Department over technical nature of issue. An independent engineer's

Rs. in million

#	Name of division	AIR Para No.	F.Y	Amount	PAC Decision
				Para No. 5: 1.319)	brief will be sought to clarify matters. <b>Hence, Para deferred.</b>
11.	Project Division-I, Quetta	2	2020-21	6.536	The Committee deferred decision due to disagreement between Audit and Department over technical nature of issue. An independent engineer's brief will be sought to clarify matters. <b>Hence, Para deferred.</b>
12.	Project Division-I, Quetta	4	2020-21	18.021	The Committee deferred decision due to disagreement between Audit and Department over technical nature of issue. An independent engineer's brief will be sought to clarify matters. <b>Hence, Para deferred.</b>
13.	Road Division, Turbat	4	2021-22	1.218	The Committee deferred decision due to disagreement between Audit and Department over technical nature of issue. An independent engineer's brief will be sought to clarify matters. <b>Hence, Para deferred.</b>
14.	Road Division, Zhob	1	2020-21	4.253	The Committee deferred decision due to disagreement between Audit and Department over technical nature of issue. An independent engineer's brief will be sought to clarify matters. <b>Hence, Para deferred.</b>
15.	Road Division, Duki	4	2020-21	5.136 (9.756)	The Committee deferred decision due to disagreement between Audit and Department over technical nature of issue. An independent engineer's brief will be sought to clarify matters. <b>Hence, Para deferred.</b>

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**Para # 6.2.25 Overpayment due to allow excess expenditure over approved cost – Rs. 22.955 million**

According to Rule 51(b)(f) of BPPRRs, 2014, “Procurement of additional quantities of the items from the original contractor or supplier, where, after the items originally envisaged for the project or scheme have been procured through open competitive bidding, and such additional quantities of the same item(s) of goods or works are needed to meet the requirements of the project or scheme: Provided that (i) the cost of additional quantities of items shall not exceed fifteen percent (15%) of the original contract amount”.

The Executive Engineer, Road Division, Lasbela awarded the work “Construction of Bypass Bela City Road Connecting Main RCD Road, Quetta 4.29 Km (12’ wide), District Lasbela” to a GC on October 08, 2019 at an estimated cost of Rs. 69.941 million. Later on, the scheme was revised by the PDWP in its meeting held on January 3, 2020 by changing the width of road from 12 to 24 Feet and other allied structure works at an estimated cost of Rs. 215.435 million. The work was advertised and awarded to the same contractor vide work order dated March 18, 2020 at an estimated cost of Rs. 169.605 million without re-tendering which resulted in an irregular expenditure of Rs. 122.619 million, as detailed below:

<b>Rs. in million</b>		
<b>Estimated cost</b>	<b>Total work done</b>	<b>Difference</b>
69.941	192.560	122.619

Expenditure without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the department during November, 2021 but no reply was received.

In the DAC meeting held on October 18 to 24, 2022, the department replied that the expenditure was incurred within the approved cost. The work was originally awarded at cost of Rs. 69.940 million but after approval of its revision by the PDWP on August 2, 2019 a revised work order was issued to the contractor at a cost of Rs. 169.605 million. Therefore, cost of both work orders came to Rs. 239.54 million; whereas, work done was Rs. 192.560 million. The department further informed that the scheme had further been approved by the PDWP at a revised cost of Rs. 538.647 million in a meeting held on January 3, 2020. Audit, however, pointed out that the work was awarded

without re-tendering after revision in cost by more than 15%, which resulted in mis-procurement. Audit further reiterated that in the PDWP directed the CWPP&H Department to initiate a summary for seeking approval of the revised/enhanced cost of the scheme from the Provincial Cabinet, the progress of which could not be shared with the forum. The DAC agreed with Audit and directed the department to initiate summary for Provincial Cabinet to regularize the expenditure from the competent authority.

No further progress was intimated till the finalization of this report.

Audit recommends that the expenditure be regularized by the competent authority under intimation to Audit.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> AUGUST, 2024**

Considering the rationale provided, the Committee granted one month time to department for compliance with DAC decisions dated 18.10.2022, 01.08.2023 and 29.08.2023. Simultaneously, the Audit office shall undertake verification of compliance and furnish a detailed report to the PAC within the specified period. ***Hence, decision deferred.***

#### **PAC DIRECTIVES DATED 31<sup>st</sup> OCTOBER, 2024**

Committee directed the department to provide the original PC-I, revised PC-I and other relevant record to Audit for scrutiny/verification purpose under intimation to PAC. ***Hence, Para deferred.***

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## Education Department

*(Meeting held on 18<sup>th</sup> September, 2025)*

### INTRODUCTION

The Education Department is responsible to provide quality education from primary to graduation level and overall management of educational institutions from primary schools to degree colleges. Besides, it also administers technical and vocational institutions in Balochistan.

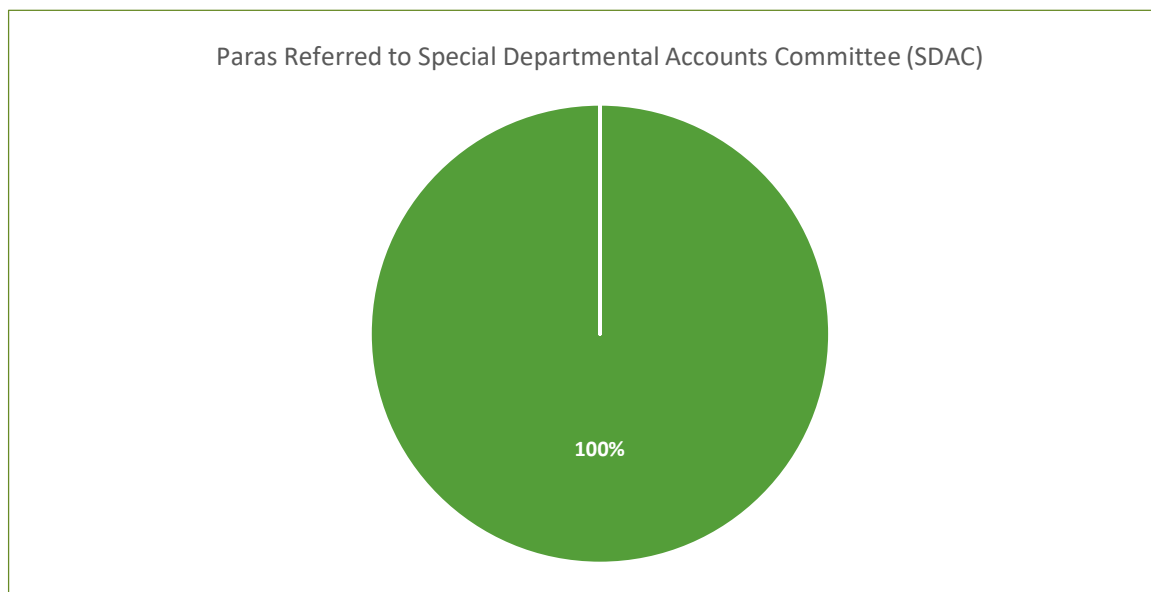
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	08
2.	Evasion of Taxes & Duties	02
<b>Total Paras</b>		<b>10</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Referred to Special Departmental Accounts Committee (SDAC)	10
<b>Total Paras</b>		<b>10</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**MEETINGS DATED 18<sup>th</sup> SEPTEMBER, 2025 IN RESPECT OF HIGHER EDUCATION DEPARTMENT:****EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan summarized the subject Appropriation Accounts before Committee as under:

**Rs. in million**

Particulars	Original Grant	Supp. Grant (Not Printed)	Surrender	Final Grant	Expenditure	Saving	%
Non-Development (Grant No.BC21016)	11,736.433	1,260.899	1,664.050	11,333.281	10,723.379	609.902	5.38
Development (Grant No.BC12216) Function No. 093101	9,279.700	-	5,261.338	4,018.362	3,957.643	60.719	1.51
Development (Grant No.BC12216) Function No. 092101	190.000	-	-	190.000	189.997	0.003	0.00
Total Development	9,469.700	-	5,261.338	4,208.362	4,147.640	60.722	1.44
<b>Grand Total (Non-Development &amp; Development)</b>	<b>21,206.133</b>	<b>1,260.899</b>	<b>6,925.388</b>	<b>15,541.643</b>	<b>14,871.019</b>	<b>670.624</b>	<b>4.32</b>

**PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

The Committee *settled the Appropriation Accounts* with direction that, in future, the department shall strictly adhere to the provisions of the Financial Management Act, Balochistan. In particular, the department must ensure that all anticipated savings, in any head of account, are surrendered to the Finance Department, Government of Balochistan, by 15th May each year, as mandated under Rule 12(1) of the said Act. Furthermore, in light of Rule 12(1) of the Public Financial Management Act and Rule 95 of the General Financial Rules (GFR), the Committee directed the Finance Department, Government of Balochistan, to issue a circular to all Principal Accounting Officers (PAOs). The circular shall reiterate that any anticipated savings from the approved budget must be surrendered to the Finance Department as soon as they are identified, and in any case, no later than 15th May of each financial year. Additionally, savings arising from funds provided through Supplementary Grants after 15th May must be surrendered immediately upon identification, and no later than 30th June. The Committee emphasized that no savings should be retained in reserve for potential future excesses. The circular shall be issued under intimation to the Public Accounts Committee (PAC) and the office of the Accountant General, Balochistan.

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 7.2.1 Irregular retention of public money - Rs. 479.937 million**

According to Rule 290 of TRs Vol.-I, "No money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grant." Further, Finance Department's Notification August 23, 2008, "No account in the Commercial Bank can be opened for public money, without the prior permission of the FD."

The following offices of Higher Education Department, irregularly retained an amount of Rs. 479.937 million in bank accounts without prior approval of the Finance Department, GoB, during the financial years 2017-22, as detailed below:

				<b>Rs. in million</b>
#	AIR Para No.	Period	Name of formation	Amount
1.	1	2020-21	Principal, Balochistan Residential College, Turbat	42.469
2.	1	2019-21	Principal Balochistan Residential College, Zhob	2.2
3.	1	2020-21	Principal, Cadet College, Panjgur	149.044
4.	2	2017-21	Principal, Cadet College, Nushki	72.956
5.	6	2021-22	Principal Post Graduate Girls College Cantt, Quetta	0.5
6.	4	2021-22	Principal Balochistan Residential College, Zhob	22.218
7.	3	2019-20	Secretary, Colleges, Higher and Technical Education, GoB, Quetta	6.837
8.	2	2020-21	Principal, Government Boys Degree College, Khuzdar	0.299
9.	4,5	2020-21	Principal, Balochistan Residential Collage, Uthal	150.267
10.	4	2020-21	College Higher technical Education (4148752943)	2.872
11.	5	2020-21	College Higher technical Education (3150283910)	5.675
12.	4	2020-21	Director of Colleges and Higher Education, Balochistan Account number 1960-1 NBP, Secretariat Branch, Quetta	20
13.	9	2021-22	Director of Colleges and Higher Education, Balochistan A/c # 124301002828 UBL Shawak Shah Road, Quetta	4.600
<b>Total</b>				<b>479.937</b>

Retention of public money in the bank accounts without the approval of FD occurred due to weak financial management and resulted in irregularity.

The matter was reported to the department in June and October 2022, but no reply was received.

The PAO was requested in May 2022, followed by repeated reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that approval of FD, GoB, and justification of public money retained in the bank accounts may be provided to audit, or the amount in question may be deposited in the government account.

### **PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

The Committee decided to **remand the Para to the Special Departmental Accounts Committee (SDAC)**, which is to be convened within 15 days. The SDAC shall submit its report to the Public Accounts Committee (PAC) for further consideration and final decision. Hence, the Para stands deferred until the submission of the SDAC report.

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#### **Para # 7.2.2 Non/less deduction of Government taxes - Rs. 30.923 million**

According to BSTS Act, 2015, Income Tax Ordinance, 2001 and General Sales Tax Act, 1990, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively and GST @ 17%.

The following offices of Higher Education Department, during the financial years 2018-22, incurred expenditure in different heads and construction works without/less deduction of government taxes amounting to Rs. 30.923 million, as detailed below:

<b>Rs. in million</b>						
#	Offices/ Colleges	AIR Para No.	Financial Years	BSTS	GST	IT
1.	Principal, Cadet College, Pishin	3,4,5	2019-21	0.323	2.547	1.144
2.	Principal Government Boys Degree College, Sibi	13,14	2019-21	0.11	0	0.084
3.	Principal Government Boys Degree College Usta Muhammad	9,10	2019-21	0.315	0	0.266
4.	Director, Technical Education	1,6,7	2019-21	0.2	12.3	0.2
5.	Principal, Government Boys Degree College, Nushki	5	2018-21	0.178	-	-
6.	Principal, Government Boys Degree College, Panjgur	1	2019-21	0.055	-	-
7.	Principal Post Graduate Girls College Cantt, Quetta	5	2021-22	0.149	-	-
8.	PD, Construction of Cadet Colleges in Balochistan, Quetta	2	2020-21	11.792	-	-
9.	Principal, Govt. Atta Shad Degree College, Turbat	1	2019-21	0.914	-	-
10.	Principal, Balochistan Residential College, Turbat	2	2018-21	-	0.226	-
11.	Principal, Balochistan Residential College, Khuzdar	1	2020-21	-	-	0.12
<b>Total</b>				<b>14.036</b>	<b>15.073</b>	<b>1.814</b>

Non/less deduction of government taxes occurred due to weak internal controls and resulted in loss to the Government.

The matter was reported to the department in June and October 2022, but no reply was received.

The PAO was requested in May 2022, followed by repeated reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that the necessary recoveries be effected and deposited in Government treasury under intimation to Audit.

### **PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

The Committee decided to ***remand the Para to the Special Departmental Accounts Committee (SDAC)***, which is to be convened within 15 days. The SDAC shall submit its report to the Public Accounts Committee (PAC) for further consideration and final decision. Hence, the Para stands deferred until the submission of the SDAC report.

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### **Para # 7.2.3 Irregular payment without calling open tenders - Rs. 68.413 million**

According to Rule 12 and 15(2) of BPPRRs, “All procurements opportunities over two hundred thousand and up to one million rupees shall be advertised timely on the Authority’s website as well as in the newspapers as prescribed in these rules. The Procuring Agencies shall not split or package a procurement plan with the intention to shorten or facilitate the procurement process and approval mechanism.”

The following offices of Higher and Technical Education Department, incurred an expenditure amounting to Rs. 68.413 million during the financial year 2020-21, without calling open tenders, as detailed below:

				<b>Rs. in million</b>
<b>#</b>	<b>AIR Para No.</b>	<b>Period</b>	<b>Name of formation</b>	<b>Amount</b>
1.	5	2020-21	Project Director, Construction of Cadet College, Quetta	43.921
2.	3	2019-21	Principal, Government Boys Degree College, Khuzdar	4.541
3.	1	2018-21	Principal, Government Boys Degree College, Nushki	4.303
4.	4	2017-21	Principal, Cadet College, Nushki	4.048
5.	6	2020-21	Principal, General Muhammad Musa Postgraduate College, Quetta	3.621

				Rs. in million
#	AIR Para No.	Period	Name of formation	Amount
6.	2	2018-21	Principal, Government Boys Degree College, Muslim Bagh	3.037
7.	2	2020-21	Principal, Government Boys Degree College, Quetta	1.97
8.	4	2020-21	Principal Government Post Graduate Science College, Quetta	0.996
9.	2	2018-21	Principal, Government Boys Degree College, Nushki	0.882
10.	3	2018-21	Principal, Cadet College, Panjgur	0.587
11.	3	2021-22	Principal Post Graduate Girls College Cantt, Quetta	0.507
<b>Total</b>				<b>68.413</b>

Expenditure without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the department in June and October 2022, but no reply was received.

The PAO was requested in May 2022, followed by repeated reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that expenditure be regularized from the competent authority and responsibility be fixed against the person(s) at fault.

#### **PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

The Committee decided to **remand the Para to the Special Departmental Accounts Committee (SDAC)**, which is to be convened within 15 days. The SDAC shall submit its report to the Public Accounts Committee (PAC) for further consideration and final decision. Hence, the Para stands deferred until the submission of the SDAC report.

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#### **Para # 7.2.4 Irregular expenditure without Technical Sanction / Administrative Approval Rs. 21.941 million**

According to Para 2.86 of B&R Code, “the authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If after the accord of technical sanction, alterations are contemplated, orders of the original sanctioning authority should be obtained even though no additional expenditure is involved”.

Project Director, Construction of Cadet Colleges awarded different civil works to contractors and incurred an expenditure of Rs. 21.941 million during the financial year 2020-21, but Technical Sanction / Administrative approval from the competent authority was not obtained, as detailed below:

		<b>Rs. in million</b>
#	Name of work	Amount
1.	Construction of boundary wall, main gate, road and path at Cadet College, Jaffarabad	2.017
2.	Drilling of tube well up to the depth of 1000 Feet at Cadet College, Pishin	4.500
3.	Construction of boundary wall 11000 Rft, fencing, gate house, 9 watch towers at Cadet College, Awaran	6.284
4.	Construction of Student Hostel at Cadet College, Panjgur	3.032
5.	Construction of security arrangements at Cadet College, Panjgur	0.608
6.	Strengthening and uplifting of Cadet College, Mastung	5.500
<b>Total</b>		<b>21.941</b>

Non-obtaining of technical sanction/administrative approval occurred due to weak internal controls and resulted in irregular expenditure.

The matter was reported to the department in March 2022, but no reply was received.

The PAO was requested in May 2022, followed by repeated reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends for provision of justification besides, obtaining technical/administrative approvals.

#### **PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

The Committee decided to ***remand the Para to the Special Departmental Accounts Committee (SDAC)***, which is to be convened within 15 days. The SDAC shall submit its report to the Public Accounts Committee (PAC) for further consideration and final decision. Hence, the Para stands deferred until the submission of the SDAC report.

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#### **Para # 7.2.5      Advance Payment on procurement of machinery, equipment and furniture - Rs. 17.373 million**

According to Para 4.3.5.1 of APPM and Rule 5 of GFR, Vol.-I, “deductions made against claim (e.g., withholding tax, security, adjustment of advances, penalties etc.) shall be carried out at the time of making the payment in accordance with amount as identified on the claim voucher and as per relevant rules. Advances made for public expenditure

would be held under objection until a detailed account duly supported by vouchers is furnished in adjustment of them.”

The Director of Colleges and Higher Education Balochistan, Quetta, awarded contracts amounting to Rs. 17.373 million during the financial year 2021-22, for procurement of machinery, equipment and furniture for further distribution to various colleges in Balochistan. Supply orders were issued on 21.06.22, whereas, payments were made to the contractors without supply of items on 27.06.2022. No delivery was received till the currency of Audit.

Advance payment without supply was due weak financial management and resulted in irregular expenditure.

The matter was reported to the department in November 2022, but no reply was received.

The PAO was requested in December 2022, followed by repeated reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends for provision of justification for advance payment besides, physical verification of supplies.

#### **PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

The Committee decided to ***remand the Para to the Special Departmental Accounts Committee (SDAC)***, which is to be convened within 15 days. The SDAC shall submit its report to the Public Accounts Committee (PAC) for further consideration and final decision. Hence, the Para stands deferred until the submission of the SDAC report.

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#### **MEETINGS DATED 18<sup>th</sup> SEPTEMBER, 2025 IN RESPECT OF SECONDARY EDUCATION DEPARTMENT.**

#### **EXAMINATION OF APPROPRAITON ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan summarized the subject Appropriation Accounts before Committee as under:

Rs. in million

Particulars	Original Grant	Supp. Grant (Not Printed)	Surrender	Final Grant	Exp.	Saving	%
Non-Development (Grant No. BC21041)	53,256.381	10,914.283	12,443.456	51,727.208	48,265.749	3,461.458	6.69
Development (Grant No. BC12241) Function No. 092101	6,143.002	-	3,930.517	2,212.485	2,095.019	117.466	5.31
Development (Grant No. BC12241) Function No. 091102	2,319.746	-	1,572.068	747.678	735.963	11.715	1.57
Total Development	8,462.748	-	5,502.585	2,960.163	2,830.982	129.181	4.36
<b>Grand Total (Non- Development &amp; Development)</b>	<b>61,719.129</b>	<b>10,914.283</b>	<b>17,946.041</b>	<b>54,687.371</b>	<b>51,096.732</b>	<b>3,590.639</b>	<b>6.57</b>

**PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

The Committee settled the Appropriation Accounts with direction that the department shall strictly adhere to the provisions of the Financial Management Act, Balochistan. In particular, the department must ensure that all anticipated savings, in any head of account, are surrendered to the Finance Department, Government of Balochistan, by **15th May each year**, as mandated under Rule 12(1) of the said Act.

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 7.2.6 Non/Less deduction of Government taxes – Rs.147.094 million**

According to BSTS Act, 2015, Income Tax Ordinance, 2001 and General Sales Tax Act, 1990, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively and GST @ 17%.

The following offices of Secondary Education Department, during the financial years 2019-22, incurred expenditure without / less deduction of government taxes amounting to Rs. 147.094 million, as detailed below:

Rs. in million

#	AIR Para No.	Period	Name of formation	Amount
<b>BST</b>				
1.	5	2021-22	Director of Education Schools, Balochistan, Quetta	120.76
2.	1	2020-21	Director of Education Schools, Balochistan, Quetta	1.649
3.	1	2019-20	Chairman, Balochistan Board of Intermediate and Secondary Education, Quetta	0.878
4.	5	2019-20	The Chairman, BTBB, Quetta	0.518
<b>Total BST(A)</b>				<b>123.805</b>
<b>GST</b>				
1.	4	2021-22	Director of Education Schools, Balochistan	4.944
<b>Total GST(B)</b>				<b>4.944</b>
<b>I. Tax</b>				
1.	3	2021-22	Director of Education Schools, Balochistan	17.418
2.	3	2019-20	The Chairman, BTBB, Quetta	0.927
<b>Total I. Tax (C)</b>				<b>18.345</b>
<b>Grand total</b>				<b>147.094</b>

Non/less deduction of government taxes occurred due to weak internal controls and resulted in loss to the Government.

The matter was reported to the department in November 2021, April, and December 2022, but no reply was received.

The PAO was requested in December 2022, followed by repeated reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected and deposited in the Government treasury under intimation to Audit.

#### **PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

The Committee decided to **remand the Para to the Special Departmental Accounts Committee (SDAC)**, which is to be convened within 15 days. The SDAC shall submit its report to the Public Accounts Committee (PAC) for further consideration and final decision. Hence, the Para stands deferred until the submission of the SDAC report.

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#### **Para # 7.2.7 Irregular retention of public money - Rs.94.678 million**

According to Rule 290 of TRs Vol.-I, "No money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grant." Further,

according to Finance Department's Notification dated August 23, 2008, "No account in the Commercial Bank can be opened for public money, without the prior permission of the Finance Department."

The following offices of Secondary Education Department, irregularly retained an amount of Rs. 94.678 million in bank accounts without prior approval of the Finance Department, GoB during the financial years 2019-22, as detailed below:

				<b>Rs. in million</b>
<b>#</b>	<b>AIR Para No.</b>	<b>Period</b>	<b>Name of formation</b>	<b>Amount</b>
1.	1	2021-22	Director of Education Schools, Balochistan	85.022
2.	1	2020-21	Director, Provincial Institute for Teachers Education (PITE), Quetta	8.585
3.	1	2019-22	Principal, Government Sandman Boys High school	0.991
4.	8	2019-22	Principal, Government Sandman Boys High school	0.080
<b>Total</b>				<b>94.678</b>

Retention of public money in the bank accounts without the approval of FD occurred due to weak financial management and resulted in irregularity.

The matter was reported to the department in October 2021, March and June 2022, but no reply was received.

The PAO was requested in December 2022, followed by repeated reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that approval of FD, GoB, and justification of public money retained in the bank account be provided to Audit, or the amount in question be deposited in the government account.

#### **PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

The Committee decided to ***remand the Para to the Special Departmental Accounts Committee (SDAC)***, which is to be convened within 15 days. The SDAC shall submit its report to the Public Accounts Committee (PAC) for further consideration and final decision. Hence, the Para stands deferred until the submission of the SDAC report.

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#### **Para # 7.2.8 Irregular Expenditure on Ration and utility charges – Rs.38.526 million**

According to Rule 12 of GFR, Vol.-I, "a Controlling officer must see not only that the total expenditure is kept within the limits of the authorized appropriation but also that

the funds allotted to spending units are expended in the public interest and upon objects for which the money was provided.”

The Director of Education Schools, Quetta paid an amount of Rs. 38.526 million during the financial year 2021-22, on account of ration and utility charges of Mudaris from the funds provided for “teacher’s salary of Mudaris” under FATF, which resulted in an irregular payment of Rs. 38.526 million, as detailed below:

			<b>Rs. in million</b>
<b>#</b>	<b>Vendor</b>	<b>Particular</b>	<b>Amount</b>
1.	Minhas Traders	Ration Charges	14.750
2.	RN Trading Company		7.340
3.	Subhan Enterprises		6.840
4.	Tahir and Co.		3.060
5.	Abdullah & Brothers		0.399
6.	K Electric	Utility Charges	0.596
7.	R .O Qesco, Quetta		0.757
8.	R .O Qesco, Quetta		0.687
9.	Sui Southern Gas Company		3.636
10.	Sui Southern Gas Company		0.461
<b>Total</b>			<b>38.526</b>

Expenditure upon objects for which fund was not provided occurred due to weak financial controls and resulted in misclassification.

The matter was reported to the department in November 2022, but no reply was received.

The PAO was requested in December 2022, followed by repeated reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends for provision of justification.

#### **PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

The Committee decided to **remand the Para to the Special Departmental Accounts Committee (SDAC)**, which is to be convened within 15 days. The SDAC shall submit its report to the Public Accounts Committee (PAC) for further consideration and final decision. Hence, the Para stands deferred until the submission of the SDAC report.

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**Para # 7.2.9 Irregular payment due to excess staff - Rs.25.146 million**

According to Rule 15 of GFR, Vol.-I, “every Officer whose duty is to prepare and render any accounts or returns in respect of public money or stores is personally responsible for their completeness, accuracy and dispatch within the prescribed date.”

The District Officer Education (Female), Quetta, paid irregular Pay and Allowances amounting to Rs. 25.146 million to various employees who were in excess than the sanctioned / approved strength during the financial year 2020-21, as detailed below:

**Rs. in million**

#	Name of Post	Posts reflected in Budget 2020-21	Working strength	Excess Staff	Monthly salary (Average)	Salary for the year	Total
1.	SST (S)	40	64	24	0.030	0.036	8.746
2.	JET (Tech)	7	08	1	0.015	0.182	0.182
3.	JET	23	64	41	0.015	0.182	7.468
4.	Mualim-ul-Quran	15	24	9	0.012	0.141	1.694
5.	JVT	270	299	29	0.012	0.141	4.095
6.	Naib Qasid	59	71	12	0.009	0.109	1.314
7.	Chowkidar	6	17	11	0.009	0.109	1.205
8.	Sweeper	7	11	4	0.009	0.109	0.438
<b>Total</b>		<b>427</b>	<b>558</b>	<b>131</b>	<b>0.111</b>	<b>1.009</b>	<b>25.142</b>

Payment to excess staff occurred due to poor administrative controls and resulted in irregular expenditure.

The matter was reported to the department in September 2022, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20 and 2021-22 with the financial impact of Rs. 117.096 million but the issue remained unresolved as the necessary reconciliation of posts between Finance Department, Administrative Department and Accountant General Balochistan remained awaited despite the decision of PAC.

The PAO was requested in December 2022, followed by repeated reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that necessary reconciliation of posts between Finance Department, Administrative Department and Accountant General Balochistan be carried out so that the long outstanding issue of excess posts be resolved.

**PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

The Committee decided to remand the Para to the Special Departmental Accounts Committee (SDAC), which is to be convened within 15 days. The SDAC shall submit its report to the Public Accounts Committee (PAC) for further consideration and final decision. Hence, the Para stands deferred until the submission of the SDAC report.

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**Para # 7.2.10 Irregular expenditure without calling open tenders – Rs.35.202 million**

According to Rule 15(2) of BPPRRs, “All procurements opportunities over two hundred thousand and up to one million rupees shall be advertised timely on the Authority’s website as well as in the newspapers as prescribed in these rules.”

The Director of Education Schools, Quetta incurred an expenditure amounting to Rs. 35.202 million during the financial year 2021-22, in different heads without calling open tenders, as detailed below:

<b>Rs. in million</b>				
#	Budget head	G/L	No. of Payments	Amount
1.	Payments to other for service rendered (Supply of Food to Madaris)	A03919	186	32.390
2.	Stationery	A03901	13	1.388
3.	Printing and Publication	A03902	6	0.600
4.	Exhibitions fairs and other national celebrations	A03918	8	0.500
5.	Machinery and Equipment	A13101	7	0.325
<b>Total</b>			<b>221</b>	<b>35.202</b>

Expenditure without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the management in November 2022, but no reply was received.

The PAO was requested in December 2022, followed by repeated reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that justification be provided, besides, regularizing the amount from the competent authority.

**PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

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The Committee decided to ***remand the Para to the Special Departmental Accounts Committee (SDAC)***, which is to be convened within 15 days. The SDAC shall submit its report to the Public Accounts Committee (PAC) for further consideration and final decision. Hence, the Para stands deferred until the submission of the SDAC report.

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## Energy Department

(Meeting held on 19<sup>th</sup> September, 2025)

### INTRODUCTION

The core operational activities of the Department are:

- Monitoring/collection of hydro meteorological data
- Preliminary enforcement of electricity Act and Rules
- Inspection of electric installations and settlement of WAPDA dues pertaining to different Departments
- Village electrification through WAPDA
- Meeting the shortage of energy through new projects

Utilization of cheap means of energy like solar energy and wind energy etc.

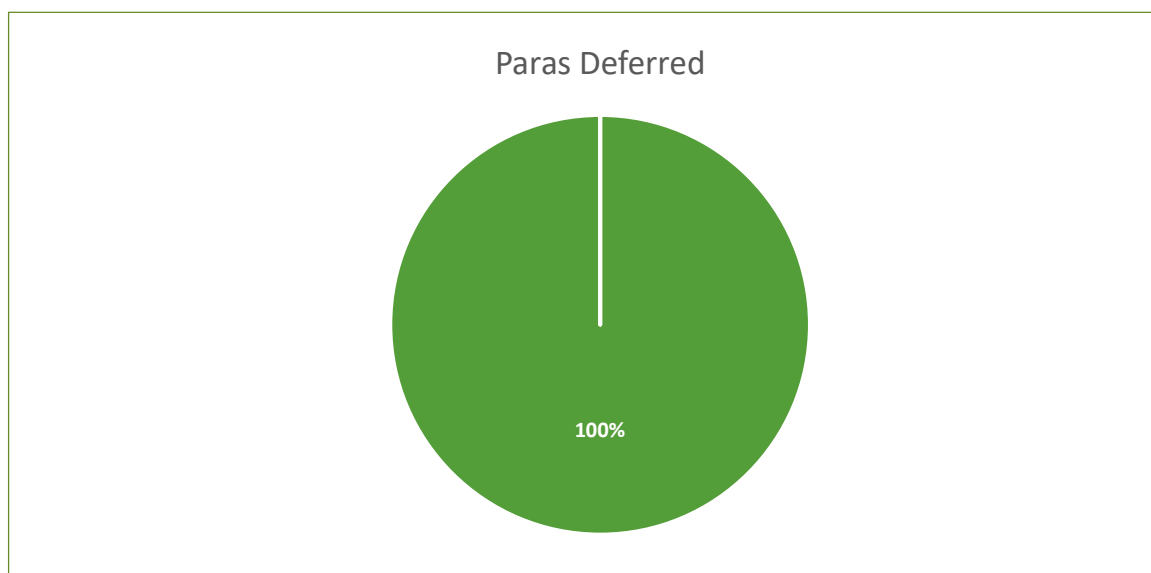
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	01
2.	Recoverable	01
3.	Evasion of Taxes & Duties	01
<b>Total Paras</b>		<b>03</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Deferred	03
<b>Total Paras</b>		<b>03</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan summarized the subject Appropriation Accounts before Committee as under:

**Rs. in million**

Particulars	Original Grant	Supplementary Grant		Surrender	Final Grant	Exp.	Saving	%
		Printed	Not Printed					
Non-Development	7,259.840	306.821	146.421	146.421	7,566.661	5,279.959	2,286.702	30.22
Development	3,922.717	-	-	1,086.304	2,836.413	2,804.862	31.551	1.11
<b>Total</b>	<b>11,182.557</b>	<b>306.821</b>	<b>146.421</b>	<b>1,232.725</b>	<b>10,403.074</b>	<b>8,084.821</b>	<b>2,318.253</b>	<b>22.28</b>

**PAC DIRECTIVES DATED 19<sup>th</sup> SEPTEMBER, 2025**

The Committee settled the Appropriation Accounts with following directions: -

1. The department shall strictly adhere to the provisions of the Financial Management Act, Balochistan. In particular, the department must ensure that all anticipated savings, in any head of account, are surrendered to the Finance Department, Government of Balochistan, by 15th May each year, as mandated under Rule 12(1) of the said Act.
2. Pursuant to Rule 12(1) of the Public Financial Management Act and Rule 95 of the GFR, the Committee directed the Finance Department, Government of Balochistan, to issue a circular to all Principal Accounting Officers (PAOs). The circular shall reiterate that anticipated savings from the approved budget must be surrendered to the Finance Department as soon as identified, and no later than 15th May each financial year. Savings from Supplementary Grants provided after 15th May must be surrendered immediately upon identification, and by 30th June at the latest. No savings are to be retained in reserve for future excesses. The circular shall be issued under intimation to the PAC and the Accountant General, Balochistan.
3. The Committee expressed grave concern that the continued vacancy of posts, resulting from the department's lack of seriousness and timely action, contributes to rising unemployment in the province. The Committee directed that, in future, all vacant posts shall be filled promptly as and when they arise.
4. The Committee voiced strong disapproval regarding the 30.22% savings recorded in the non-development budget (Grant No. BC21049). Committee directed that the Chief Secretary, Government of Balochistan, issue a formal warning to the then Principal Accounting Officer (PAO) of the Energy Department for the irresponsible management of public funds. He shall be instructed to strictly adhere to the provisions of the Public Financial Management Act—particularly

Rule 12(1)—and Rule 95 of the General Financial Rules in whichever department he is currently serving or may serve in the future. Any recurrence of such conduct shall result in disciplinary action under the BEEDA Act.

5. Furthermore, the Chief Secretary, Government of Balochistan, shall issue a circular to all Principal Accounting Officers (PAOs) directing them to ensure effective monitoring of expenditures against the funds appropriated under both development and non-development heads. The circular shall also emphasize that savings shall be limited to a maximum of 5%, which is considered acceptable under normal administrative practice. Failure to comply with these directives may result in strict disciplinary action against the responsible officer(s).

**Note:** Copies of all circulars, letters, and notices issued pursuant to these directives shall be submitted to the PAC.

### **EXAMINATION OF AUDIT REPORT 2022-23**

#### **Para # 8.2.1      Irregular expenditure on subsidized tube wells - Rs. 4,000 million**

As per Ministry of Water and Power Coordination's Notification dated July 2, 2015, the numbers of tube wells would be frozen to the level of 29,566. Further, Special District Monitoring Committees at the level of respective districts Division comprising of District Administration, QESCO/KE officials and Zamindar Action Committee will be formed. The committee will ensure:

- a) Billing be made through meter i.e., as per actual usage only
- b) Timely payment of monthly bill along with previous outstanding (If any) by the agriculture and domestic consumers.
- c) The capacity of the motors for agriculture tube wells shall be noted if more than prescribed limit i.e., 30 Hp.
- d) The misuse of agriculture tube wells shall be strictly monitored by the local administration and any abnormal billing shall be immediately checked to stop misuse of agriculture connections for domestic or commercial use or any attempt by the QESCO officials to hide their losses or theft of electricity by overbilling agriculture connections.

The Secretary, Energy Department, made payments amounting to Rs. 3,000 million to the Chief Executive QESCO and Rs. 1,000 million to K-Electric during the financial year 2021-22. The following irregularities were noticed:

- Lump sum payment was made to QESCO instead of actual consumption of the electricity;
- In some cases, QESCO submitted hand written bills due to which audit was unable to verify billing history, consumption of electricity, current and previous meter reading;
- No special district monitoring committee was constituted as required under the notification at reference;
- Detailed record of the subsidized tube wells was unavailable; and
- Payments were made without involving the District Administration.

Payment without observing rules was due to weak internal controls and resulted in irregular expenditure.

In the DAC meeting held on January 2, 2023, the management informed that in District Lasbela (K-Electric jurisdiction) meters had been installed and mechanism was also devised for timely replacement of faulty meters. The remaining districts (QESCO jurisdiction) would be covered in phases. DG Audit Balochistan apprised that the same issue had also been discussed in the PAC meeting held on 15.12.2021, wherein, it was decided that the department would constitute an inquiry committee to scrutinize the payment of subsidy with actual utilization of electricity on agricultural tube wells and submit a report to PAC. DAC therefore, decided that PAC decision for the Audit Report 2021-22 be implemented without further delay. Moreover, meters in the remaining districts be installed in phases under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that an inquiry be conducted at the highest level, besides, fixing of responsibility against the person(s) at fault.

#### **PAC DIRECTIVES DATED 19<sup>th</sup> SEPTEMBER, 2025**

The Committee decided to defer the Para and directed that the Chief Secretary, Government of Balochistan, shall ensure that the Secretary, Energy Department,

Government of Balochistan, along with representatives of QESCO and K-Electric, convene jointly to address the matter regarding the lump sum subsidy payment of Rs. 30,288 million (detailed as under) for agricultural tube wells without electricity meters. A comprehensive report shall be submitted to the PAC for further consideration and final decision:

					Rs. in million
Particulars	Financial Year	Audit Year	QESCO	K-Electric	Total
Payment of Subsidy	2015-17	2018-19	27,288.00	-	27,288.00
	2021-22	2022-23	3,000.00	1,000.00	4,000.00
<b>Total</b>					<b>30,288.00</b>

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**Para # 8.2.2 Non-realization of electricity duty - Rs. 989.178 million**

According to Section 13 (2) of West Pakistan Finance Act, 1964, “every licensee shall collect and pay to the Government, the electricity duty payable under this section in such manner as may be prescribed. The duty so payable shall be first charge on the amount recoverable by the licensee for the energy supplied by him and shall be a debt due by him to the Government.”

The Director General, (North) Energy Department, Quetta during the financial year 2021-22, failed to pay an amount of Rs. 989.178 million to the GoB on account of Electricity Duty collected by QESCO from 01.07.2015 to 30.06.2022.

Non-transfer of revenues on account of Electricity Duty to the Government of Balochistan was due to weak internal controls and resulted in loss to the Government.

The matter was reported to the department on October 25, 2022, but no reply was received.

In the DAC meeting held on January 2, 2023, QESCO informed that Government of Balochistan was liable to pay an amount of Rs. 42 billion approximately on account of subsidized tube wells and other government connections. DAC decided that necessary reconciliation in respect of tube wells and other government connections may be made and all dues due to the government of Balochistan be cleared within three months.

No further progress was intimated till the finalization of this report.

Audit recommends that electricity duty be deposited in Account-I. Moreover, the long outstanding issue of non-reconciliation between Energy Department and QESCO in respect of subsidized tube wells may be carried out without further delay.

### **PAC DIRECTIVES DATED 19<sup>th</sup> SEPTEMBER, 2025**

Department apprised the Committee that the reconciliation in respect of tube wells and other government connections is under process.

In view of the above, Committee directed that the necessary reconciliation may be made and all dues due to the government of Balochistan be cleared within one month. **Hence, Para deferred.**

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### **Para # 8.2.3 Non-deducting of BSTS - Rs. 622.723 million**

According to BSTS Act, 2015, sales tax on services are @ 6% and 15% on contract and other services respectively.

The Secretary, Energy Department paid an amount of Rs. 4,151.483 million on account of services rendered by QESCO and K-Electric for power transmission to subsidized tube wells and operation of Power Houses at Kalamat, Washuk and Awaran without deduction of BSTS amounting to Rs. 622.723 million, as detailed below:

<b>Rs. in million</b>				
<b>#</b>	<b>Date</b>	<b>Vendor Name</b>	<b>Amount</b>	<b>BSTS</b>
1.	10.06.2022	Chief Executive Officer, QESCO	3,000	450
2.	10.06.2022	K-Electric	1,000	150
3.	15.11.2022	Chief Executive Officer, QESCO	21.839	3.276
4.	09.12.2021	Chief Executive Officer, QESCO	50.574	7.586
5.	28.05.2022	Chief Executive Officer, QESCO	51.837	7.776
6.	24.06.2022	Chief Executive Officer, QESCO	22.953	3.443
7.	30.06.2022	Chief Executive Officer, QESCO	4.281	0.642
<b>Total</b>			<b>4,151.484</b>	<b>622.723</b>

Non-deduction of BSTS occurred due to weak financial controls and resulted in revenue loss to the government.

The matter was reported to the department on October 10, 2022, but no reply was received.

In the DAC meeting held on January 2, 2023, the management of QESCO informed that BSTS had been deducted whereas, K-Electric did not attend the meeting. DAC directed the office to produce the evidence of deduction of BSTS to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be effected from the concerned under intimation to Audit.

**PAC DIRECTIVES DATED 19<sup>th</sup> SEPTEMBER, 2025**

The Committee directed the department to recover the outstanding BSTS and share proof of recovery with Audit for verification purpose within one month under intimation to PAC. ***Hence, Para deferred.***

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## Excise and Taxation Department

*(Meeting held on 18<sup>th</sup> February, 2025)*

### INTRODUCTION

The main function of Excise and Taxation Department is to enhance Government's Revenue/Recoveries by shifting to new tax culture, minimizing discretionary powers, ensuring accuracy in tax collection, mobilizing existing resources, exploring new tax potentials and expanding tax base. Develop and adopt systems and procedures that provide maximum facilities to the taxpayers.

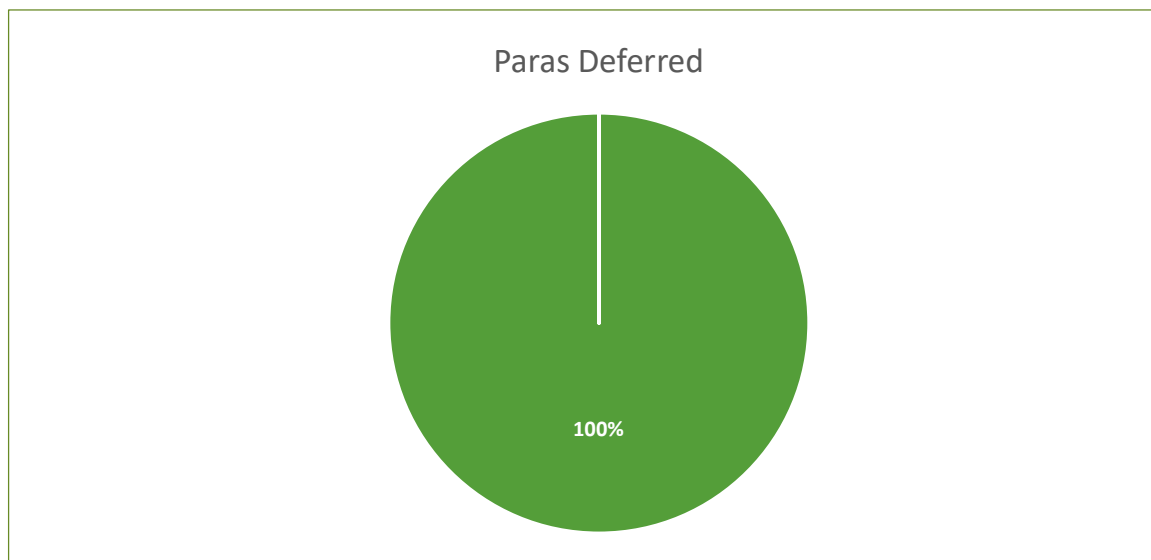
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
2.	Recoverable	03
3.	Others	01
<b>Total Paras</b>		<b>04</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Deferred	04
<b>Total Paras</b>		<b>04</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan summarized the subject Appropriation Accounts before Committee as under:

Rs. in million							
Particulars	Original Grant	Supp. Grant (Not Printed)	Surrender	Final Grant	Exp.	Saving	%
Non-Development	1,298.482	114.214	191.170	1,221.526	1,045.633	175.893	14.40
Development	60.000	-	60.000	-	-	-	-
<b>Total</b>	<b>1,358.482</b>	<b>114.214</b>	<b>251.170</b>	<b>1,221.526</b>	<b>1,045.633</b>	<b>175.893</b>	<b>14.40</b>

**PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

The Committee noted that unutilized budget in the appropriation accounts should have been surrendered to the Government unless it was needed to cover excess expenditures in other units of the department. The Committee upon thoroughly reviewing the supplementary grants within the department appropriation accounts, observed that there were savings from the allocated funds. The department did not adequately recognize its financial capacity and instead requested additional funding.

Consequently, the Committee directed the department to base future budget estimates on realistic needs assessments, ensuring accurate projections, efficient fund utilization, and strict adherence to financial regulations.

However, the subject Appropriation Accounts were **settled with direction to avoid such practice in future.**

**Note:** Besides the subject Appropriation Accounts, the Chairman PAC voiced strong concerns about the substantial lapse and significant savings in both development and non-development budgets across various departments. To address this issue, the Chairman directed the Accountant General, Balochistan to prepare a comprehensive report detailing savings exceeding 5% for the financial year 2023-24, covering all departments of the Government of Balochistan. This report will be presented to the House (Provincial Assembly) in the upcoming session.

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**EXAMINATION OF AUDIT REPORT 2022-23**

**Para # 9.2.1 Less realization of tax revenue than targets - Rs. 580.996 million**

FD, GoB in consultation with DG, Excise & Taxation Department, Balochistan “Fixed revenue targets for ETO, Quetta for the financial years 2019-20 and 2020-21.”

The offices of Excise, Taxation and Anti -Narcotics Department failed to achieve tax revenue targets on account of Immovable Property Tax, Motor Vehicle Tax, Provincial Excise and Professional Tax during the financial years 2019-20, 2020-21 and 2021-22 which resulted in less realization of revenue receipts amounting to Rs. 580.996 million, as detailed in Annexure 9.1 of the Audit Report.

Non-realization of target revenue occurred due to inefficiency on the part of the ETOs which resulted in revenue loss to the Government.

The matter was reported to the department in June and December 2022, but no reply was received.

In the DAC meeting held on December 26, 2022, the DAC was apprised that the Finance Department, GoB had fixed the target without consultation with the department. DAC directed that target be rationalized in consultation with FD, GoB and maximum efforts be made to achieve the already set targets.

No further progress was intimated till the finalization of this report.

Audit recommends that the matter be justified and efforts should be made for achieving yearly set targets.

#### **PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

On the basis of discussion held, Committee directed as under: -

1. To enhance transparency and efficiency, the systems for Immovable Property Tax, Motor Vehicle Tax, Provincial Excise, and Professional Tax shall be digitized/computerized. This transformation will facilitate accurate record-keeping, data-driven target setting, and clear accountability.
2. In future, the Finance Department shall set rationalized revenue targets of tax collection in consultation with Excise & Taxation Department.
3. In future, if any ETO failed to achieve the set revenue targets, he/she shall be transferred and posted as OSD.

***Hence, Para deferred.***

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**Para # 9.2.2 Non-realization of property/road tax - Rs. 94.726 million**

As per Section 16(2) of the Urban Immovable Property Tax Act, 1958, “any sum due on account of property tax levied or penalty imposed remaining unrealized, is recoverable as arrears of land revenue.” Further, according to Clause 3 (2) of President Order No. 13 of 1979, “the Cantonment Board shall pay 15% of the net proceeds of house / property tax assessed on the annual value of buildings and land collected by the cantonment board to the Provincial Government.” Moreover, the DG, ETD fixed road tax @ Rs. 1,000 per year from rickshaw vide letter dated September 2, 2019

The following offices of Excise, Taxation and Anti -Narcotics Department, during the financial years 2020-21 and 2021-22 failed to recover property tax on domestic, commercial, share from net proceeds of properties by cantonment board and road tax on rickshaws amounting to Rs. 94.726 million, as detailed below:

				<b>Rs. in million</b>
#	Name of office	Financial Year	AIR Para No.	Amount
<b>Property Tax (domestic / commercial)</b>				
1.	ETO-II, Quetta	2020-21	3	0.756
2.	ETO-VI, Quetta	2019-21	4	1.528
3.	ETO-VII, Quetta	2019-21	3	1.998
4.	ETO-IV, Quetta	2020-21	3	0.487
5.	ETO, Turbat	2021-22	3	0.823
6.	ETO, Surab	2021-22	2	0.168
7.	ETO-IV, Quetta	2021-22	3	1.454
8.	ETO, Khuzdar	2021-22	3	1.223
9.	ETO, DMJ	2021-22	3	0.380
10.	ETO-VI, Quetta	2021-22	4	1.829
11.	ETO-II, Quetta	2021-22	1	1.403
12.	ETO-VII, Quetta	2021-22	3	2.352
13.	ETO, Pishin	2021-22	3	16.844
14.	ETO, Hub	2021-22	4	3.122
<b>Subtotal</b>				<b>34.367</b>
<b>Property Tax (Cantonment Board)</b>				
15.	ETO and Anti-Narcotics Officer II, Quetta	2020-22	2	55.582
<b>Subtotal</b>				<b>55.582</b>
<b>Road Tax (Rickshaws)</b>				
16.	ETO-VIII, Quetta	2020-22	4	4.777
<b>Grand total</b>				<b>94.726</b>

Non-realization of government taxes occurred due to weak internal controls and resulted in loss to the Government.

The matter was reported to the department in June and December 2022, but no reply was received.

In the DAC meeting held on December 26, 2022, the management agreed to make full recovery of property tax from domestic/commercial property owners. DAC directed the management to effect the recovery at the earliest. Further, for the amount payable by the cantonment board, DAC directed the management to take up the matter with the Cantonment Board for realization of outstanding dues under intimation to Audit. Moreover, regarding tax on Rikshaws, the management replied that due to manual system of tax collection, it was not possible to identify the non-tax payers; however, efforts would be made to recover taxes from those who were not paying road tax. The DAC directed to effect recovery under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that necessary recovery be effected from the concerned under intimation to Audit.

#### **PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

Considering the similarity in nature, the Committee decided to ***consolidate this Para with Para 9.2.1*** (Audit Report 2022-23). For Cantonment Board Refer to the decision taken against Para # 12.2.2 (Audit Report 2018-19).

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#### **Para # 9.2.3      Non-imposition of penalties against defaulters - Rs. 11.699 million**

As per section 15(1) of Urban Immovable Property Act, 1958, “If any person on being served with such notice (penalty for default in payment) fails to pay within the period on account of the tax, the prescribed authority may recover from him as penalty a sum not exceeding the amount of the tax so unpaid, in addition to the amount of the tax payable by him.”

The following offices of Excise, Taxation and Anti -Narcotics Department, failed to impose penalties on defaulters of property tax amounting to Rs. 11.699 million during the financial years 2020-21 and 2021-22, as detailed below:

			<b>Rs. in million</b>
<b>#</b>	<b>Name of Office</b>	<b>AIR Para No.</b>	<b>Amount</b>
1.	ETO-IV, Quetta, 2020-21	4	0.770
2.	ETO-VI, Quetta, 2020-21	5	2.097
3.	ETO-VII, Quetta, 2020-21	4	1.559
4.	ETO, Turbat	4	0.596
5.	ETO, Khuzdar	4	1.201
6.	ETO, Pishin	4	5.476
<b>Total</b>			<b>11.699</b>

Non-imposition of penalties on defaulters was due to weak internal controls and resulted in loss to the Government. The matter was reported to the department in June and December 2022, but no reply was received. In the DAC meeting held on December 26, 2022, the DAC directed the management to impose penalties and make recoveries from all the defaulters especially who had not paid their dues from the last three years. No further progress was intimated till the finalization of this report. Audit recommends that the rules and regulations should be implemented in true letter and spirit, so that the tax management and collection can be improved. Besides, the amount of penalties be recovered from the defaulters.

#### **PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

On the basis of discussion held Committee directed the department to impose and recover 100% penalties pointed out by the Audit within 02 months. On the other hand, office of the D.G Audit Balochistan shall verify the imposition and recovery of penalties under intimation to PAC. ***Hence, Para deferred.***

\*\*\*\*\*

#### **Para # 9.2.4      Non-collection of property tax from commercial and residential units**

As per Section 3(2) of Urban Immovable Property Tax Act, 1958, “there shall be charged, levied and paid tax on the annual value of buildings and lands in a rating area at the rate of 15% of such annual value.”

Record of the following offices of Excise, Taxation and Anti -Narcotics Department, during the financial years 2020-21 and 2021-22 revealed that approximately 80% units were not paying their due taxes and the total number of tax paying units were less than the total number of units in the rating area.

Office	Unit Type	No. Of Units	No. Of Tax Paying Units	No. Of Non-Tax Paying Units	% Of Non-Tax Paying Units
ETO-IV, 2020-22 (Para 5)	Commercial	14,319	5,579	8,740	61%
	Residential	17,730	650	17,080	97%
ETO-VI, 2020-22 (Para 6)	Commercial	7,460	2,701	4,759	64%
	Residential	6,547	100	6,447	98%
ETO-VII, 2020-22 (Para 5)	Commercial	16,090	6,000	10,090	63%
	Residential	16,600	500	16,100	97%
ETO-II, 2020-21 (Para 2)	Commercial	17,598	1615	15,983	91%
	Residential	10,684	-	-	-
ETO, Turbat	Commercial	6,518	2,672	3,846	59%
	Residential	11,012	497	10,515	95%
ETO, Surab	Commercial	1,530	12	1,518	99%
	Residential	230	-	230	100%
ETO, DMJ	Commercial	3,496	15	3,481	99%
	Residential	3,912	-	3,912	100%
ETO, Khuzdar	Commercial	1,589	793	796	50%
	Residential	1,998	60	1,938	97%
ETO, Hub	Commercial	12,872	375	12,497	97%
	Residential	8,036	50	7,986	99%
<b>Total</b>		<b>158,221</b>	<b>21,619</b>	<b>125,918</b>	<b>80%</b>

Non-collection of property tax occurred due to weak financial management and resulted in revenue loss to the government.

The matter was reported to the department in June and December 2022, but no reply was received.

In the DAC meeting held on December 26, 2022, the DAC directed the management that efforts should be made to collect taxes from those commercial and residential units that were not in the tax net.

No further progress was intimated till the finalization of this report.

Audit recommends that solid measures be taken for improvement in collection of taxes besides, providing justification for non-collection of taxes.

#### **PAC DIRECTIVES DATED 18<sup>th</sup> SEPTEMBER, 2025**

The Committee directed the department to enforce the Property Tax collection from commercial and residential units, confirming the recovery of liability stands against them. **Consequently, the para was deferred.**

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## Finance Department

*(Meeting held on 12<sup>th</sup> November, 2024)*

### INTRODUCTION

This Department aims at the provision of sound financial base by enforcing financial discipline and cherishing an environment supportive for realization of prosperous and self-reliant Balochistan. This department is the custodian of provincial finances.

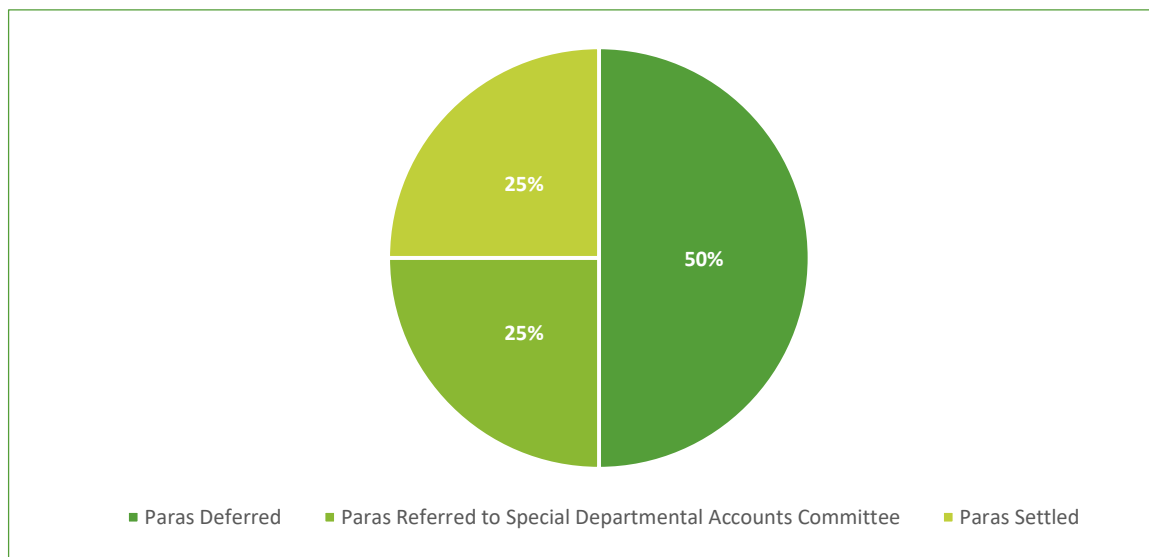
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	03
2.	Overpayments	01
<b>Total Paras</b>		<b>04</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Deferred	02
2.	Paras Referred to Special Departmental Accounts Committee	01
3.	Paras Settled	01
<b>Total Paras</b>		<b>04</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan summarized the subject Appropriation Accounts before Committee as under:

<b>Rs. in million</b>							
<b>Particulars</b>	<b>Original Grant</b>	<b>Supp. Grant</b>	<b>Surrender</b>	<b>Final Grant</b>	<b>Exp.</b>	<b>Saving</b>	<b>%</b>
Non-Development	5,080.479	134.251	3,595.190	1,619.540	1,446.954	172.586	10.66
<b>Total</b>	<b>5,080.479</b>	<b>134.251</b>	<b>3,595.190</b>	<b>1,619.540</b>	<b>1,446.954</b>	<b>172.586</b>	<b>10.66</b>

**PAC DIRECTIVES DATED 12<sup>th</sup> NOVEMBER, 2024**

The Committee approved the subject Appropriation Accounts, however, expressing strong dissatisfaction with the departments' persistent practice of preparing ineffective budgets and late surrender of unused funds to the Finance Department. To address this issue, the Committee decided to convene a separate meeting with the Finance Department, Planning & Development Department, and Accountant General Balochistan to resolve the problems of late surrender and ineffective budgeting, ensuring compliance with applicable rules, regulations, and constitutional provisions.

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 10.2.1 Overpayment on account of inadmissible allowances - Rs.129.732 million**

According to Para 4.6.12.6 of APPM “A delegated officer in the Payroll Section shall review the notifications and authorize it for updating the “Payroll Register” (also see Section 4.14.3).”

The following DAOs paid an amount of Rs. 129.732 million during the financial years 2017-21, on account of inadmissible allowances to the officials/officers of different departments of the Government of Balochistan, as detailed below:

<b>Rs. in million</b>				
<b>#</b>	<b>Para No.</b>	<b>Financial year</b>	<b>Name of office</b>	<b>Amount</b>
1.	2, 3, 5	2020-21	DAO/TO, Kalat	1.864
2.	2, 3, 4	2020-21	SDAO/To, Kech	23.846
3.	13,16,17	2020-21	DAO/TO, Zhob	6.586
4.	3	2020-21	DAO/TO, Killa Abdullah	1.435
5.	13,15,16,17	2020-21	DAO/TO, Jaffarabad	2.394
6.	4,6	2017-20	DAO/TO, Kalat	1.182
7.	4,5,6,10	2017-20	DAO/TO, Killa Abdullah	3.649
8.	4,6	2017-20	DAO/TO, Ziarat	1.287

<b>Rs. in million</b>				
<b>#</b>	<b>Para No.</b>	<b>Financial year</b>	<b>Name of office</b>	<b>Amount</b>
9.	3,5	2017-20	DAO/TO, Sohbatpur	2.857
10.	6,7,8,10 12,13,14	2019-20	DAO/TO, Pishin	7.579
11.	17,18,19,22, 23,24	2019-20	SDAO/TO, Sibi	6.572
12.	2,3	2019-20	DAO/TO, Washuk	1.452
13.	3,4	2018-20	DAO/TO, Chagi	1.708
14.	6	2019-20	SDAO/TO, Khuzdar	0.78
15.	1	2019-20	SDAO/TO, Naseerabad	1.165
16.	6,7	2019-20	DAO/TO, Mastung	2.786
17.	11	2019-20	DAO/TO, Noshki	52.484
18.	7	2017-20	DAO/TO, Musa Khel	1.274
19.	5	2019-20	DAO/TO, Zhob	6.463
20.	4	2018-20	DAO/TO, Surab	1.27
21.	6,8	2020-21	DAO/To, Gwadar	1.09
<b>Total</b>				<b>129.723</b>

Allowing inadmissible allowances occurred due to weak financial management and resulted in loss to the government.

The matter was reported to the Department in March, May, July 2022, but no reply was received.

In the DAC meeting held on October 5, 2022, it was apprised that inadmissible allowances had been stopped and recoveries had been initiated while in other instances, the allowances were admissible. DAC directed the management to provide the evidences of recoveries and necessary documents in support of management's stance to Audit for verification.

No further progress was intimated to audit till the finalization of this report.

Audit recommends that inadmissible allowances be stopped immediately and recovery thereof be effected and notifications/rules etc., in respect of admissible allowances be provided to Audit.

#### **PAC DIRECTIVES DATED 12<sup>th</sup> NOVEMBER, 2024**

Matter was discussed in length and finally Committee decided that:

1. Inadmissible allowances shall be discontinued as soon as possible under intimation to PAC and Audit.
2. The Finance department shall communicate the decision of the PAC regarding discontinuation of inadmissible allowance to all the Drawing & Disbursing Officers (DDOs) under intimation to PAC and Audit.
3. Copies of notifications regarding admissible allowance shall be provided to Audit for record purpose.
4. The inadmissible allowances, already withdrawn, shall be written-off.
5. In future, notifications regarding admissibility of allowances, shall clearly and exclusively specify the entitlement criteria.

***Hence, Para deferred.***

\*\*\*\*\*

**Para # 10.2.2 Non-settlement of abstract expenditure - Rs.201.574 million**

As per Rule 308 of Treasury Rules, “Advance drawl on abstract contingent bill may be made subject to presentation of detailed vouched adjustment account duly countersigned by the head of the department on submission to the AG Balochistan.”

In the following SDAOs/DAO during the financial year 2020-21, an amount of Rs. 201.574 million was drawn by different departments on abstract bills, but the detail of accounts of expenditure was not submitted to the DAOs/DAO, as detailed below:

				<b>Rs. in million</b>
<b>#</b>	<b>AIR Para No.</b>	<b>Financial Year</b>	<b>Name of SDAOs/DAO</b>	<b>Amount</b>
1.	3	2020-21	SDAO, Uthal	171.439
2.	6	2020-21	SDAO, Naseerabad	26.973
3.	7	2020-21	DAO, Zhob	1.280
4.	4	2020-21	SDAO, Loralai	1.882
<b>Total</b>				<b>201.574</b>

Non-submission of vouched account was due to weak financial management and rendered the expenditure unaudited.

The matter was reported to the department in March, May and July 2022, but no reply was received.

In the DAC meeting held on October 5, 2022, the Department informed that the vouched accounts were ready for verification. Forum directed the department to submit the vouched accounts to Audit for scrutiny without further delay.

No record was produced to Audit till the finalization of this report.

Audit recommends that vouched accounts be produced to Audit for verification.

### **PAC DIRECTIVES DATED 12<sup>th</sup> NOVEMBER, 2024**

Committee directed the department to provide vouched accounts to Audit for settlement of abstract expenditure under intimation to PAC. **Hence, Para deferred.**

\*\*\*\*\*

#### **Para # 10.2.3 Irregular/Unjustified payment during lockdown in COVID-19 - Rs.112.981 million**

As per Home and Tribal Affairs Department's Notification dated March 23, 2020, ban was imposed on movement of people by all means and closed the public and private offices including educational institutions.

The following SDAOs/DAOs during the financial year 2019-20, paid an amount of Rs. 112.981 million irregularly to different departments on account of POL, Fair / Exhibition and Entertainment charges through their respective DDOs during the lockdown period, as detailed below:

<b>Rs. in million</b>				
<b>#</b>	<b>AIR Para No.</b>	<b>Financial Year</b>	<b>Name of SDAOs/DAOs</b>	<b>Amount</b>
1.	06	2018-20	DAO, Chagi	77.546
2.	10	2019-20	SDAO, Sibi	30.510
3.	01	2019-20	SDAO, Khuzdar	2.738
4.	04	2017-20	DAO, Musa Khel	0.741
5.	02	2019-20	DAO, Zhob	1.446
<b>Total</b>				<b>112.981</b>

Expenditure during the lockdown occurred due to weak internal controls and resulted in irregular payment.

The matter was reported to the department in August, September and October, 2021, but no reply was received.

In the DAC meeting held on October 5, 2022, the department informed that payments were made on accounts of goods and services received by the departments. Audit did

not accept the reply because payments were incurred on Fair/Exhibition and Entertainment charges by the DDOs during the lockdown period. DAC decided for provision of justification. Further DG, T&A should investigate the payments and share the findings with Audit.

No further progress was intimated to Audit till the finalization of this report.

Audit recommends for provision of justification, besides, fixing of responsibility against the person (s) at fault.

#### **PAC DIRECTIVES DATED 12<sup>th</sup> NOVEMBER, 2024**

Committee directed the department to convene special DAC, on the matter, within 30 days and submit recommendation for the consideration and final decision of the PAC. ***Hence, Para deferred.***

\*\*\*\*\*

#### **Para # 10.2.4      Irregular payment in arrears of Pay and Allowances - Rs.36.526 million**

According to Rule 23 of GFR, Vol.-1, “every public officer should realize fully and clearly that he will be held personally responsible for any loss sustained by the government through fraud or negligence on his part.”

The SDAO, Sibi paid an amount of Rs. 36.526 million during the financial year 2019-20, on account of arrears of Pay and Allowances to the employees of different departments who were paid under object head “Basic Pay and Cash Awards” only instead of charging the expenditure to the relevant object heads.

Irregular payment occurred due to weak financial controls and resulted in loss to the government.

The matter was reported to the department on August 31, 2021, but no reply was received.

In the DAC meeting held on October 5, 2022, the department informed that arrear was paid against regular salary of officers and officials who were transferred and whose salaries could not be activated timely. DAC directed the office to produce the relevant record to Audit for verification.

No further progress was intimated to audit till the finalization of this report.

Audit recommends that an inquiry be conducted and findings be shared with Audit.

**PAC DIRECTIVES DATED 12<sup>th</sup> NOVEMBER, 2024**

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Considering the issue immaterial, Committee *settled the Para.*

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## Food Department

(Meeting held on 29<sup>th</sup> October, 2024)

### INTRODUCTION

The major function of Food Department is procurement, storage and distribution of wheat for masses of Balochistan province. The department is responsible to have sufficient reserve / stock of wheat to meet the requirements in case of drought, and other emergencies likely to be occurred in future.

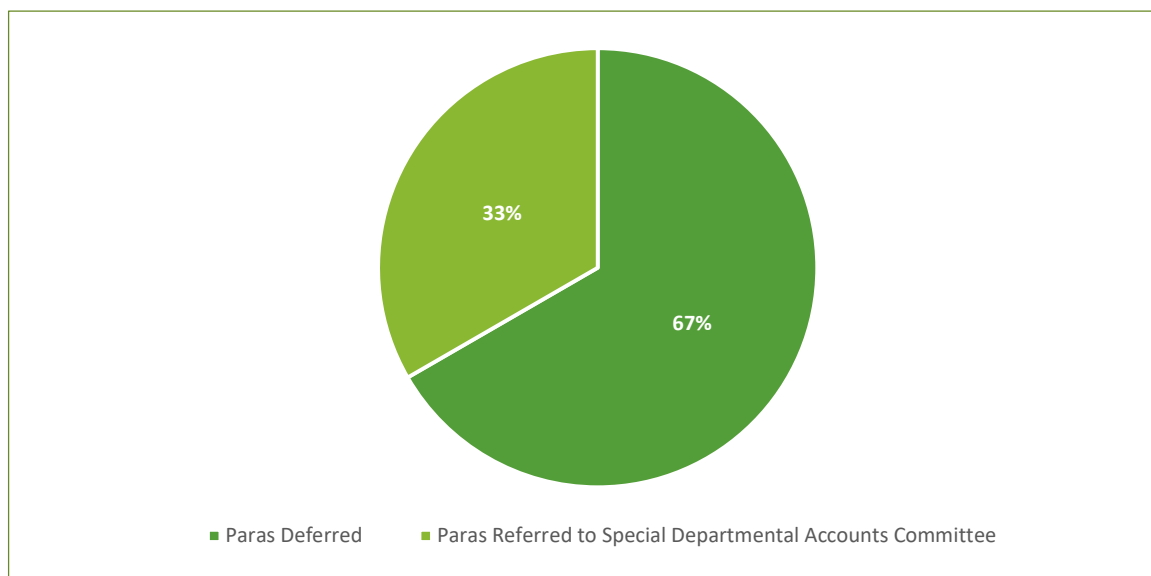
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	02
2.	Evasion of Taxes & Duties	01
<b>Total Paras</b>		<b>03</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Deferred	02
2.	Paras Referred to Special Departmental Accounts Committee	01
<b>Total Paras</b>		<b>03</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRAITON ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan summarized the subject Appropriation Accounts before Committee as under:

<b>Rs. in million</b>							
<b>Particulars</b>	<b>Original Grant</b>	<b>Supp. Grant</b>	<b>Surrender</b>	<b>Final Grant</b>	<b>Exp.</b>	<b>Saving</b>	<b>%</b>
Non-Development	721.273	94.613	127.522	688.364	655.393	32.971	4.79
Development	384.056	-	143.376	240.680	231.639	9.041	3.76
<b>Total</b>	<b>1,105.329</b>	<b>94.613</b>	<b>270.898</b>	<b>929.044</b>	<b>887.032</b>	<b>42.012</b>	<b>4.52</b>

**PAC DIRECTIVES DATED 29<sup>th</sup> OCTOBER, 2024**

As the savings under development and non-development head were below 5%, therefore, Committee **approved the subject Appropriation Accounts.**

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 11.2.1 Non-rendering of vouched accounts - Rs.206 million**

As per Rule 308 of Treasury Rules, "Advance drawl on abstract contingent bill may be made subject to presentation of detailed vouched adjustment account duly countersigned by the head of the department on submission to the AG Balochistan."

The following offices of Food Department withdrew an amount of Rs. 206 million during the financial years 2020-21 and 2021-22 on abstract contingent bills, but the adjustment account was neither submitted to AG office nor was made available to Audit for scrutiny, as detailed below:

<b>Rs. in million</b>			
<b>#</b>	<b>Department</b>	<b>Cheque No. and date</b>	<b>Amount</b>
1.	DG Balochistan Food Authority, Quetta	1997187, 1.4.2022	100.00
2.	DG Balochistan Food Authority, Quetta	1497189, 2.10.2021	100.00
3.	DG Food, Quetta	1949401, 8.4.2021	6.00
<b>Total</b>			<b>206.00</b>

Non-rendering of vouched accounts occurred due to weak financial controls and rendered the expenditure unaudited.

The matter was reported to the department in June and October 2022, but no reply was received.

The PAO was requested in December 2022, followed by repeated reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends that the vouched accounts be produced to Audit for verification.

### **PAC DIRECTIVES DATED 29<sup>th</sup> OCTOBER, 2024**

The Committee, upon the Department's request, referred the Para to the Special Departmental Accounts Committee (SDAC) for thorough examination and reporting back to PAC within 15 days, facilitating further consideration and final decision. Moreover, the Principal Accounting Officer (PAO) is directed to establish a dedicated PAC Wing within the Department, headed by an officer well-versed in PAC and Audit procedures. This wing shall be responsible for overseeing all Audit and PAC related matters. **Hence, Parra deferred.**

\*\*\*\*\*

#### **Para # 11.2.2 Non-realization of Government Taxes - Rs.50.245 million**

According to BSTS Act, 2015 and Income Tax Ordinance, 2001, sales tax on services are @ 6% and 15% on contract and other services respectively; and income tax rates are @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively.

The following offices of Food Department made payments to the contractors, consultants and firms/suppliers during the financial year 2020-21, without deducting due Government Taxes resulting in a revenue loss of Rs. 50.245 million, as detailed below:

<b>Rs. in million</b>						
<b>#</b>	<b>Name of Formation</b>	<b>Period</b>	<b>AIR Para No.</b>	<b>BST</b>	<b>Income Tax</b>	<b>Total</b>
1.	DG, Food, Balochistan, Quetta.	2020-21	1,2	35.71	14.087	49.804
2.	DG, Balochistan Food Authority, Quetta	2020-21	5	0.265	0.176	0.441
<b>Total</b>				<b>36.93</b>	<b>14.263</b>	<b>50.245</b>

Non-realization of government taxes occurred due to weak internal controls and resulted in revenue loss to the government.

The matter was reported to the department in June 2022, but no reply was received.

In the DAC meeting held on September 13, 2022, the Director General, Balochistan Food Authority was directed for early recovery of the government taxes. Whereas, Director General, Food Balochistan, Quetta did not attend the meeting. DAC directed the management to effect early recovery from the concerned.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be effected from the concerned vendors under intimation to Audit.

#### **PAC DIRECTIVES DATED 29<sup>th</sup> OCTOBER, 2024**

As the recovery record in respect of non/less deduction of Income Tax has been provided and duly verified by Audit, therefore, Para is settled to that extent. However, in respect of non/less deduction of Balochistan Sales Tax on Services (BSTS) the department is directed to effect recovery and submit record thereof to Audit for verification under intimation to PAC. **Hence, Para deferred.**

\*\*\*\*\*

#### **Para # 11.2.3 Irregular / Undue deduction of taxes by bank - Rs.7.359 million**

According to Section 49(2) of Income Tax Ordinance, 2001, “the income of a Provincial Government or a [Local Government] in Pakistan shall be exempt from tax under this Ordinance.”

The Director General, Balochistan Food Authority, during the financial year 2020-21, was operating a bank account under the title of Food Authority Fund with United Bank Limited. The bank was irregularly deducting withholding tax at source, as detailed below:

<b>Rs. in million</b>	
<b>Particulars</b>	<b>Amount of Withholding Taxes</b>
Previous deductions	3.532
Deductions made during 2020-21	3.827
<b>Total</b>	<b>7.359</b>

**Source:** Monthly Bank statements

Undue deduction of taxes by bank occurred due to weak internal controls and resulted in irregularity.

The matter was reported to the department in September 2021, but no reply was received.

In the DAC meeting held on September 13, 2022, the management informed that the matter of deduction of taxes had been taken up with the bank management and FBR.

However, the case for the exemption was still under process. DAC directed the management for early recovery of taxes under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that exemption from FBR may be obtained besides, recovering the amount from the bank.

**PAC DIRECTIVES DATED 29<sup>th</sup> OCTOBER, 2024**

Committee directed the department to provide the relevant record to Audit within 15 days under intimation to PAC. ***Hence, Para deferred.***

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## Forest and Wildlife Department

(Meeting held on 29<sup>th</sup> October, 2024)

### INTRODUCTION

The major function of Food Department is procurement, storage and distribution of wheat for masses of Balochistan province. The department is responsible to have sufficient reserve / stock of wheat to meet the requirements in case of drought, and other emergencies likely to be occurred in future.

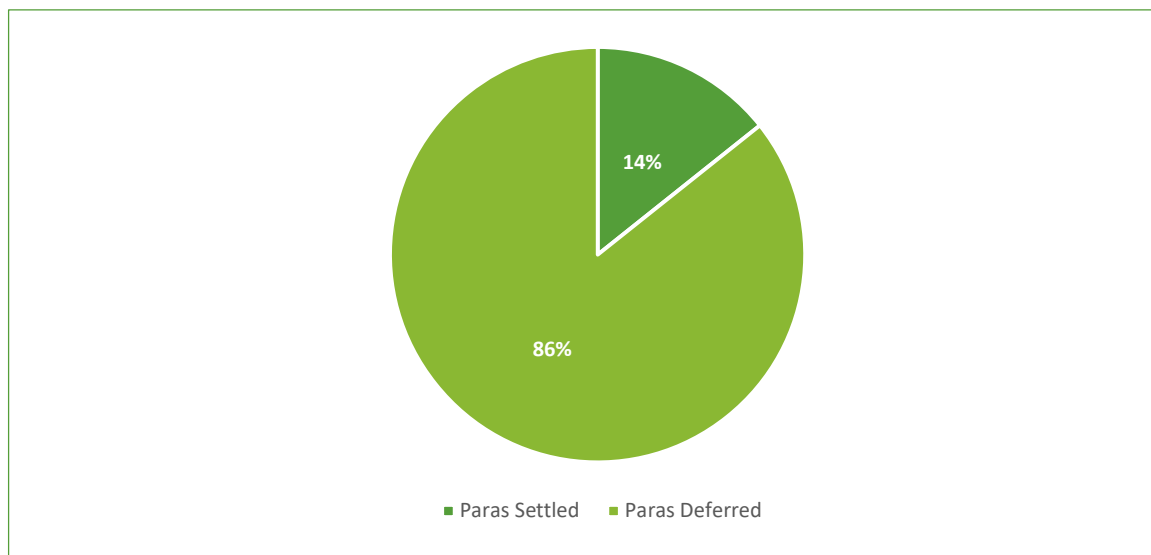
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	10
2.	Non-Production of Record	01
3.	Evasion of Taxes & Duties	02
4.	Others	01
<b>Total Paras</b>		<b>14</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	02
2.	Paras Deferred	12
<b>Total Paras</b>		<b>14</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRAITON ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan summarized the subject Appropriation Accounts before Committee as under:

Particulars	Rs. in million						
	Original Grant	Supp. Grant (Not Printed)	Surrender	Final Grant	Exp.	Saving	%
Non-Development	1,540.194	149.642	415.203	1,274.633	1,121.326	153.307	12.03
Development	1,990.781	-	914.852	1,075.929	1,038.314	37.615	3.50
<b>Total</b>	<b>3,530.975</b>	<b>149.642</b>	<b>1,330.055</b>	<b>2,350.562</b>	<b>2,159.640</b>	<b>190.922</b>	<b>8.12</b>

**PAC DIRECTIVES DATED 19<sup>th</sup> FEBRUARY, 2025**

The Additional Accountant General, Balochistan reported that the non-development grant resulted in a savings of Rs.153.307 million, which accounts for 12.03% of the final grant. On the other hand, the development grant had a relatively negligible savings of Rs.37.615million, which is 3.50% of the final grant.

However, the Chairman PAC raised concerns about the non-printed supplementary grant of Rs. 149.642 under non-development grant, stating that it is a clear violation of the Constitution of Pakistan. He emphasized that not only the executing department but also the Finance Department and the office of the Accountant General Balochistan are equally responsible for this violation.

Department apprised the Committee that major savings under non-development head are on account of posts remained vacant during the subject financial year most of which have been filled and remaining have been advertised.

However, Committee **settled the Appropriation Accounts** with following directions: -

- In future, the department shall prepare realistic budgets considering all relevant facts, figures, and approved execution plans.
- The department shall prudently spend the budget, execute works, plant trees and timely advertise and fill the vacant posts.
- Spending of supplementary grant with proper authorization and printing in the budget book is violation of the constitution. Therefore, department shall strictly avoid this practice in future.

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 12.2.1 Non-production of record - Rs.10 million**

According to Rule 17 of GFR read with Section 14(2) of Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001, "The Departmental

Officers are required to provide record for audit inspection and comply with requests for information in a complete form as possible and with all reasonable expedition.”

The implementation offices of PD, TBTP (Wildlife component) Balochistan, Quetta incurred an expenditure amounting to Rs. 10 million during the financial year 2019-20, but failed to produce the relevant record despite repeated requests.

				<b>Rs. in million</b>
#	Name of Office	Financial Year	Particular	Amount
1.	DFO Duki	2019-20	Project Expenditure	5.00
2.	Building Division, Duki	2019-20	Civil Works	5.00
<b>Total</b>				<b>10.00</b>

Non-provision of record was due to weak administrative controls which rendered the expenditure unaudited.

The matter was reported to the department on April 4, 2022, but no reply was received.

In the DAC meeting held on September 25, 2022, the said office did not attend the meeting. The DAC directed that Secretary, Forest and Wildlife Department to take up the issue with Secretary, CWPP&HD, GoB under intimation to Audit. Further, all the relevant record be provided to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends that the record be produced to Audit for verification and disciplinary action be taken against the officials at fault.

#### **PAC DIRECTIVES DATED 19<sup>th</sup> FEBRUARY, 2025**

On the basis of discussion held Committee directed as under: -

1. Department shall provide satisfactory work completion certificate in respect of civil works at Building Division, Duki to Audit for verification purpose under intimation to PAC.
2. The Secretary Forest & Wildlife department shall obtain the auditable record in respect of civil works (Building Division, Duki) from the Secretary Communication, Works, Physical Planning & Housing department and provide to Audit for scrutiny/examination purpose.
3. The Secretary Forest & Wildlife department shall also obtain records from the retired DFO, Duki, and submit them to the Audit department. Failure to provide

official records will result in the department lodging an FIR against the concerned individual.

4. Secretary Forest & Wildlife department and Communication, Works, Physical Planning & Housing department shall take disciplinary action under the BEEDA Act, against the officers at fault.
5. Office of the D.G Audit, Balochistan shall examine/scrutinize the record and submit observations, if any, to the Committee for further consideration and final decision.

***Hence, Para deferred.***

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**Para # 12.2.2      Slow progress of the project - Rs. 2,752.247 million**

As per PC-I of the project “TBTP, Upscaling of Green Pakistan Programme Wildlife Component Balochistan was started from 2019-20 for five years plan. The year-wise/component-wise estimation of physical activities and financial estimation such as “Habitat Improvement, Species Rehabilitation, Promotion of Community based conservation initiatives, Infrastructure development and Capacity Building including surveys, consultancies, research, plans, trainings, etc.,” was set under which the expenditure/purchases were to be made for Rs. 2,968.889 million for the financial years 2019-20 and 2020-21.

The PD, TBTP, (Wildlife component), Balochistan, Quetta failed to achieve the assigned goals as per PC-I. Financial targets for an amount of Rs. 2968.889 million was set, but the project authorities could spend only Rs. 216.642 million resulting in less utilization of funds amounting to Rs. 2752.247 million. The financial progress remained 7.30%.

Slow progress occurred due to improper planning and monitoring and resulted in non-achievement of the desired objectives.

The matter was reported to the department on April 4, 2022, but no reply was received. In the DAC meeting held on September 25, 2022, the department accepted audit contention and replied that delay in release of funds, non-filling of technical and professional posts and non-procurement of vehicles were the main reasons of slow progress. The DAC instructed the Project Director to take up the matter with all the

concerned (Secretary Finance, GoB and Federal Government) through Secretary, Forest and Wildlife Department, GoB for timely releases, enabling the project to achieve the targets within timelines.

No further progress was intimated till the finalization of this report.

Audit recommends that efforts be made for timely completion of the project to avoid time and cost overrun.

### **PAC DIRECTIVES DATED 19<sup>th</sup> FEBRUARY, 2025**

The Committee expressed serious concerns about the slow pace of the Ten Billion Tree Tsunami Programme (TBTP) and directed the department to provide the following details within one week to the Committee:

- 1. Total Budget:** The overall allocated amount for the program.
- 2. First and Second Releases:** The amount of funds released in the first and second phases.
- 3. Total Expenditure to Date:** The amount spent on the program so far.
- 4. Remaining Budget:** The amount of funds still available for the program.
- 5. Physical Progress:** The actual progress made on the ground, including the number of trees planted and areas covered.

***Hence, Para deferred.***

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### **Para # 12.2.3      Non-conducting of Monitoring and Evaluation - Rs. 165.688 million**

As per PC-I of the project TBTP, Upscaling of Green Pakistan Programme Wildlife Component Balochistan” was started from 2019-20 for five years plan. Activities such as “Habitat Improvement, Species Rehabilitation, Promotion of Community based conservation initiatives, Infrastructure development, etc., Monitoring and Evaluation was vital tool for successful launching and meeting the objectives of the Project. Monitoring of the project activities was to be carried out through three-tiered monitoring i.e., at (i) department (including concerned circle), (ii) project (M&E Unit) and (iii) third party levels (external) according to the devised mechanism.

The implementation offices under the PD, TBTP (Wildlife component) Balochistan incurred an expenditure amounting to Rs. 165.688 million during the financial years 2019-2021. The monitoring and evaluation report of offices of some districts was not prepared as envisaged in the PC-I, as detailed below:

**Rs. in million**

#	Name of DDO	Total 2019-20	Total 2020-21	Total
1.	PD, TBTP Wildlife, Quetta	30.935	51.094	82.029
2.	DFO, Duki	5	16.408	21.408
3.	DCF, Killa Saifullah	4.742	11.404	16.146
4.	DFO, Chaghi	0.592	10.01	10.602
5.	Maintenance Division-II, Quetta	7	-	7
6.	DFO, Sherani	2.396	3.243	5.639
7.	Building Division, Duki	5	-	5
8.	DCF, Chiltan National Park	0.95	2.781	3.731
9.	DFO, Loralai	-	3.694	3.694
10.	DCF, Zhob	0.7	1.976	2.676
11.	DCF, Quetta City	1.998	-	1.998
12.	DFO, Barkhan	-	1.573	1.573
13.	DFO, Kharan	-	1.177	1.177
14.	DCF, Ziarat	1	0.158	1.158
15.	DFO, Noshki	-	1.001	1.001
16.	DFO, Pishin	-	0.856	0.856
<b>Total</b>		<b>60.313</b>	<b>105.375</b>	<b>165.688</b>

Non-conduct of monitoring and evaluation occurred due to weak internal controls and resulted in irregular expenditure.

The matter was reported to the department on April 4, 2022, but no reply was received.

In the DAC meeting held on September 25, 2022, the department replied that due to shortage of project staff the M&E was not completed and would be completed shortly. The DAC directed the department to complete the report and compliance be intimated accordingly.

No further progress was intimated till the finalization of this report.

Audit recommends that M&E be carried out and report be shared with Audit.

**PAC DIRECTIVES DATED 19<sup>th</sup> FEBRUARY, 2025**

On the basis of discussion held Committee directed as under: -

- The department shall provide the independent Monitoring & Evaluation Reports in respect of all districts to Audit for verification purpose.
- Representative(s) from the Audit Office and PAC Branch, Provincial Assembly of Balochistan will conduct a site visit for physical verification of Ten Billion Tree Tsunami Programme (TBTP), Quetta where Rs.82.029 million have been spent by the department during financial years 2019-21 and will submit report to the PAC for consideration and final decision.

***Hence, Para deferred.***

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**Para # 12.2.4 Irregular advance payment – Rs. 16.640 million and non-deduction of security deposit - Rs. 1.664 million**

As per Para 56, 228 and 209 of CPWA Code, “Advances to contractors are as a Rule prohibited and every endeavor should be made to maintain a system under which no payments are made except for work actually done”.

The Project Director, TBTP (Wildlife component) Balochistan, Quetta awarded different consultancy works to a GC and paid an amount of Rs. 16.640 million. Further, majority of works were shown completed within a month’s time from the issuance of work order which was practically not possible as there were several surveys involved in various districts of the province. Therefore, advance payments were made without deduction of security deposits.

Payment without completion of work and non-deduction of security deposit occurred due to weak financial controls and resulted in irregular expenditure.

The matter was reported to the department on April 4, 2022, but no reply was received. In the DAC meeting held on September 25, 2022, the department replied that the payment to consultant was made after satisfactory completion of work. It was not felt necessary to deduct security deposit. Audit replied that it was violation of rules which increased the risk of loss to the government. The DAC directed the department to provide completion certificates of all works.

No further progress was intimated till the finalization of this report.

Audit recommends that third party validation of the schemes may be carried out under intimation to Audit.

### **PAC DIRECTIVES DATED 19<sup>th</sup> FEBRUARY, 2025**

Committee directed the department to provide successful work completion certificate, validation certificate by International Union for Conservation of Nature (IUCN), and work award documents to Audit for verification purpose within two weeks. **Hence, Para deferred.**

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#### **Para # 12.2.5 Irregular award of contract without tenders - Rs. 9.985 million**

According to Rule 15(2) of BPPRRs, “All procurements opportunities over two hundred thousand and up to one million rupees shall be advertised timely on the Authority’s website as well as in the newspapers as prescribed in these rules.”

The PD, TBTP (Wildlife component), Balochistan Quetta incurred an expenditure amounting to Rs.9.985. million during the financial years 2019-22, without calling open tenders.

Expenditure without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the department on April 4, 2022, but no reply was received.

In the DAC meeting held on September 25, 2022, the department replied that no work above Rs. 0.200 million had been awarded without calling open tenders and all the record were available for verification. The DAC directed to provide complete record to audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends that record be produced or the expenditure be regularized.

### **PAC DIRECTIVES DATED 19<sup>th</sup> FEBRUARY, 2025**

The Committee directed the department to submit the required records to the Audit department for verification. The Committee issued a stern warning regarding the

potential registration of an FIR for failure to provide accurate records. **Consequently, the deferred.**

\*\*\*\*\*

**Para # 12.2.6 Irregular payment due to superficial measurement - Rs. 5.950 million**

As per Para 56, 228 and 209 of CPWA Code, “Advances to contractors are as a Rule prohibited and every endeavor should be made to maintain a system under which no payments are made except for work actually done.”

The Executive Engineer, Building Division, Gwadar awarded the work “Construction of office Building at Gwadar” to a GC on June 22, 2020 at a total cost of Rs. 5.950 million under TBTP Funds. Final payment to the contractor was made on June 30, 2020 by showing the work completed within a week of issuance of work order, which was practically not possible. It was evident that the work was not carried out but superficial measurements were recorded immediately after the award of work and payment was made to the contractor.

Advance payment to avoid lapse of budget occurred due to weak internal controls and resulted in irregular expenditure.

The matter was reported to the department on April 4, 2022, but no reply was received. In the DAC meeting held on September 25, 2022, the said office did not attend the meeting. The DAC directed that Secretary, Forest and Wildlife Department to take up the issue with Secretary, CWPP&HD, GoB under intimation to Audit. Moreover, present status of project be intimated to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that third party validation of the work be carried out.

**PAC DIRECTIVES DATED 19<sup>th</sup> FEBRUARY, 2025**

The Committee is astonished to discover that the building was apparently constructed in a mere eight days! This feat is nothing short of miraculous!

The Committee could not measure how this was possible and therefore directed an immediate physical inspection to verify the facts.

The matter will be closed if the building is found to be constructed. However, if it is not, those responsible will face strict action. **Hence, Para deferred.**

\*\*\*\*\*

**Para # 12.2.7 Advance payment - Rs. 5.940 million**

As per Para 56, 228 and 209 of CPWA Code, “advances to contractors are as a Rule prohibited and every endeavor should be made to maintain a system under which no payments are made except for work actually done.”

The Executive Engineer, Maintenance Division II, Quetta awarded the work “Construction of two tourist Huts in Chiltan National Park Quetta” to a GC on June 25, 2020 @ 0.70% below on CSR 2018 under the TBTP Funds. The local office made final payment amounting to Rs. 5.940 million vide cheque No. 560971 dated 30.06.2020 by showing the work completed within five days only. The work was still not completed by the executing agency as was evident from the complaints of DCF, Chiltan Park, Quetta letters dated August 27 and October 28, 2020 and March 16 and 26, 2021.

Advance payment by recording superficial measurements in MB occurred due to weak financial management and resulted in irregular expenditure.

The matter was reported to the department on April 4, 2022, but no reply was received. In the DAC meeting held on September 25, 2022, the said office did not attend the meeting. The DAC directed that Secretary, Forest and Wildlife Department to take up the issue with Secretary, CWPP&HD, GoB under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that proper justification for the advance payment be provided, besides intimating the present status of work to Audit.

**PAC DIRECTIVES DATED 19<sup>th</sup> FEBRUARY, 2025**

The Committee directed an inquiry and proceedings against Mr. Nazeer Kurd, Chief Conservator, under the BEEDA Act 2011. The Committee further directed to place him on OSD status, for one year, due to the failure to complete the work instead of advance payment to the contractor. **Hence, Para deferred.**

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**Para # 12.2.8 Irregular expenditure on repair of vehicles - Rs. 4.243 million**

According to Rule 15(2) of BPPRRs, “All procurements opportunities over two hundred thousand and up to one million rupees shall be advertised timely on the Authority’s website as well as in the newspapers as prescribed in these rules.”

The PD, TBTP (Wildlife component), Balochistan Quetta paid an amount of Rs. 4.243 million on repair of various vehicles for the financial years 2019-21.

The expenditure was irregular on the following grounds:

- i. The expenditure was incurred without obtaining quotations and calling open tenders.
- ii. The vehicles were not on the pool of the local office.

Expenditure without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the department on April 4, 2022, but no reply was received.

In the DAC meeting held on September 25, 2022, the department replied that vehicles repaired were placed at the disposal of Project Director. The DAC directed the department for regularization of the expenditure. Further, record of pool vehicles at the disposal of Project Director be provided to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that payment without observance of rules be justified in addition to regularization of the expenditure.

**PAC DIRECTIVES DATED 19<sup>th</sup> FEBRUARY, 2025**

The Committee directed the department to provide all relevant record/documents to the Audit. The Audit team shall thoroughly examine the record/documents and submit report to the Committee for consideration. **Hence, Para deferred.**

\*\*\*\*\*

**Para # 12.2.9 Non/Less-deduction of Government taxes - Rs. 3.701 million**

According to BSTS Act, 2015, Income Tax Ordinance, 2001 and Stamp Act, 1899, the government levied sales tax on services @ 6% and 15% on contract and other services

respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively and stamp duty @ 0.25% of cost of contract.

The PD, TBTTP (Wildlife component), Balochistan, Quetta incurred expenditure in different heads without / less deduction of government taxes amounting to Rs. 3.701 million, as detailed below:

			<b>Rs. in million</b>
#	Particulars	AIR Para No.	Amount
1.	Less deduction of Income Tax	08,31	2.168
2.	Non-deduction of Income Tax	32	0.804
3.	Non-deduction of BSTS	33	0.513
4.	Non-deduction of Stamp Duty	35	0.216
<b>Total</b>			<b>3.701</b>

Non/less deduction occurred due to weak financial management and resulted in revenue loss to the Government.

The matter was reported to the department on April 4, 2022, but no reply was received.

In the DAC meeting held on September 25, 2022, the para could not be discussed due to incomplete working papers. The DAC directed that a consolidated reply in respect of all districts be submitted to Audit within two weeks. Moreover, all due government taxes be recovered from the concerned contractors under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be effected from the concerned contractors under intimation to Audit.

#### **PAC DIRECTIVES DATED 19<sup>th</sup> FEBRUARY, 2025**

Committee directed the department to recover 100% of the outstanding government taxes (Income Tax, BST and Stamp Duty), pointed by Audit, within one month under intimation to PAC. **Hence, Para deferred.**

\*\*\*\*\*

**Para # 12.2.10      Doubtful expenditure - Rs. 2.958 million**

As per Para 56, 228 and 209 of CPWA Code, “advances to contractors are as a Rule prohibited and every endeavor should be made to maintain a system under which no payments are made except for work actually done.”

The Executive Engineer, Building Division, Uthal awarded the work “Construction of tourist huts at Hingol National Park, District Lasbela” to a GC on June 18, 2020 @ 0.40% below on CSR 2018. Final payment was made on June 25, 2020 by showing the work completed within a week of award of work, which was practically not possible. Further, the committee on monitoring and evaluation in its report observed that the instant activity had not been physically under taken which required thorough investigation, as detailed in Annexure 12.1 of the Audit Report.

Advance payment was made due to weak internal controls which resulted in irregular expenditure.

The matter was reported to the department on April 4, 2022, but no reply was received.

In the DAC meeting held on September 25, 2022, the said office did not attend the meeting. The DAC directed that Secretary, Forest and Wildlife to take up the issue with Secretary, CWPP&HD, GoB under intimation to Audit. Moreover, the present status of the project be intimated to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that thorough investigation be carried out under intimation to Audit.

**PAC DIRECTIVES DATED 19<sup>th</sup> FEBRUARY, 2025**

The Committee ***settled the Para***, directing the department to avoid similar practices and the Finance Department to ensure timely release of funds for civil works projects.

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**Para # 12.2.11 Irregular procurement without inviting open tenders - Rs. 15.613 million**

According to Rule 15(2) of BPPRRs, “All procurements opportunities over two hundred thousand and up to one million rupees shall be advertised timely on the Authority’s website as well as in the newspapers as prescribed in these rules.”

The following offices of Forest and Wildlife Department during the financial year 2021-22, incurred an expenditure amounting to Rs. 15.613 million without calling open tenders, as detailed below:

		<b>Rs. in million</b>
<b>Name of office</b>	<b>AIR Para No.</b>	<b>Amount</b>
DCF, Quetta City	09	14.74
DCF, Ziarat	11	0.873
<b>Total</b>		<b>15.613</b>

Expenditure without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the department in December 2022, but no reply was received.

The PAO was requested to convene a DAC meeting on January 3, 2023, followed by a reminder, but no meeting was held till the finalization of this report.

Audit recommends that the expenditure be regularized from the competent authority.

**PAC DIRECTIVES DATED 19<sup>th</sup> FEBRUARY, 2025**

Department apprised the Committee that the work was awarded after performing open competitive bidding as required under B-PPRA Rules. In view of the above, Committee **settled the Para subject to** verification of tender documents by Audit under intimation to PAC.

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**Para # 12.2.12 Non/Less deduction of security deposits - Rs. 11.984 million**

As per Para 2.66 of B&R Code read with Clause 19 of conditions of contract agreement, “Security deposit @ 10% should be deducted from payment made for work done to contractors and refunded after three months from date of completion of scheme”.

The following offices of Forest and Wildlife Department awarded different works during the financial year 2021-22, to various contractors without/less deduction of security deposits, as detailed below:

			<b>Rs. in million</b>
#	Name of office	AIR Para No.	Amount
1.	Deputy Conservator of Forest, Chiltan National Park, Hazarganji	6	0.196
2.	Deputy Conservator of Forest, Lasbella	8	6.71
3.	Deputy Conservator of Forest, Quetta	10	0.499
4.	Deputy Conservator of Forest Ziarat	7	0.677
5.	Divisional Forest Officer, Kachhi	9	2.66
6.	Divisional Forest Officer, Jhal Magsi	8	0.855
7.	Divisional Forest Officer, Loralai	8	0.387
<b>Total</b>			<b>11.984</b>

Non/less deduction of security deposits occurred due to weak internal controls and resulted in undue favour to the contactors.

The matter was reported to the department in December 2022, but no reply was received.

The PAO was requested in December 2022, followed by repeated reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends that security deposits be deducted from the concerned under intimation to Audit.

#### **PAC DIRECTIVES DATED 19<sup>th</sup> FEBRUARY, 2025**

The Committee directed the department to ensure deduction of 10% security deposits from contractors in the future. Additionally, the department shall provide the security deposit records for the Division of Forest Officer, Loralai, and satisfactory work completion certificates for all offices to the Audit department for verification purposes. **Hence, Para settled subject to** verification of aforementioned record by Audit under intimation to PAC.

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#### **Para # 12.2.13 Non / less realization of targeted revenue - Rs. 6.207 million**

As per Rule 26 of GFR, Vol.-I, "It is the duty of departmental controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Government account."

The following offices of Forest and Wildlife Department, during the financial year 2021-22, failed to realize the targeted revenue, as detailed below:

**Rs. in million**

#	Name of office	AIR Para No.	Target Amount	Amount Realized	Shortfall
1.	DCF, Quetta	1	0.53	-	0.53
2.	Secretary, Forest and Wildlife Department, GoB	1	3.782	-	3.782
3.	DD, Soil Conservation, Mastung	1	0.13	-	0.13
4.	Chief Conservator of Forest (North) Balochistan, Quetta	1	1.57	-	1.57
5.	DCF, Hingol National Park, Uthal	1	0.690	0.495	0.195
<b>Total</b>			<b>6.702</b>	<b>0.495</b>	<b>6.207</b>

Non / less realization of revenue occurred due to weak internal controls and resulted in revenue loss to the government.

The matter was reported to the management on December 7 and 14, 2022, but no reply was received.

The PAO was requested to convene a DAC meeting on January 3, 2023, followed by a reminder, but no meeting was held till the finalization of this report.

Audit recommends that efforts be made to achieve the yearly set revenue targets.

#### **PAC DIRECTIVES DATED 19<sup>th</sup> FEBRUARY, 2025**

Committee *settled the Para* with direction that the Forest and Wildlife Department shall collaborate with the Finance Department to resolve the issue regarding revenue targets.

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#### **Para # 12.2.14 Non/Less deduction of Government Taxes - Rs. 4.234 million**

According to BSTS Act, 2015, Income Tax Ordinance, 2001 and General Sales Tax Act, 1990, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively and GST @ 17%.

The following offices of Forest and Wildlife Department during the financial years 2015-22, incurred expenditure in different heads without/less deduction of government taxes amounting to Rs. 4.234 million, as detailed below:

Rs. in million

#	Name of office	AIR Para No.	BSTS	Income Tax	GST
1.	Deputy Conservator of Forest, Chiltan National Park, Hazarganji	10,09 &11	0.112	0.201	0.31
2.	Deputy Conservator of Forest Ziarat	08.09 &10	0.28	0.449	0.557
3.	Deputy Conservator of Forest, Quetta City	11,10	2.893	0.505	-
4.	Divisional Forest Officer, Kachhi	10,	0.367	-	-
5.	Divisional Forest Officer, Turbat	10,09	0.144	0.178	-
6.	Divisional Forest Officer, Harnai	10	-	0.116	0.153
7.	Divisional Forest Officer, Killa Abdullah at Chaman	10	-	-	0.923
8.	Deputy Conservator Forest, Lasbella	09	-	0.28	-
9.	Divisional Forest Officer, Jhal Magsi	09	-	0.222	-
10.	Decisional Forest Officer, Loralai	09	-	0.34	-
<b>Total</b>			<b>3.796</b>	<b>2.291</b>	<b>1.943</b>
<b>Grand Total</b>					<b>4.234</b>

Non/Less deduction occurred due to weak financial management and resulted in revenue loss to the Government.

The matter was reported to the management in June and December 2022, but no reply was received.

The PAO was requested to convene a DAC meeting in June 2022, followed by reminders but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned vendors under intimation to Audit.

#### **PAC DIRECTIVES DATED 19<sup>th</sup> FEBRUARY, 2025**

Committee directed the department to recover 100% of the outstanding government taxes (BST, Income Tax and GST), pointed by Audit, within one month under intimation to PAC. **Hence, Para deferred.**

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## Health Department

(Meeting held on 20<sup>th</sup> August, 2020)

### INTRODUCTION

The main purpose of the Health Department is to provide health facilities to the people of Balochistan by taking measures for prevention and control of infectious and contagious diseases and providing improved treatment facilities for the public health. For this purpose, the Department maintains hospitals at district level, Rural Health Centers, Basic Health Units and Dispensaries at Tehsils & villages.

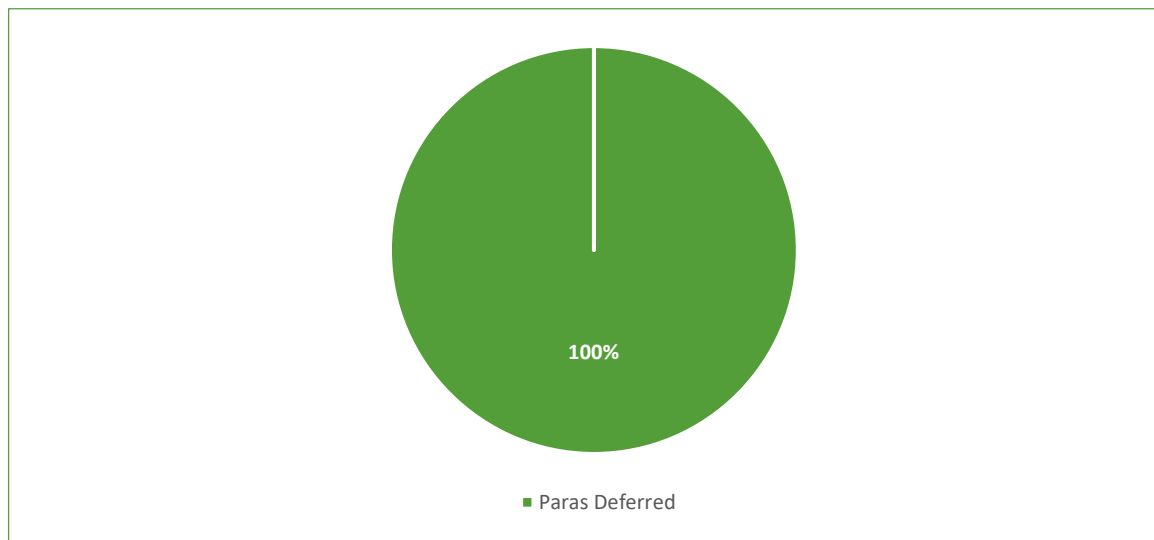
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Non-Production of Record	01
2.	Irregular Expenditure	06
3.	Evasion of Taxes & Duties	01
4.	Others	03
<b>Total Paras</b>		<b>11</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Deferred	11
<b>Total Paras</b>		<b>11</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan, Mr. Farrukh Sohail Malik, briefed the subject Appropriation Accounts before Committee as under: -

Particulars	Rs. in million						
	Original Grant	Supp. Grant	Surrender	Final Grant	Exp.	Saving	%
Non-Development (Grant No. BC21018)	19,601	5,260	3,959	20,902	17,206	3,697	17.68
Development (Grant No. BC12218) Function No. 074120	11,884	-	6,558	5,326	5,105	221	4.15
<b>Grand Total (Non-Development &amp; Development)</b>	<b>31,484</b>	<b>5,260</b>	<b>10,516</b>	<b>26,228</b>	<b>22,311</b>	<b>3,918</b>	<b>14.94</b>

**PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2024**

The Committee settled the Appropriation Accounts, directing the department to henceforth prepare rationalized budgets, demand supplementary funds only with proper justification, execute approved plans timely, surrender excess budget promptly, and utilize all allocated funds diligently, adhering to all codal formalities.

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 13.2.1 Non-production of medicine record/bills - Rs. 344.791 million**

According to Rule 17 of GFR, Vol.-I, read with Section 14(2) of Auditor General's (Functions, Power and Terms and Conditions of Service) Ordinance, 2001, "The departmental Officers are required to provide record for audit inspection and comply with requests for information in as complete as possible and with all reasonable expedition".

The Medical Superintendent, Bolan Medical Complex Hospital, Quetta incurred an expenditure amounting to Rs. 344.791 million on account of purchase of medicines during the financial year 2020-21, but failed to produce the relevant record despite repeated requests.

Non-provision of record was due to weak administrative controls which rendered the expenditure unaudited.

The matter was reported to the department in March 2022, but no reply was received.

In the DAC meeting held on December 29 and 30, 2022, the department replied that the record of the medicines was in the custody of ex-cashier and inquiry had been initiated by the department against him. DAC directed the department to complete the inquiry proceedings against him and outcomes be shared with Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that the record be produced to Audit for verification and disciplinary action be taken against the official(s) at fault.

#### **PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2024**

After detailed discussion into the matter Committee directed as under:

1. Department shall ensure to provide the relevant record to Audit. Non-compliance shall necessitate lodging of F.I.R against responsible official.
2. The Principal Accounting Officer (PAO) shall serve a Show Cause notice to the Inquiry Committee, established on August 15, 2024, for failing to initiate an inquiry into the matter within the prescribed timeframe.
3. The PAO shall reconstitute the Committee to conduct inquiry into the matter and submit report to the PAC for further consideration.

These directives shall be implemented within 15 days under intimation to PAC and Audit. ***Hence, Para deferred.***

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#### **Para # 13.2.2 Suspected embezzlement/less realization of government receipt - Rs. 20.907 million**

According to Rule 23 and 26 of GFR, Vol.-I, "It is the duty of the departmental controlling officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account." "Every Govt. 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 be also be held personally responsible for any loss arising from fraud or negligence on the part of any other Govt. loss by his own action or negligence.

The Medical Superintendent, Bolan Medical Complex Hospital, Quetta collected an amount of Rs. 30.015 million, during the financial year 2020-21, on account of revenue

from different sources. An amount of Rs. 9.108 million was deposited, however, the remaining amount of Rs. 20.907 million was not deposited in government account.

Suspected embezzlement/less realization of government receipt occurred due to weak internal controls and resulted in loss to the government.

The matter was reported to the department in March 2022, but no reply was received.

In the DAC meeting held on December 29 and 30, 2022, the department replied that the record of medicines was in the custody of ex-cashier and an inquiry had been initiated by the department against him. The DAC directed the department to complete the inquiry at the earliest under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that the revenue receipts be deposited into government treasury besides, sharing of inquiry report with Audit.

#### **PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2024**

After detailed discussion into the matter Committee directed as under:

1. Department shall ensure to provide the relevant record to Audit. Non-compliance shall necessitate lodging of F.I.R against responsible official.
2. The Principal Accounting Officer (PAO) shall serve a Show Cause notice to the Inquiry Committee, established on August 15, 2024, for failing to initiate an inquiry into the matter within the prescribed timeframe.
3. The PAO shall reconstitute the Committee to conduct inquiry into the matter and submit report to the PAC for further consideration.

These directives shall be implemented within 15 days under intimation to PAC and Audit. ***Hence, Para deferred.***

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#### **Para # 13.2.3      Doubtful advance payment to the contractor - Rs. 1.879 million**

According to Rule 290 of TRs, “No money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grant.”

The Medical Superintendent, Bolan Medical Complex Hospital, Quetta paid an amount of Rs. 1.879 million to a GC for supply of chemicals to run the defunct Oxygen Plant in May, 2021. The contractor failed to supply the said chemicals and the Oxygen Plant was out of order/defunct till March, 2022.

Advance payment to the contractor occurred due to weak financial controls and resulted in loss to the government.

The matter was reported to the department in March 2022, but no reply was received.

In the DAC meeting held on December 29 and 30, 2022, the DAC directed the department to justify the advance payment. Further, a departmental inquiry be initiated against the person(s) involved and inquiry report be shared with Audit.

No further progress was intimated till the finalization of this report.

Audit recommends for provision of justification, besides fixing of responsibility against the person(s) at fault.

#### **PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2024**

After detailed deliberation into the matter Committee directed as under:

1. The department shall initiate inquiry into the matter considering non-functionality of Oxygen Plant and justification of advance payment to the contractor. The inquiry report shall be submitted to the PAC and Audit for further consideration.
2. The department shall prepare feasibility report for up-grading the existing/purchasing new Oxygen Plant and share with PAC for further consideration.

The directives of the PAC shall be implemented within a month. ***Hence, Para deferred.***

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#### **Para # 13.2.4                      Irregular retention of public money - Rs. 273.897 million**

According to Rule 26 of GFR, Vol.-I "The head of office should ascertain that all the sums due to Government are regularly received and paid into the Treasury and the figures should be checked and compared with the figures in the statements supplied by the Comptroller or the Accountant General as the case may be".

The following offices of Health Department, Balochistan, retained an amount of Rs. 267.977 million in the commercial bank accounts during the financial years 2020-22, without approval of the Finance Department, GoB. Further, an amount of Rs. 5.920 million was realized on account of receipts but not deposited into government account, as detailed below:

				Rs. in million
#	AIR Para No.	Period	Name of formation	Amount
<b>Irregular retention</b>				
1.	1	2020-21	Additional Director, MSD, Balochistan, Quetta	175.131
2.	16	2021-22	DG Health Services Balochistan	88.287
3.	7	2020-21	MS, Fatima Jinnah General and Chest Hospital, Quetta	1.623
4.	5	2021-22	Ms, Civil Hospital, Quetta	2.936
<b>Subtotal</b>				<b>267.977</b>
<b>Non-deposit of Government receipts</b>				
5.	9	2021-22	DG Health, Services Balochistan	3.203
6.	6	2021-22	Jhalawan Medical College Khuzdar	0.730
7.	9	2021-22	MS, Benazir Hospital	0.498
8.	9	2021-22	MS, Shaheed Nawabzada Sikandar Khan Memorial Hospital	0.199
9.	3	2021-22	MS, Civil Hospital, Quetta	1.290
<b>Subtotal</b>				<b>5.920</b>
<b>Grand total</b>				<b>273.897</b>

Retention of public money in the bank accounts without the approval of FD occurred due to weak financial management and resulted in irregularity.

The matter was reported to the department in October and November 2021, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20, 2020-21 and 2021-22 with the financial impact of Rs. 40.231 million, Rs. 3.027 million and Rs. 9.409 million respectively, but the PAO did not take remedial measures to avoid recurrence.

In the DAC meeting held on December 29 and 30, 2022, the department apprised that major portion of the amount kept in the bank pertained to UNICEF Fund and was not public money. The DAC directed the department to produce copy of MoU with UNICEF. Further, retention of public money in private bank accounts be justified besides depositing all public money into government account without further delay.

No further progress was intimated till the finalization of this report.

Audit recommends that the retained amount be deposited into the government treasury at the earliest under intimation to Audit.

**PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2024**

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On the basis of discussion held, Committee directed as under:

1. Additional Director, MSD, Balochistan, Quetta shall provide the relevant record in respect of both accounts to the Audit for verification.
2. D.G Health Services, Balochistan shall provide signed copy of the Memorandum of Understanding (MoU) with UNICEF to Audi for verification.
3. Observation in respect of Medical Superintendent Fatima Jinnah General and Chest Hospital, Quetta settled with direction that the copy of the record verified by the Audit shall be provided to PAC for record purpose.
4. Medical Superintendent, Civil Hospital, Quetta shall provide the relevant record to Audit for verification.
5. D.G Health Services, Balochistan shall deposit the remaining collected revenue of Rs.3.203 into Government Treasury within 15 days and get the record verified from Audit.
6. Jhalawan Medical College Khuzdar shall deposit the Government receipts of Rs.0.73 million in Government Treasury within 15 days. Non-compliance shall necessitate the transfer and posting of responsible official(s) as Officer on Special Duty (OSD).
7. Medical Superintendent, Benazir Hospital shall provide Original GST Challans, Evidence of BSTS deducted by the A.G Balochistan and copies of relevant bills to Audit for verification within 15 days.
8. Medical Superintendent, Shaheed Nawabzada Sikandar Khan Memorial Hospital shall provide relevant record of Government Receipts amounting to Rs.0.199 million to Audit for verification within 15 days.
9. Medical Superintendent, Civil Hospital, Quetta shall provide relevant record of Government Receipts amounting to Rs.1.29 million to Audit for verification within 15 days.

The progress in compliance of aforementioned directives shall be intimated to PAC. **Hence, Para deferred.**

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**Para # 13.2.5 Inadmissible payment of allowances - Rs. 169.513 million****Open configuration options**

According to Health Department, GoB, Notifications dated December 20, 1992, November 10, 2016 and April 10, 2020, the rates of non-practicing, Anesthesia, Health Professional and Risk allowances respectively have been prescribed by Government. Further, as per Finance Department, GoB, Notification dated October 23, 1997; the conveyance allowance shall not be admissible to Government Servants during the period of Earned leave.”

Different offices of Health Department, during the financial years 2019-22, paid an amount of Rs. 169.513 million to different doctors, officers and staff on account of various inadmissible allowances, resulting in an overpayment, as detailed below:

		<b>Rs. in million</b>
<b>#</b>	<b>Description</b>	<b>Amount</b>
1.	Non-practicing allowance	21.336
2.	Anesthesia Allowance	25.949
3.	Risk Allowance	72.902
4.	Health Professional Allowance	49.326
5.	Conveyance Allowance	
<b>Total</b>		<b>169.513</b>

Inadmissible payment of the allowances occurred due to weak internal and financial controls and resulted in loss to the government.

The matter was reported to the department in September, October and November 2021, but no reply was received.

In the DAC meeting held on December 29 and 30, 2022, the DAC directed the department to produce rules/notifications etc., in respect of admissible allowances to the employees and make recovery of inadmissible allowances from the concerned.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be effected from the concerned under intimation to Audit.

**PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2024**

Department replied that all of the allowance are provided on the basis of notification issued by the competent authority. Audit requested the department to provide the

copies of notifications for verification. In the view of forgoing discussion, Committee directed the PAO Health Department and D.G Audit Balochistan as under:

1. Clarify the issue and submit the report back to PAC for final decision.
2. Design and recommend a robust, controlled, and transparent payment system for allowances tied to special conditions.

**Hence, Para deferred.**

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**Para # 13.2.6      Non/less realization of governmental taxes /duties-  
Rs.120.02 million**

According to BSTS Act, 2015, Income Tax Ordinance, 2001 and General Sales Tax Act, 1990, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively and GST @ 17%.

Different offices of Health Department, during the financial years 2020-22, made payments to the contractors, consultants and firms/suppliers without / less deduction of due government taxes/duties, resulting in a revenue loss of Rs. 120.02 million as detailed in Annexure 13.1 of Audit Report.

Non/less realization of governmental taxes/duties occurred due to weak internal controls and resulted in revenue loss to the government.

The matter was reported to the department in September, October, November and December 2021, but no reply was received. The irregularity of the same

nature was also reported in the Audit Reports for the years 2019-20, 2020-21 and 2021-22 with the financial impact of Rs. 30.147 million, Rs. 19.529 million and Rs. 29.615 million respectively, but the PAO did not take remedial measures to avoid recurrence.

In the DAC meeting held on December 29 and 30, 2022, the DAC directed the department to produce exemption certificate in case of tax exemption, record of tax deducted as per prescribed rates and recovery of less / non-deducted taxes from vendors.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be effected from the concerned under intimation to Audit.

#### **PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2024**

On the basis of discussion held Committee remanded the Para to Department and Audit for clarification within 15 days under intimation to PAC. **Hence, Para deferred.**

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#### **Para # 13.2.7      Loss due to extension of undue favor to the vendor - Rs.61.54 million**

According to Rule 43 (2), BPPRRs, “single bid may be considered for acceptance if it meets the evaluation criteria expressed in bidding documents and is not in conflict with any other rules, regulations or policy of the Government. The price may be compared with the prevailing market prices, if so required.” Further, as per NAB’s letter dated April 28, 2022, “opening, evaluation and rejection of bids are often misused by different departments of GoB. Majority of participating bidders and even in some cases all except one bidder are declared disqualified under the grab of technical evaluation for the purpose to easily manipulate the procurement process therein benefiting particular bidder(s), hence defeat the essence of fair competition as required under the rules.”

The Project Director, CRNCP, Quetta procured 21 ambulances through open tender amounting to Rs. 234.963 million. The criteria of Original Equipment Manufacturer (OEM) were set which made only one vendor i.e., Toyota eligible to participate in the tender. Further, the office of the DG Health had procured the ambulances with almost the same specifications during the same year. The comparison of rates revealed that per unit cost of ambulance purchased by the project was higher @ Rs. 2.93 million, resulting in excess payment of Rs. 61.54 million, as detailed below:

Description	Rs. in million		
	DG Health	CRNCP	Difference
Vehicle	5.887	6.994	1.107
Fabrication	2.086	3.909	1.823
<b>Loss per unit</b>			<b>2.93</b>
<b>Total loss (21 units)</b>			<b>61.54</b>

Extension of undue favour to one vendor occurred due to weak internal and financial controls and resulted in loss to the government.

The matter was reported to the department in October 2022, but no reply was received.

In the DAC meeting held on December 29 and 30, 2022, the department replied that all BPPRA rules were adopted during the procurement process but could not justify the unnecessary evaluation criteria/requirement due to which only one bidder was technically qualified. DAC directed that matter be inquired and the loss be recovered under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends for provision of justification and fixing of responsibility against the person(s) at fault under intimation to Audit.

### **PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2024**

The Committee remanded the Para to the Department and Audit for clarification, to be reported back to PAC within 15 days for further consideration and final decision.

***Hence, Para deferred.***

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### **Para # 13.2.8 Irregular payment without calling open tenders - Rs. 957.354 million**

According to Rule 15(2) of BPPRRs, “All procurements opportunities over two hundred thousand and up to one million rupees shall be advertised timely on the Authority’s website as well as in the newspapers as prescribed in these rules.”

The following offices of Health Department, Balochistan incurred an expenditure amounting to Rs. 957.354 million during the financial years 2018-22, without calling open tenders, as detailed below:

				<b>Rs. in million</b>
<b>#</b>	<b>AIR Para No.</b>	<b>Period</b>	<b>Name of formation</b>	<b>Amount</b>
1.	6	2021-22	DG Health services Balochistan	728.966
2.	6	2021-22	Medical Store Depot (MSD), Quetta	62.969
3.	2	2020-21	ED, Balochistan Institute of Psychiatry & Behavioral Science, Quetta	47.866
4.	2	2018-21	CEO, Nawab Ghous Bux Rasiani Hospital Mastung	27.38
5.	20	2020-22	PD, CRNCP, Quetta	25.704
6.	3	2021-22	PD Medical College Khuzdar	19.829
7.	5	2020-21	BINUQ	14.449
8.	5	2021-22	Secretary, Health Department, GoB	11.998
9.	4	2020-21	MS, BMC Hospital Quetta	5.62

Rs. in million

#	AIR Para No.	Period	Name of formation	Amount
10.	6	2020-21	Shaheed Nawabzada Sinkandar Khan Memorial Hospital	3.066
11.	11	2021-22	MS, Civil Hospital	2.558
12.	4	2021-22	Principal, Mekran Medical College Turbat	2.468
13.	6	2019-20	MS, BMC Hospital Quetta	2.384
14.	6	2020-21	DHQ Surab	2.097
<b>Total</b>				<b>957.354</b>

Expenditure without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the department in August, September, October and November 2021, but no reply was received.

In the DAC meeting held on December 29 and 30, 2022, the DAC directed the department to justify the irregularity besides, regularization of the expenditure from the competent authority.

No further progress was intimated till the finalization of this report.

Audit recommends that the expenditure be regularized from the competent authority, besides stoppage of this practice.

#### **PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2024**

After considering the issue at length, Committee directed as under:

1. Department shall provide the proof of calling open tenders, in respect of all the procurements over two hundred thousand, to Audit for verification within 15 days under intimation to PAC.
2. The PAO shall initiate departmental inquiry into the matter of payment of Rs.728.966 million to different vendors by office of the D.G Health Services, Balochistan in the last two days of financial year 2021-22 and share the inquiry report with PAC for further consideration and final decision.

***Hence, Para deferred.***

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#### **Para # 13.2.9 Non-utilization of funds - Rs. 1,868.063 million**

According to PC-I of the project, “the project is to be completed by June, 2022.”

The PD, CRNCP, Quetta received an amount of Rs. 2,156.830 million during the financial year 2020-21, to counter health related pandemics. An amount of Rs. 1868.063 million (86.6%) was not utilized, resulting in non-achievement of the project objectives, as detailed below:

<b>Rs. in million</b>		
<b>Budget</b>	<b>Utilization</b>	<b>Non-utilization</b>
2,156.830	288.767	1,868.063

Non-utilization of major share of funds indicated ill planning and resulted in non-achievement of project objectives.

The matter was reported to the department in October 2022, but no reply was received.

In the DAC meeting held on December 29 and 30, 2022, the department replied that non-utilization of funds was caused due to late approval of PC-1. Audit did not agree with the stance of department and apprised the forum that PC-I of the project was approved in January 2021 and funds were released in January 2022, therefore, department had ample time for utilization of funds. DAC therefore, directed the department to inquire the matter and outcome be shared with Audit.

No further progress was intimated till the finalization of this report.

Audit recommends for provision of justification, besides fixing of responsibility against the person(s) at fault under intimation to Audit.

#### **PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2024**

The Committee remanded the Para to the Department and Audit for clarification, to be reported back to PAC within 15 days for further consideration and final decision. **Hence, Para deferred.**

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#### **Para # 13.2.10 Non-collection of electricity bills from residential consumers - Rs. 67.052 million**

According to Rule 16(vii) of Balochistan Residential Accommodation Rules 1982, “the payment of utility bills is the responsibility and liability of the allottees who reside in the government accommodation”. Furthermore, according to the Health Department’s Notification dated August 1, 2000, “electricity charges were recoverable from the officer/official residing in government accommodation @ Rs. 1200, 300 and 200 per month from occupants of Doctors bungalows/flats, clerical/para-medical staff and class-IV accommodation respectively.”

The Executive Director, Sheikh Khalifa Bin Zayed Hospital, Quetta paid an amount of Rs. 67.052 million on account of electricity bills of office, residential colony, cafeteria and hostels, without collecting the due amounts from the respective consumers. Further, no separate electric meters were installed for the consumers of electricity, as detailed below:

				<b>Rs. in million</b>
<b>#</b>	<b>Cheque No</b>	<b>Date</b>	<b>Paid to</b>	<b>Amount</b>
1.	1491991	27.08.2021	Revenue Officer, QESCO	20.930
2.	2044206	29.12.2021		18.473
3.	2042772	01.02.2022		7.378
4.	2065648	16.06.2022		19.491
5.	Nil	Nil		0.780
<b>Total</b>				<b>67.052</b>

Non-collection of electricity bills from respective consumers occurred due to weak internal controls and resulted in loss to the government.

The matter was reported to the department in March 2022, but no reply was received.

In the DAC meeting held on December 29 and 30, 2022, the DAC decided to install separate electric meters for all consumers besides, rationalizing the notified rates by the Health Department, GoB in addition to make recovery of all outstanding dues from the concerned.

No further progress was intimated till the finalization of this report.

Audit recommends that separate electric meters be installed besides, rationalizing the notified rates and recovery of due amount.

#### **PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2024**

The Committee remanded the Para to the Department and Audit for clarification, to be reported back to PAC within 15 days for further consideration and final decision. ***Hence, Para deferred.***

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#### **Para #13.2.11 Non-functional Health Management Information System**

As per PC I of the project, "Hospital management system is a computer system that helps manage the information related to health care and supports in the job completion of health care providers effectively. The system manages the data related to all departments of healthcare such as Outpatient and Inpatient Management, Pharmacy,

Laboratory, Radiology, Inventory, e-Claim, Mobile Apps, Tablet Versions, Online Scheduling, Secured Messaging, Doctor and Patient Portals, Accounting, HR/Payroll, Blood Bank, Mortuary, Alert Software, Dietary, Feedback, Lab Machines and Biometric Integration, HL7/Integrated PACS, and Business Intelligence.”

Health Department, Government of Balochistan established a Health Management Information System (HMIS), through Provincial Coordinator, Quetta during the financial year 2015-16, in order to achieve the above objectives. The system was initially piloted in three hospitals for the purpose of medicines and revenue collection, which was to be rolled out to five hospitals. However, neither the system was extended to other hospitals nor was it used for the objectives mentioned in its PC I. Furthermore, the system was abandoned in March 2021.

Non-functioning of HMIS occurred due to weak internal controls which resulted in low efficiency and effectiveness of the hospitals.

The matter was reported to the department in March 2022, but no reply was received.

In the DAC meeting held on December 29 and 30, 2022, the department replied that NAB had initiated an inquiry against officials who were responsible for failure of HMIS. The DAC directed the department that outcome of NAB inquiry be shared with Audit.

No further progress was intimated till the finalization of this report.

Audit recommends for provision of justification and fixing of responsibility against the person(s) at fault, besides sharing of the outcome of NAB inquiry with Audit.

#### **PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2024**

The Committee remanded the Para to the Department and Audit for clarification, to be reported back to PAC within 15 days for further consideration and final decision. ***Hence, Para deferred.***

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## Industries and Commerce Department

(Meetings held on 16<sup>th</sup> September, 2025)

### INTRODUCTION

Main function of the Industries and Commerce Department is to attract foreign and local for setting up of Industries in Balochistan, which on one hand create job opportunities and on the other increase the revenue towards national exchequer. The Department of Industries and Commerce is striving to establish Industrial Estate all over Balochistan and for this purpose, the following Industrial Estates with possible basic infrastructure have been established.

- i. Quetta Industrial and Trading Estate, Quetta.
- ii. Industrial Estate at Dera Murad Jamali.
- iii. Lasbela Industrial Estate.
- iv. Hub Industrial and Trading Estate.
- v. Gwadar Industrial Estate.
- vi. Marble City Gaddani.
- vii. Winder Industrial Estate

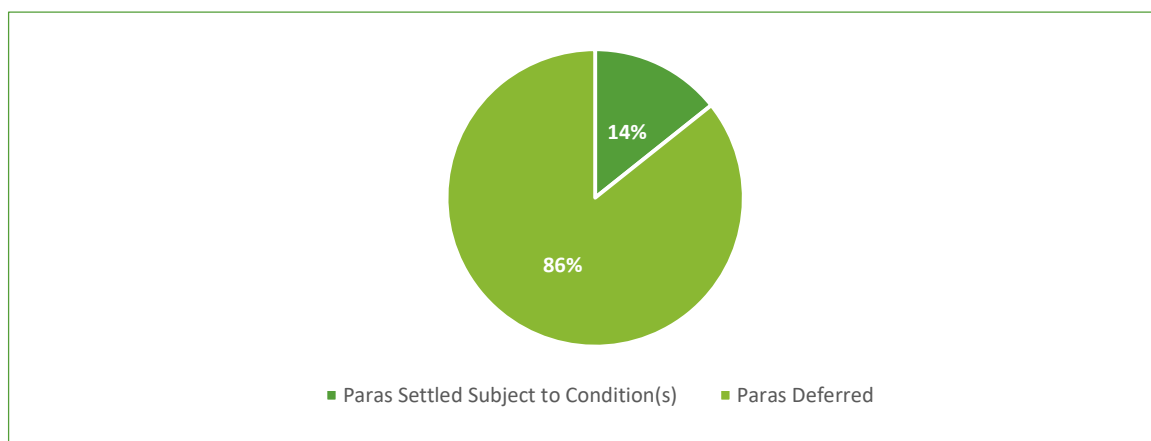
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	03
2.	Recoverable	02
3.	Overpayments	01
4.	Evasion of Taxes & Duties	01
<b>Total Paras</b>		<b>07</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled Subject to Condition(s)	01
2.	Paras Deferred	06
<b>Total Paras</b>		<b>07</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan summarized the subject Appropriation Accounts before Committee as under:

Particulars	Original Grant	Supplementary Grant		Surrender	Final Grant	Exp.	Saving	%age
		Printed	Not Printed					
Non-Development Grant	1,921.324	161.190	274.817	274.817	2,082.514	1,921.184	161.330	7.75
Development Grant	1,065.155	-	-	611.336	453.819	418.810	35.009	7.71
<b>Grand Total (Non-Development &amp; Development)</b>	<b>2,986.479</b>	<b>161.190</b>	<b>274.817</b>	<b>886.153</b>	<b>2,536.333</b>	<b>2,339.995</b>	<b>196.338</b>	<b>7.74</b>

**PAC DIRECTIVES DATED 16<sup>th</sup> SEPTEMBER, 2025**

The Committee decided to **settle the Appropriation Accounts** by obtaining a commitment from the department to discontinue the practice of leaving funds idle in accounts. The Committee agreed that these funds should be used more appropriately. The department assured the Committee that if the funds were not utilized on time, any anticipated savings would be surrendered promptly, allowing the government of Balochistan to invest the funds elsewhere. The department is committed to full compliance with the directives of the PAC.

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 14.2.1 Non-realization of ground rent - Rs.62.522 million**

According to Industries and Commerce Department's Notification dated June 7, 2005, "The ground rent shall be realized from the allottees of industrial estate @ Rs. 3 Per Sqm per annum." The Director General Industries and Commerce Department failed to realize annual ground rent amounting to Rs. 62.522 million from the allottees of industrial plots during the financial years 2020-21 and 2021-22, as detailed below:

FY 2020-21		
#	Description	Amount
1.	Traders	6.189
2.	Furniture Works	0.482
3.	Plants	9.554
4.	Industry	8.015
5.	Factories	2.747
<b>Total</b>		<b>26.987</b>

Rs. in million

FY 2020-21		
#	Description	Amount
<b>2021-22</b>		
1.	Traders	12.812
2.	Furniture Works	0.15
3.	Plants	9.132
4.	Industry	7.95
5.	Factories	5.491
<b>Total</b>		<b>35.535</b>
<b>Grand Total</b>		<b>62.522</b>

Non-realization of ground rent occurred due to weak internal controls and resulted in revenue loss to the government.

The matter was reported to the department on November 17, 2021 and September 14, 2022, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20 and 2021-22 with the financial impact of Rs. 27.585 million and Rs. 71.837 million respectively but the PAO did not take remedial measures to avoid recurrence.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned immediately under intimation to Audit.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> SEPTEMBER, 2025**

The Committee has identified Rs.6.00 million as outstanding, which needs to be collected from the defaulters. The Committee directed to restore agreements for those defaulters who return and willingly pay their dues, in accordance with established rules. Additionally, the Committee recognized and appreciated factories, traders, and plants that have paid their dues.

Furthermore, the Committee instructed the department to issue notices to defaulters regarding their outstanding payments, and to prominently publish these notices in leading newspapers while cancelling their registrations or contracts.

Finally, the Committee has *deferred the Para* and has instructed the department to submit a comprehensive report to the Audit Department, under intimation to the PAC.

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**Para # 14.2.2      Non-realization of outstanding installments of industrial plots  
- Rs.14.86 million**

According to Industries and Commerce Department's Notification dated January 29, 2014, "The cost of different categories of plots was fixed @ Rs. 396 Per Sqm with 10% increase per annum on new allotment. After payment of down payment, the remaining amount should be paid in easy quarterly installments."

The Director General, Industries and Commerce Department failed to realize the installments amounting to Rs. 14.86 million from the allottees of Dera Murad Jamali during the financial years 2020-21 and 2021-22, as detailed in Annexure 14.1 of the Audit Report.

Non-realization of installments occurred due to weak internal controls and resulted in revenue loss to the government.

The matter was reported to the department on November 17, 2021 and September 14, 2022, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20 and 2021-22 with the financial impact of Rs. 21.819 million and Rs. 49.857 million respectively but the PAO did not take remedial measures to avoid recurrence.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that recovery be made from the concerned immediately under intimation to Audit. Besides, responsibility be fixed against the person(s) at fault.

**PAC DIRECTIVES DATED 16<sup>th</sup> SEPTEMBER, 2025**

The Committee reviewed the audit observations and the department's response, which stated that the outstanding amount was a one-time cost for the industrialists and the recoverable amount is **Rs.5.18 million**. As a result, the Committee decided that the Industries and Commerce Department should collaborate with the Audit Department to reconcile the outstanding amount. The Committee instructed the department to recover the dues after reconciliation, accordingly, under intimation to the PAC. Consequently, the Committee has deferred this matter.

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**Para # 14.2.3      Overpayment due to allowing incorrect rate/unauthorized item of work - Rs.5.131 million**

According to Paras 16 and 220 of CPWA Code, “The Divisional and Sub Divisional Officers have to satisfy themselves before signing the bill that the quantities recorded in the MB, rates are correct and calculation have been checked arithmetically.”

The Executive Engineer, Industries and Commerce Department, during the financial years 2020-21 and 2021-22, awarded different works to various contractors who were overpaid an amount of Rs. 5.131 million due to allowing incorrect rates/unauthorized items as detailed in Annexure 14.2 of the Audit Report.

Allowing incorrect rates occurred due to weak internal and financial controls and resulted in loss to the government.

The matter was reported to the department on March 2, 2022 and December 14, 2022, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20 and 2021-22 with the financial impact of Rs. 3.521 million and Rs. 2.214 million respectively but the PAO did not take remedial measures to avoid recurrence.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that the over payment made to the contractors be recovered. Besides, strict vigilance in payments be followed in the future.

**PAC DIRECTIVES DATED 16<sup>th</sup> SEPTEMBER, 2025**

The Committee directed the department on the variation in rates established/adopted by the department, and the rates at which the execution of various segments was carried out must be aligned. Such practices depict irregularity.

However, the Committee was presented with the department's necessary deduction in each sector involving various elements that have been made.

Therefore, the Committee instructed the department to bring to a halt the practice of overpayment to the contractors and settled the *Para subject to* provision of records for verification to the Audit Department and simultaneously effect **100%** recovery under intimation to the PAC.

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**Para # 14.2.4 Non/less-realization of government taxes - Rs.2.962 million**

According to BSTS Act, 2015, Income Tax Ordinance, 2001 and Stamp Act, 1899, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively and stamp duty @ 0.25% of cost of contract.

The following offices of Industries and Commerce Department, made payments to various contractors without/less realization of due government taxes and duties amounting to Rs. 2.962 million during the financial year 2020-21, as detailed in Annexure 14.3 of the Audit Report.

<b>Rs. in million</b>					
#	Name of Department	AIR Para No. & Year	Stamp duty	BSTS	Income Tax
1.	Executive Engineer, Industries and Commerce Department	-	2.764	-	-
2.	DG, Industries and Commerce, Balochistan	(7) 2021-22	0	0.152	0.046
<b>Total</b>			<b>2.764</b>	<b>0.152</b>	<b>0.046</b>

Non/less-realization of government taxes occurred due to weak internal controls and resulted in revenue loss to the government.

The matter was reported to the department on March 2, 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that the government taxes be realized from the contractors under intimation to Audit.

**PAC DIRECTIVES DATED 16<sup>th</sup> SEPTEMBER, 2025**

The Committee decided to **settle the Para subject to** verification of the record by Audit and directed the department to recover the outstanding amount.

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**Para # 14.2.5 Irregular expenditure due to NSR without rate analysis - Rs.19.559 million**

As per Para 296 CPWA Code, "The rate entered in estimates should generally be agreed with the scheduled rates, but where from any cause, the latter are not considered sufficient, the deviation should be explained in detail in the report of estimates."

Further, according to BCSR 1998 and 2018, “the rates for items other than those given in the schedule are treated as non-schedule rates (NSR). The analysis of NSR is required to be prepared by the Executive Engineer and approved by the competent authority.”

The Executive Engineer, Industries and Commerce Department, during the financial years 2015-16 and 2020-21, paid an amount of Rs. 19.559 million in respect of the following schemes on NSR basis without approved rate analysis, as detailed below:

				<b>Rs. in million</b>
#	Name of Work	AIR Para No.	Financial Year	Amount
1.	Remaining Components of Infrastructure Facilities, Mini Industrial Estate, at Chaman	3	2020-21	4.800
2.	Remaining Components of Infrastructure Facilities, Mini Industrial Estate, at Khuzdar			5.650
3.	Construction of Gymnasium / sports complex at Khuchlak	7	2015-16	9.109
<b>Total</b>				<b>19.559</b>

Payment without approved rate analysis occurred due to weak internal controls and resulted in loss to the government.

The matter was reported to the department on March 2, 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends carrying out rate analysis for NSR items and its approval from the competent authority under intimation to Audit.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> SEPTEMBER, 2025**

The Committee decided to *settle the Para* subject to verification of the record.

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#### **Para # 14.2.6 Non-preparation of social appraisal of the development schemes - Rs.1667.219 million**

As per Para 6.4 of Planning and Development Manual, “Social appraisal of the project is done from the perspective of society. It reviews the impact of project on target population and concerned stakeholders in terms of social welfare and better understanding of their interests. The social appraisal takes into account the following areas:

1. The project does not worsen income distribution;
2. The project does not adversely affect one age cohort;
3. The project is acceptable for all ethnic and religious communities;
4. The project does not harm one religious community disproportionately;
5. The project does not harm one gender disproportionately; and
6. The project ensures equal opportunities and resources for women, girls and other vulnerable groups.”

The Executive Engineer, Industries and Commerce Department awarded various works to different GCs in various areas of the province for the development of Industries and Commerce during the financial years 2017-22, without carrying out social appraisal of the schemes before the initiation of works, as detailed below:

		<b>Rs. in million</b>
#	Particulars	Approved Cost
1.	Construction of boat industry at Lasbella	200
2.	Establishment of commercial markets at nine places along Pak Iran and Pak Afghan borders	25
3.	Establishment of Mini industrial estate Zhob	402
4.	Provision of infrastructure facilities at industrial estate Dera Murad Jamali	354.800
5.	Establishment of mini-industrial estate at Khuzdar, Turbat and Chaman	500
6.	Mini industrial estate Muslim Bagh	185.419
<b>Total</b>		<b>1,667.219</b>

Non-conduct of social appraisal occurred due to non-adherence to planning and development manuals due to which social impact of the schemes could not be ascertained.

The matter was reported to the department on December 14, 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that the social appraisal of the schemes, if conducted, be shared with Audit. Moreover, social appraisal be carried out before the initiation of schemes in future.

**PAC DIRECTIVES DATED 16<sup>th</sup> SEPTEMBER, 2025**

The Committee emphasized that impact and result oriented projects are inevitable in accordance with the planning manual of the Government, covering all the aspects of society.

Therefore, the Committee directed the department to submit a progress report within 15 days concerning the following schemes from **S.no 1 to S.no 6** To the Audit department, under intimation to the PAC.

		<b>Rs. in million</b>
#	Particulars	Approved Cost
1.	Construction of boat industry at Lasbella	200.00
2.	Establishment of commercial markets at nine places along Pak Iran and Pak Afghan borders	25.00
3.	Establishment of Mini industrial estate Zhob	402.00
4.	Provision of infrastructure facilities at industrial estate Dera Murad Jamali	354.800
5.	Establishment of mini-industrial estate at Khuzdar, Turbat and Chaman	500.00
6.	Mini industrial estate Muslim Bagh	185.419
<b>Total</b>		<b>1,667.219</b>

As a result, the Committee **deferred the para.**

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**Para # 14.2.7 Irregular execution of development works without technical sanction - Rs. 405.911 million**

As per Para 56 of CPWA and Para 2.82 of B&R Code, “No work shall commence unless administrative approval is accorded and a properly detailed design and estimate have been sanctioned by the competent authority according to financial powers delegated to them, except real emergent work, which must also be reported by the Divisional Officers to the authorities competent to accord technical sanction.”

The Executive Engineer, Industries and Commerce Department, undertook different works amounting to Rs. 405.911 million without obtaining Technical Sanctions of the estimates from the competent authority during the financial year 2020-21, as detailed below:

		<b>Rs. in million</b>
#	Name of work	Amount
1.	Construction of Wood Boat Building Industry at Lasbella. Gaddani and Gwadar	79.712

		Rs. in million
#	Name of work	Amount
2.	Establishment of Marble City, at Dalbandin	97.875
3.	Remaining Components of Mini Industrial Estate, at Chaman	90.117
4.	Remaining Components of Mini Industrial Estate, at Khuzdar	86.291
5.	Remaining Components of Mini Industrial Estate, at Turbat	51.916
<b>Total</b>		<b>405.911</b>

Non-obtaining of technical sanction/administrative approval occurred due to weak internal controls and resulted in irregular expenditure.

The matter was reported to the department on March 2, 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that responsibility be fixed against the person(s) at fault. Besides, issuance of instructions for immediate discontinuation of this irregularity.

#### **PAC DIRECTIVES DATED 16<sup>th</sup> SEPTEMBER, 2025**

The Committee directed the department to discontinue such practice of commencing work without seeking prior approval of the competent authority; instead, the department should implement a mechanism to smooth the workflow.

Consequently, the committee *deferred the para* and directed the department to provide the record to the Audit department for verification under intimation to the PAC.

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## Irrigation Department

*(Meetings held on 13<sup>th</sup> November, 2024, 30<sup>th</sup> May, 2025 and 11<sup>th</sup> November, 2025)*

### INTRODUCTION

The Department of Irrigation has been established mainly to construct and maintain canals, delay action dams, water reservoirs for storage of water, perennial water channels and irrigation schemes. Besides, the department is responsible for river and riverbank surveys, implementation of water logging schemes, land reclamation and flood control schemes.

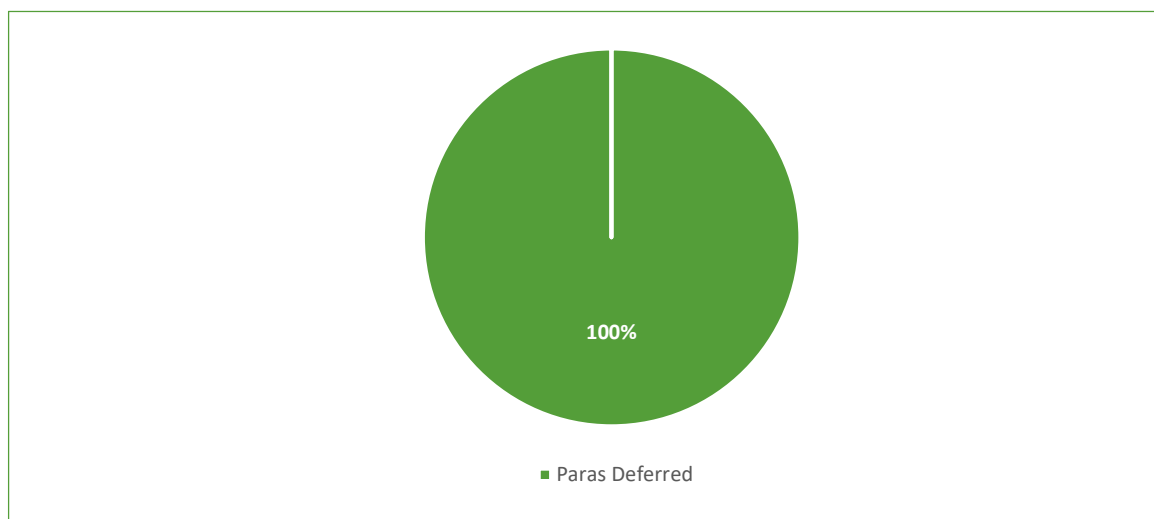
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	02
2.	Evasion of Taxes & Duties	01
3.	Overpayment	04
4.	Others	01
<b>Total Paras</b>		<b>08</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	02
2.	Paras Settled Subject to Condition(s)	02
3.	Paras Deferred	04
<b>Total Paras</b>		<b>08</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan briefed the subject Appropriation Accounts before Committee as under:

<b>Rs. in million</b>							
<b>Particulars</b>	<b>Original Grant</b>	<b>Supp. Grant</b>	<b>Surrender (-)</b>	<b>Final Grant</b>	<b>Exp.</b>	<b>Saving</b>	<b>%</b>
Non-Development (Grant No. BC21032)	3,153.486	549.883	906.996	2,796.373	2,595.884	200.489	7.17
Development (Grant No. BC12232) Function No. 042205	5,276.130	-	1,294.016	3,982.114	3,973.238	8.876	0.22
Development (Grant No. BC12232) Function No. 042202	6,749.663	-	1,767.277	4,982.386	4,958.280	24.106	0.48
Total Development	12,025.793	-	3,061.293	8,964.500	8,931.518	32.982	0.37
<b>Grand Total (Non-Development &amp; Development)</b>	<b>15,179.279</b>	<b>549.883</b>	<b>3,968.289</b>	<b>11,760.873</b>	<b>11,527.402</b>	<b>233.471</b>	<b>1.99</b>

**PAC DIRECTIVES DATED 13<sup>th</sup> NOVEMBER, 2024**

Committee expressed deep displeasure over the performance of departments regarding ineffective budgeting, demanding supplementary grants without proper spending plan, weak financial management system and inadequate financial controls over budgeting. According to the Committee both Administrative Department and Finance Departments share responsibility for these systemic failures. Finally, Committee decided to review relevant rules and recommend proposals for devising an effective and robust policy to ensure accountability and transparency in financial management system.

However, as the savings under development and non-development head were only 7.17% and 0.37% respectively, therefore, Committee approved the subject Appropriation Accounts.

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 15.2.1 Overpayment of premium on higher rate - Rs. 75.645 million**

According to the P&D Department's Notification vide dated September 16, 2013, "premium @ 107%/110% and 207%/210% for all types of civil works, including stone pitching, boulder filling, steel doors, windows works, steel reinforcement, G.I wires, G.I pipes and sheets is fixed for Kohlu Town and Outside Kohlu town respectively."

The Executive Engineer, Irrigation Division, Kohlu executed the work “Construction of Pazha Weir Perennial Irrigation Scheme, District Kohlu” through a GC. The contractor was overpaid an amount of Rs. 75.645 by allowing inadmissible premiums @ 172% and 292% on civil and steel work respectively, as detailed below:

**Rs. in million**

#	Description	Work Done	Premium paid @ 172% and 292%	Premium payable @ 110% and 210%	Excess Premium
1.	Civil work	102.311	175.975	112.542	63.433
2.	Steel work	14.888	43.477	31.265	12.212
<b>Total</b>					<b>75.645</b>

Allowing excess premium occurred due to poor pre-audit function and resulted in loss to the government.

The matter was reported to the division on August 23, 2022 but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting to discuss the Audit Paras for the financial years 2020-21 and 2021-22 but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned contractors under intimation to Audit.

#### **PAC DIRECTIVES DATED 13<sup>th</sup> NOVEMBER, 2024**

After discussion at length Committee directed the department to provide the relevant document/proof on the basis of which Provincial Development Working Party (PDWP) approved/revised the rate of premium on civil work from 110% to 172% and on steel work from 210% to 292% to Audit for verification purpose under intimation to PAC. **Hence, Para deferred.**

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#### **PAC DIRECTIVES DATED 30<sup>th</sup> MAY, 2025**

The Committee, after reviewing the comprehensive report and documentation provided for the audit, found the over-premium paid by the executive engineers to contractors to be a cause for concern regarding the department's justification. The audit was persistent and sought to investigate the over-premium payments made to contractors.

However, the Committee was clarified by the department that the audit had misinterpreted the amount, mistakenly considering it a premium rather than the highest bidding rate. The Chairman PAC sought clarification on the physical progress

of the scheme. In response, the department informed the Committee that the scheme is 100% complete. The Committee expressed a desire to visit the scheme, noting the importance of verifying the claimed progress.

Finally, considering the stance of the department and incorporating input from the Finance Department and Planning & Development Department, the Committee decided to **settle the Para.**

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**Para #15.2.2 Overpayment by allowing inadmissible items and incorrect higher rates - Rs. 68.327 million**

According to Para 16 and 220 of CPWA Code, “The Divisional and Sub Divisional Officers have to satisfy themselves before signing the bill that the quantities and rates recorded in the MB are correct and calculations have been checked arithmetically.”

The following Divisions of Irrigation Department made payment of Rs. 68.327 million for inadmissible item of work/incorrect higher rate during the financial years 2020-22 to the contractors, as detailed in Annexure 15.1 of the Audit Report.

**Rs. in million**

#	Name of divisions	Financial Year	AIR Para No.	Amount
1.	Irrigation Division, Gwadar	2020-21	1,2,4	13.059
2.	Irrigation Division, Sibi	2020-21	3	11.459
3.	Canal Irrigation Division, Hub	2020-21	3,4	2.865
4.	Irrigation Division, Kharan	2020-21	4	0.462
5.	Irrigation Division, Zhob	2020-21	1	1.040
6.	Garuk Storage Dam, District Kharan	2021-22	2	1.193
7.	Irrigation Division, Jhal Magsi	2021-22	2	0.713
8.	Irrigation Division, Kalat	2021-22	3,4,5,6	27.563
9.	Irrigation Division Khuzdar	2021-22	1	6.823
10.	Irrigation Division, Musakhail	2020-21	3	1.783
11.	Irrigation Division, Zhob	2020-21	3,6	1.367
<b>Total</b>				<b>68.327</b>

Allowing inadmissible items and incorrect higher rates occurred due to weak financial management and resulted in loss to the government.

The matter was reported to the department in October and December 2021, and March, May, June, and December 2022, but no reply was received.

In the DAC meeting held on November 21 and 22, 2022, for the financial year 2020-21, reports of Gwadar, Hub and Sibi divisions were discussed. The Gwadar division accepted the recovery of Rs. 3.210 million. Hub division replied that for clear demarcation of canal, clearance of existing jungle was unavoidable. Audit, however, did not agree and reasserted that if the department had cleared jungle, then the wood so obtained needed to be recorded, but, if simple shrubs were cleared then it was to be paid under the item of work 'uprooting sarkanda growth'. The DAC agreed with Audit and directed the department to effect recovery. The Sibi division replied that the rate of compaction through manual labor was approved in the PC I and was accordingly paid. Audit, however, disagreed and reaffirmed that compaction through manual labor was unpractical and was only paid because its rate was higher than the mechanical means. Musakhail Division replied that the quantity had been adjusted in 7<sup>th</sup> running bill. The DAC directed the department to provide MB to Audit. The DAC further directed the department to effect recovery under intimation to Audit.

No further progress was intimated till the finalization of this report.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting to discuss the Audit Paras in respect of Divisions at S. No. 4 to 11, for the financial years 2021-22 and 2020-21 but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned contractors.

#### **PAC DIRECTIVES DATED 13<sup>th</sup> NOVEMBER, 2024**

**Rs. in million**

#	Name of divisions	Financial Year	AIR Para No.	Amount	PAC Decision
1.	Irrigation Division, Gwadar	2020-21	Para 1: Rs.3.210 million Para 2: Rs.0.418 million Para 4: Rs.9.431 million	13.059	<b>AIR Para #1:</b> Committee directed the department to provide the copy of recovery cheque to Audit for verification purpose under intimation to PAC. <b>Hence, Para deferred till verification of recovery cheque by Audit.</b> <b>AIR Para #2:</b> Department apprised the Committee that recovery has been effected. Committee directed the

Rs. in million

#	Name of divisions	Financial Year	AIR Para No.	Amount	PAC Decision
					<p>department to provide recovery record/challans to Audit for verification under intimation to PAC. <b>Hence, Para deferred.</b></p> <p><b>AIR Para #4:</b> Following the discussion, the Committee made the following decisions:</p> <ol style="list-style-type: none"> <li>1. Audit will provide the department with a list of approved and independent laboratories for conducting necessary lab tests.</li> <li>2. Within one week, the department will conduct the tests at one of the recommended laboratories under intimation to PAC and Audit. Failure to comply shall necessitate transfer and posting of the officer as OSD for one year.</li> <li>3. The PAO will issue a warning to the responsible officer to avoid such practice in future. <b>Hence, Para deferred till compliance.</b></li> </ol>
2.	Irrigation Division, Sibi	2020-21	3	11.459	<p>On the basis of discussion held Committee directed as under:</p> <ol style="list-style-type: none"> <li>1. Representative of Audit, PAC, and Irrigation Departments will physically visit the site.</li> <li>2. Department will perform the compaction test from independent laboratory.</li> <li>3. Audit team will recheck the tender and other relevant documents.</li> </ol> <p>On the basis of outcome report shall be submitted to PAC within 30 days for further consideration and final decision into the matter. <b>Hence, Para deferred.</b></p>
3.	Canal Irrigation Division, Hub	2020-21	Para 3: Rs.1.926 million Para 4:	2.865	<b>AIR Para #3:</b> Committee directed the department to effect recovery of Rs.1.926 million and submit proof thereof to Audit for

Rs. in million

#	Name of divisions	Financial Year	AIR Para No.	Amount	PAC Decision
			Rs.0.939 million		verification under intimation to PAC. <b>Hence, Para deferred.</b> <b>AIR Para #4:</b> Committee directed the department to effect recovery of Rs.0.939 million and submit proof thereof to Audit for verification under intimation to PAC. <b>Hence, Para deferred.</b>
4.	Irrigation Division, Kharan	2020-21	4	0.462	On the basis of discussion held Committee directed the department to provide relevant record to Audit for verification purpose under intimation to PAC. <b>Hence, Para deferred.</b>
5.	Irrigation Division, Zhob	2020-21	1	1.040	On the basis of discussion held Committee directed the department to provide relevant record to Audit for verification purpose under intimation to PAC. <b>Hence, Para deferred.</b>
6.	Garuk Storage Dam, District Kharan	2021-22	2	1.193	Considering the vital importance of ensuring water supply to the people of Kharan for the next 40 years, the Committee instructed the department to furnish the following documents regarding the Garuk Storage Dam to Audit for thorough examination: <b>1. Project Timeline:</b> Start date and expected date of completion. <b>2. Financial Details:</b> Original cost, revised cost, and any variations. <b>3. Revision History:</b> Number of times PC-I has been revised. <b>4. Additional Records:</b> Any other relevant documents Audit shall scrutinize the provided records and present their findings to the Committee within 15 days to facilitate effective decision into the matter. <b>Hence, Para deferred.</b>
7.	Irrigation Division,	2021-22	2	0.713	As the relevant record has been provided and duly verified by

Rs. in million

#	Name of divisions	Financial Year	AIR Para No.	Amount	PAC Decision
	Jhal Magsi				Audit, therefore, Committee settled the Para.
8.	Irrigation Division, Kalat	2021-22	Para 3: Rs.16.104 million Para 4: Rs.1.186 million Para 5: Rs.8.424 million Para 6: Rs.1.849 million	27.563	On the basis of discussion held Committee remanded the Para to Special Departmental Accounts Committee (SDAC). <b>Hence, Para deferred.</b>
9.	Irrigation Division Khuzdar	2021-22	1	6.823	Department apprised the Committee that due to shell rock the “Jack Hammer” was used. Department added that, PC-I and approval of PDWP are available. On the basis of departmental stance Committee directed to provide all of the relevant record to Audit for verification under intimation to PAC. <b>Hence, Para deferred.</b>
10.	Irrigation Division, Musakhail	2020-21	3	1.783	Committee settled the Para subject to verification of Measurement Book by Audit under intimation to PAC. <b>Hence, Para settled subject to condition.</b>
11.	Irrigation Division, Zhob	2020-21	Para 3: 0.683 million Para 6: 0.684 million	1.367	<b>AIR Para #3:</b> Department agreed to effect recovery of Rs.0.683 million from the ongoing work of the contractor as and when the second quarter funds will be released from Finance Department. On the basis of departmental stance Committee <b>deferred the Para till recovery.</b> <b>AIR Para #3:</b> Committee directed the department to provide the relevant record to Audit for verification. <b>Hence, Para deferred.</b>

**PAC DIRECTIVES DATED 30<sup>th</sup> MAY, 2025**

#	Division	PAC Directives
1.	Irrigation Division: Gwadar	<p><b>AIR Para # 1:</b> As the pointed-out recovery of Rs.3.210 million has been recovered by department and duly verified by the Audit., therefore, Committee <b>settled the Para.</b></p> <p><b>AIR Para # 2:</b> As the pointed-out recovery of Rs.0.418 million has been recovered department and duly verified by the Audit., therefore, Committee <b>settled the Para.</b></p> <p><b>AIR Para # 4:</b> As the required lab reports, indicating maximum compaction exceeding 95%, have been provided and duly verified by Audit, therefore, Committee <b>settled the Para.</b></p>
2.	Irrigation Division, Sibi	<p><b>AIR Para # 3:</b> Audit informed the Committee that a site visit by Audit and PAC Branch representatives confirmed the department's stance, and lab test reports from the C&amp;W department were provided and verified. Based on this, the Committee <b>settled the Para.</b></p>
3.	Canal Irrigation Division, Hub	<p><b>AIR Para # 3 and 4:</b> Since the PAC's directives dated November 13, 2024, were not complied with, the Committee issued the following directives:</p> <ol style="list-style-type: none"> <li>1. The department shall transfer and post the then responsible officers as Officers on Special Duty (OSD) for two years, with intimation to the PAC and Audit.</li> <li>2. Recovery of Rs.1.926 million (<b>Para # 3</b>) and Rs.0.939 million (<b>Para # 4</b>) shall be made within 15 days, with intimation to the PAC and Audit.</li> </ol> <p><b>Hence, Para deferred.</b></p>
4.	Irrigation Division, Kharan	<p><b>AIR Para # 4:</b> As the relevant record has been provided and duly verified by Audit, therefore, Committee <b>settled the Para.</b></p>
5.	Irrigation Division, Zhob	<p><b>AIR Para # 1:</b> Committee directed the department to effect 100% recovery of Rs.554,000/- under intimation to PAC and Audit. <b>Hence, Para deferred.</b></p>
6.	Garuk Storage Dam, District Kharan	<p><b>AIR Para # 2:</b> The Department apprised the Committee that the dam's body is slated for completion by December 2025. However, in light of the divergent views between the Audit and the Department, the Committee decided as under:</p> <ol style="list-style-type: none"> <li>1. The Office of the Director General Audit, Balochistan shall initiate a special audit of the Garuk Storage Dam on an expedited basis and submit the report to the PAC for consideration.</li> <li>2. Upon reviewing the special audit report, the PAC and Audit team shall conduct a site visit to verify the department's stance regarding the reported progress.</li> </ol>

#	Division	PAC Directives
		<p>Additionally, the Chairman PAC expressed concerns regarding the role of Project Directors in ongoing development projects in Balochistan, noting that their involvement often leads to delays and deficiencies. He suggested that, given the existence of full-fledged departments for executing civil works, the position of Project Director may be redundant. The Chairman recommended approaching the Provincial Government to consider eliminating this position.</p> <p><b>Hence, Para deferred with directions at Sr. # 1 and 2 above.</b></p>
7.	Irrigation Division, Jhal Magsi	<b>Already settled</b> in PAC meeting held on 13 <sup>th</sup> November, 2024.
8.	Irrigation Division, Kalat	<b>AIR Paras # 3, 4, 5 and 6:</b> Committee settled the Paras in respect of Irrigation Division, Kalat.
9.	Irrigation Division Khuzdar	<b>AIR Para # 1:</b> Committee directed the department to recover 50% of the overpayment amounting to Rs.3.4115 million (Rs.6.8230 million) under intimation to PAC and Audit. <b>Hence Para deferred.</b>
10.	Irrigation Division, Musakhail	<b>AIR Para # 3:</b> Committee directed the department to effect recovery of Rs.759,000/- under intimation to PAC and Audit. <b>Hence, Para deferred.</b>
11.	Irrigation Division, Zhob	<p><b>AIR Para # 3:</b> As the recovery of Rs.683,000/- has been made and record thereof is duly verified by Audit, therefore, <b>Committee settled the Para.</b></p> <p><b>AIR Para # 6:</b> Committee directed the department to recover an overpaid amount of Rs.684,000/- under intimation to PAC and Audit. <b>Hence, Para deferred.</b></p>

### **PAC DIRECTIVES DATED 11<sup>th</sup> NOVEMBER, 2025**

#	Division	AIR Para No.	PAC Directives
3.	Canal Irrigation Division, Hub	3	<p>Department apprised the Committee that the PAC directives dated 30<sup>th</sup> May, 2025 have been complied with and recovery of Rs.1.926 million has been effected.</p> <p>In view of the departmental reply Committee directed to provide the proof of compliance to PAC and Audit for verification purpose. <b>Hence, Para deferred.</b></p>
		4	<p>Committee directed the department to obtain the DDO code from office of the Accountant General, Balochistan on earliest possible and effect the recovery of overpayment of Rs.0.939 within a week under intimation to PAC and Audit.</p>

#	Division	AIR Para No.	PAC Directives
			Moreover, the department shall transfer and post the then responsible officers as Officers on Special Duty (OSD) for two years, with intimation to the PAC and Audit.  <i>Hence, Para deferred.</i>
5.	Irrigation Division, Zhob	1	Committee directed the department to comply with the PAC decision date 30 <sup>th</sup> May, 2025 and effect the recovery of Rs.554,000/- under intimation to PAC and Audit. <i>Hence, Para deferred.</i>
6.	Garuk Storage Dam, District Kharan	2	The Department affirmed its confidence and assured the Committee that the dam would be completed and inaugurated by the end of February 2026, unless delayed by unavoidable circumstances.  In view of the Department's reply, the Committee directed as follows:  <b>1. Timely Completion:</b> The Department shall ensure that all possible efforts are made to complete and inaugurate the dam by February 2026, positively.  <b>2. Special Audit in Case of Delay:</b> Any failure to complete and inaugurate the dam by the stipulated date may result in the initiation of a Special Audit of the project. The detailed Terms of Reference (ToRs)—including the revision of project components and the increase in cost from Rs.6.00 to Rs.27.753 billion—will be communicated to the Audit Office by the PAC.  <b>3. Site Visit by the Committee:</b> In the event of non-completion by the due date, the Committee may conduct a site visit to assess the physical progress of the dam.  Hence, <i>Para settled subject to</i> aforementioned conditions.
9.	Irrigation Division Khuzdar	1	As the due amount has been deposited into Government treasury and duly verified by the Audit, therefore, Committee <i>settled the Para.</i>
10.	Irrigation Division, Musakhail	3	As an amount of Rs.0.759 million has been deposited into Government treasury and duly verified by the Audit, therefore, Committee <i>settled the Para.</i>
11.	Irrigation Division, Zhob	6	<b>AIR Para # 6:</b> Committee directed the department to recover an overpaid amount of Rs.684,000/- within ten days under intimation to PAC and Audit. <i>Hence, Para deferred.</i>

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**Para # 15.2.3 Overpayment due to non-deduction of voids - Rs. 17.038 million**

According to SI. No.3-11.4 and 19-8.2 of Book of Specification, BCSR, 2018, “Fill for gabions shall consist of hard, durable rock pieces that will not deteriorate when submerged in water or exposed to severe weather conditions. Filled gabions shall have a minimum density of one thousand three hundred sixty (1,360) kg per cubic meter. Void spaces shall be evenly distributed and shall not exceed a maximum of 30%.” “Where soil, ordinary rock and hard rock are mixed, the measurements for the entire excavation shall be made as specified. Excavated materials comprising hard rock and ordinary rock shall be stacked separately, measured, and each reduced by 50% to allow for voids to arrive at the quantity payable under hard rock and ordinary rock. The difference between the entire excavation and the sum of the quantities payable under hard and ordinary rock shall be paid for as excavation in ordinary or hard soil.”

The Executive Engineer, Irrigation Division, Killa Saifullah executed various irrigation works through different contractors during the financial year 2020-21 for supply and filling of boulder and excavation of rock dressed, without deducting voids amounting to Rs. 17.038 million.

<b>Rs. in million</b>				
#	Item of work	Financial Year	AIR Para No.	Amount
1.	Supplying and filling in wire crates with Stone or boulders” under SI No. 19-21(a)	2020-21	3	13.275
2.	Excavation in rock dressed to designed section, grades and profiles, excavated material disposed of within 100 ft. (30 m) & lift up to 6.5 ft. (2m.)” under SI No. 3-11/a	2020-21	1	3.763
<b>Total</b>				<b>17.038</b>

Excess quantities were allowed due to weak financial management and resulted in an overpayment to the contractors.

The matter was reported to the department in March 2022 but no reply was received.

In the DAC meeting held on November 21 and 22, 2022, the department replied that voids were not to be deducted in gabions. However, Audit reaffirmed that as per BCSR, 2018 voids were needed to be calculated to ensure that they did not exceed certain fixed limit and deductions needed to be made accordingly. Further, the department contended that the excavated quantity was paid as per specifications of the PC I, but

Audit reaffirmed that as per BCSR, 2018 when the different categories of soil were mixed, the measurement was to be taken 50% of the total quantity, therefore the overpaid quantity in violation of provisions of BCSR needed to be recovered. The DAC directed that item No.1 above be referred to P&D Department for clarification and further directed the department to effect recovery against item No. 2 under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends for effecting recovery from the concerned contractors.

**PAC DIRECTIVES DATED 13<sup>th</sup> NOVEMBER, 2024**

**Rs. in million**

#	Name of formation	AIR Para No.	F.Y	Amount	PAC Decision
1	Executive Engineer, Irrigation Division, Killa Saifullah	3	2020-21	13.275	Committee did not accept the justification of department and directed the Audit to visit the site, check relevant record and submit report to the PAC within 10-15 days for further consideration and final decision into the matter. <b>Hence, Para deferred.</b>
2	Executive Engineer, Irrigation Division, Killa Saifullah	1 (6)	2020-21	3.763	Committee did not accept the justification of the department and directed to effect the recovery under intimation to PAC and Audit. <b>Hence, Para deferred.</b>

**PAC DIRECTIVES DATED 30<sup>th</sup> MAY, 2025**

#	Division	PAC Directives
1.	Executive Engineer, Irrigation Division, Killa Saifullah	<b>AIR Para # 3:</b> D.G Audit apprised the Committee that, the sites were visited/inspected on 27.11.2024 in compliance with the PAC directives dated 30.10.2024, accompanied by PAC and departmental representatives. The schemes were located at Muslim Bagh, Kan Mehtarzai, Loi Band Badaini and in various

#	Division	PAC Directives
		<p>adjacent Killis. There were various components found in the schemes. Almost 50% schemes were covered in field inspection. The overall length of Flood Protection Wall/Gabion Bund were found according to PC-I. The department claimed that voids were not deducted from gabion. However, this assertion was found to be logically incorrect due to the reason that the size of boulders was with minimum dimension of 15"x10"x6". Considering the boulders dimensions, non-deduction of voids was unjustified. As a result, the department's stance found logically incorrect.</p> <p>On the other hand, department justified the matter of non-deduction of voids from gabions.</p> <p>Keeping the above in view, <b>Committee settled the Para.</b></p>
2.	Executive Engineer, Irrigation Division, Killa Saifullah	<p><b>AIR Para # 1 (6):</b> Out of the total overpayment of Rs.3.763 million an amount of Rs.0.442 million has been recovered and duly verified by Audit. However, department was contesting the recovery of remaining amount of Rs.3.321 million.</p> <p>In view of above, the Committee directed the Audit team to re-examine the records, assess the department's stance regarding non-recoverability of the remaining amount of Rs.3.321 million, and submit a final report to the PAC for further consideration. <b>Hence, Para deferred.</b></p>

### **PAC DIRECTIVES DATED 11<sup>th</sup> NOVEMBER, 2025**

Audit office apprised the Committee that the department is contesting the remaining recovery of Rs.3.321 million but the documents provided by the department lack sufficient evidence to support their stance and methodology used for recording excavation measurements. Therefore, the department shall be directed to submit the original Measurement Book (MB), cross-sectional measurement diagrams, and soil/rock classification reports to the Audit for verification purpose.

In light of the above, the Committee directed the Department to provide the required record to the Audit for verification, with an intimation to the PAC. Otherwise, the remaining recovery of Rs. 3.321 million shall be effected. **Hence, the para is deferred.**

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**Para #15.2.4 Non/less deduction of government taxes/duties - Rs. 143.999 million**

According to BSTS Act, 2015, Income Tax Ordinance, 2001 and Stamp Act, 1899, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively and stamp duty @ 0.25% of cost of contract.

Various Divisions of Irrigation Department made payments during the financial years 2020-22 to the contractors and consultants without/less deduction of government taxes and duties amounting to Rs. 143.999 million, resulting in a revenue loss to the Governments, as detailed in Annexure 15.2 of the Audit Report.

Non/less deduction of taxes / duties occurred due to weak internal controls and resulted in revenue loss to the government.

The matter was reported to the divisions in November and December 2021, January to June, October, November and December 2022, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20, 2020-21 and 2021-22 with the financial impact of Rs. 228.945 million, Rs. 51.117 million and Rs. 434.556 million respectively but the PAO did not take remedial measures to avoid recurrence.

In the DAC meeting held on November 21 and 22, 2022 for the financial year 2020-21, reports of Musakhail, Killa Saifullah, Panjgur, Barkhan, Harnai and Loralai Divisions were discussed. The department accepted the recovery with regards to BSTS and Stamp duty. The Panjgur division informed that an amount of Rs. 0.025 million had been recovered. The Loralai division contended that Loralai district was exempted from Income Tax. However, Audit pointed out that the exemption was for the resident contractors only, and that the exemption certificate for each scheme was to be obtained individually from FBR. The DAC directed the department to effect recovery of BSTS and provide Income Tax exemption certificates along with local certificates in respect of all

the contractors belonging to Loralai. The DAC further directed the department to effect recovery of BSTS from the contractors of Harnai and Barkhan Divisions.

No further progress was intimated till the finalization of this report.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting to discuss the Audit Paras for the financial years 2021-22 and 2020-21 (remaining divisions) but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected from the concerned contractors under intimation to Audit.

#### **PAC DIRECTIVES DATED 13<sup>th</sup> NOVEMBER, 2024**

On the basis of discussion held Committee directed the department as under:

1. Provide the proof of already recovered BSTS, Stamp Duty and Income Tax to the Audit for verification under intimation to PAC.
2. Recover the remaining amount of BSTS, Stamp Duty and Income Tax and get the recovery record verified from Audit under intimation to PAC.

#### **PAC DIRECTIVES DATED 30<sup>th</sup> MAY, 2025**

The Committee ***settled the para*** with direction to avoid such practice in future.

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#### **Para # 15.2.5      Inefficiency and ineffectiveness due to cost and time overrun of the project - Rs. 10,101.94 million**

According to Para 2.37 of Manual for Development Projects, “the Planning Commission proforma I (PC-I) is the primary project document, and its preparation is a key step in project preparation and processing. The sponsoring agency is expected to spend adequate time and resources in preparing this document to avoid complications during project implementation resulting in delays in project completion and cost overruns”.

Audit of different projects revealed that the projects could not be completed within time and cost specified in the PC-Is. Due to increase in cost, these projects had a cost overrun of Rs. 10,101.94 million which was 57% above from the original cost, whereas, due to delays the projects faced the time overrun, as detailed in Annexure 15.3 of the Audit Report.

Delay in completion occurred due to inefficient planning and execution which resulted in time and cost overrun.

The matter was reported to the project management in March and April 2022, to which management of Basol Dam replied that the cost overrun was due to increase in additional scope of work and revised cost. Further, the completion date was extended due to additional scope of work and outbreak of Covid-19. No reply was given by the management of PD, Construction of 100 Dams.

The PAO was requested in April 2022, followed by two reminders in May 2022 to convene a DAC meeting to discuss the Audit Paras of the projects. However, no meeting was convened till the finalization of this report.

Audit recommends that full justification for cost and time overrun be provided.

#### **PAC DIRECTIVES DATED 13<sup>th</sup> NOVEMBER, 2024**

The Audit apprised the Committee that the project has incurred a significant cost overrun of Rs.1.00 billion and a substantial time delay of 5 years. Currently, only 11 out of 20 dams have been completed, while 9 remain under construction. The Department provided justification for the cost and time overruns, reporting that the project has achieved 78% completion. They anticipate full completion by June 2025.

On the basis of discussion held Committee directed the department to provide PC-III/progress report, time extension, revised work plan and documentary evidences regarding efforts for timely release of funds to Audit for verification purpose under intimation to PAC. **Hence, Para deferred.**

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#### **PAC DIRECTIVES DATED 30<sup>th</sup> MAY, 2025**

Given the Secretary's assurance on behalf of the absent Project Director, the Committee deferred discussion on the matter and directed the Secretary to ensure that the Project Director briefs the Committee during the next meeting. Hence, para deferred.

#### **PAC DIRECTIVES DATED 11<sup>th</sup> NOVEMBER, 2025**

During the discussion the Committee assessed the cost and time overrun of the projects as under:

#	Name of Project	Cost Overrun	Time Overrun
1.	PD, Construction of 100 Small Dams in Balochistan -Package III (20 Dams)	13.50%	2-Years
2.	PD, Construction of Basol Dam Project Ormara at Gwadar	93.85%	4-Years

In light of the above, the Committee directed the Department to prepare a presentation detailing the cost overrun, time overrun, and financial progress of the project, and to present it before the Committee in the next meeting. **Hence, Para deferred.**

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**Para # 15.2.6 Inefficiency due to uneconomical increase in cost of the project - Rs. 4,048.420 million**

According to Rule 51(b)(f) of BPPRRs, “Procurement of additional quantities of the items from the original contractor or supplier, where after the items originally envisaged for the project or scheme have been procured through open competitive bidding, and such additional quantities of the same item(s) of goods or works are needed to meet the requirements of the project or scheme: Provided that (i) the cost of additional quantities of items shall not exceed fifteen percent (15%) of the original contract amount.”

PD, Construction of Basol Dam Project Ormara at Gwadar, awarded the works “Construction of Basol Dam (Package-I and II)” to a GC at cost of Rs. 5,377.493 million and Rs. 4,197.467 million respectively during the financial year 2015-16. Later on, the management enhanced the scope of work and contractual values of agreements through variation orders during the financial year 2020-21. The enhancement of ongoing contracts to the same contractors were irregular due to the fact that increased amount was more than 15% of the original contract amount for which retendering was required. This resulted in an irregular and uneconomical increase in the cost of the project, as detailed below:

<b>Rs. in million</b>					
#	Name of Work/Contractor	Original Contract Cost	Revised Contract Cost	Difference	Increase %
1.	Main Dam Spillway and Access Road, Package-I, dated November 23, 2015	5,377.493	7,507.366	2,129.87	40%
2.	Irrigation, Water Supply, Command area and Buildings, Package-II, dated November 23, 2015	4,197.467	6,116.015	1,918.55	45%
<b>Total</b>		<b>9,574.960</b>	<b>13,623.381</b>	<b>4,048.420</b>	

Enhancement of ongoing contracts without inviting open tender was due to weak contract management which resulted in uneconomical procurement and undue favor to the contractors.

The matter was reported to the project management in April 2022, to which the management replied that variations in both packages could not be segregated and were within the parameters of the components of the project. The reply was irrelevant as the increased amount of both the packages was more than 15% of the original contract amount and was in violation of Rule 51(f)(i) of BPPRR, 2014.

PAO was requested in April 2022, followed by repeated reminders to convene a DAC meeting to discuss the Audit Paras. However, no meeting was convened till the finalization of this report.

Audit recommends that payments be regularized from the competent forum.

#### **PAC DIRECTIVES DATED 13<sup>th</sup> NOVEMBER, 2024**

Committee did not accept the justification of the department and directed the PAO to make sure to provide all relevant record including schedule of project, original cost of project, revised cost of project and tender documents to Audit for verification within 15 days. The Audit team shall check the said documents and submit report to the PAC for further consideration and final decision. Moreover, the Committee, after consideration of the report, may refer the matter to the Special Departmental Account Committee SDAC. Hence, Para deferred.

#### **PAC DIRECTIVES DATED 30<sup>th</sup> MAY, 2025**

The Committee *settled the para, contingent upon* the completion of the Basol Dam by the deadline of July 30, 2025. The Committee decided that, upon project completion, a site visit will be conducted to verify the dam's completion and functionality.

Moreover, the Committee warned that failure to complete the project by the deadline will result in the Committee reopening the entire record and instructing the Audit Office to audit every component.

#### **PAC DIRECTIVES DATED 11<sup>th</sup> NOVEMBER, 2025**

The Committee *settled the para* contingent upon a site visit by the Public Accounts Committee.

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#### **Para # 15.2.7      *Overpayment due to allowing incorrect item - Rs. 3.630 million***

According to Para 72 of CPWA code, “When payment appears in a bill for removing material from a building or other work, canal etc., a note should be recorded to indicate

how the old material has been disposed-off and its sale proceed credited into Government Treasury.”

Executive Engineer, Kirthar Canal Division, Usta Muhammad awarded the work “De-Silting of Kirthar Canal and its distributaries” to a GC on April 16, 2019. The contractor was paid Rs. 4.728 million for an item of work “Jungle clearance and removing up to 100 Ft (30 m).” However, the material obtained from jungle clearance was not recorded and sold out. Therefore, the contractor was to be paid as per SI. No. 3-54 @ Rs. 3.90 Per Sft. Hence, an amount of Rs. 3.630 million needed to be recovered from the contractor, as detailed below:

					<b>Rs. in million</b>
<b>Item of Work</b>	<b>Qty. Paid (Sft)</b>	<b>Rate Paid (Per Sft) (Rs.)</b>	<b>Rate Payable (Per Sft) (Rs.)</b>	<b>Difference (Rs.)</b>	<b>Overpaid Amount (Rs.)</b>
Jungle clearance and removing up to 100 Ft (30 m)	281,000	16.800	3.900	12.900	3.625
<b>Add premium 0.15% above on CSR, 2018</b>					<b>0.005</b>
<b>Total</b>					<b>3.630</b>

Payment of incorrect item of work occurred due to weak internal controls and resulted in loss to the government.

The matter was reported to the department in October 2020, but no reply was received. In the DAC meeting held on November 16, 2021, the department replied that jungle clearance was done as per provisions of PC I. Audit was of the view that clearance was done in shrubby area rather than light forest and item of work paid and item of rate proposed by the audit are both for manual labor, therefore, correct item of work should be for clearance of shrubs. DAC directed for recovery of overpaid amount from the contractor.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be effected from the contractor.

#### **PAC DIRECTIVES DATED 13<sup>th</sup> NOVEMBER, 2024**

The Department acknowledged the outstanding recovery and informed the Committee that, according to available records, no ongoing work is currently being executed by the concerned contractor. The Department will conduct a thorough review to verify if any work of the contractor is in progress. If so, recovery will be made from the respective contractor. Otherwise, recovery will be effected from the responsible officer(s). On the basis of departmental stance, Committee directed to effect the recovery from either source under intimation to PAC and Audit. **Hence, Para deferred.**

**PAC DIRECTIVES DATED 30<sup>th</sup> MAY, 2025**

The Committee directed the department to recover 25% of the amount [**Rs.3.630 X 25% = Rs.0.9075 million**] pointed out by the audit within a month and submit a report to the PAC. **Hence, Para deferred.**

**PAC DIRECTIVES DATED 11<sup>th</sup> NOVEMBER, 2025**

Committee directed the department to implement the previous decision of the PAC dated 30<sup>th</sup> May, 2025, reproduced as under, within a week under intimation to PAC and Audit:

*“The Committee directed the department to recover 25% of the amount [**Rs.3.630 X 25% = Rs.0.9075 million**] pointed out by the audit within a month and submit a report to the PAC.” Hence, Para deferred.*

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**Para # 15.2.8      Non-availability of water measuring mechanism and non-realization of water charges from LIEDA - Rs. 3.994 million**

As per Rule 26 of GFR, Vol.I, “It is the duty of departmental controlling officer to see that all sums due to government are regularly and promptly assessed, realized and duly credited in the Government Account”. Further, as per Minutes of meeting held under the Chairmanship of ACS (Dev) on 15.07.1994, “The water rate of Rs.7 per 1,000 gallons was being charged by Irrigation Department from LIEDA.”

The Executive Engineer, Canal Irrigation at Hub had been providing 4.5 cusec water (1,682 gallons per minute) to LIEDA from Hub Canal for supply to the industrial units. It was mandatory to install water meters to check and calculate actual flow of water given from the canal to LIEDA water reserves, but meters were neither installed by Irrigation Department nor by LIEDA authorities. Further, water charges amounting to Rs. 3.994 million were not realized from LIEDA on account of supply of 570.574 million gallons of water during the financial year 2021-22.

Non-receipt of water charges occurred due to weak financial controls and resulted in revenue loss to the Government.

The matter was reported to the department on November 10, 2022 but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting but no meeting was held till the finalization of this report.

Audit recommends that proper mechanism be devised to monitor the supply of water besides recovery of the outstanding amount from LIEDA.

### **PAC DIRECTIVES DATED 13<sup>th</sup> NOVEMBER, 2024**

The Committee conducted an in-depth discussion on the matter, expressing strong dissatisfaction with the supply of 1,000 gallons of water from Hub Canal to LIEDA at a rate of Rs.7 only since 1994. Notably, LIEDA resells this water to industrial units at a substantially higher rate of Rs.250 per 1,000 gallons.

Keeping in view of the above, Committee directed the Department to:

- 1. Justify Non-Revision of Rates Since 1994:** Provide a rationale for not revising the rates since 1994.
- 2. Outstanding Recovery:** Recover all outstanding dues from LIEDA, notifying PAC and Audit accordingly.
- 3. Rate Revision Mechanism:** Collaborate with the Minister Irrigation Department GoB and Secretary Industries & Commerce Department to establish a rate revision mechanism with LIEDA and submit recommendations to PAC for further consideration and effective decision into the matter.

***Hence, Para deferred.***

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### **PAC DIRECTIVES DATED 30<sup>th</sup> MAY, 2025**

The Committee directed the department to comply with directives of the PAC dated 13<sup>th</sup> November 2024 to the extent, reproduce as under:

*“The Committee conducted an in-depth discussion on the matter, expressing strong dissatisfaction with the supply of 1000 gallons of water from Hub Canal to LIEDA at a rate of Rs.7 only since 1994. Notably, LIEDA resells this water to industrial units at a substantially higher rate of Rs.250 per 1,000 gallons.*

*Keeping in view of the above, Committee directed the Department to:*

- 1. Justify Non-Revision of Rates Since 1994:** *Provide a rationale for not revising the rates since 1994.*
- 2. Outstanding Recovery:** *Recover all outstanding dues from LIEDA, notifying PAC and Audit accordingly.”*

Furthermore, the Committee resolved to immediately revise the rate for 1000 gallons of water from Hub Canal to LIEDA from Rs. 7 to Rs. 100. The Additional Secretary, PAC, was instructed to formally communicate this decision to the Chief Secretary, Balochistan, for notification and implementation.

Finally, the Committee also mentioned that we might visit the project of supplying water from Hub Canal to LIEDA.

***Hence, Para deferred.***

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### **PAC DIRECTIVES DATED 11<sup>th</sup> NOVEMBER, 2025**

In the light of discussion held, the following was concluded:

1. The Committee did not accept the revision of rate for 1000 gallons of water from Hub Canal to LIEDA from Rs.7 to Rs.40 and directed that the department shall immediately revise the rate from Rs.40 to Rs.100. The Additional Secretary, PAC, was instructed to formally communicate this decision to the Chief Secretary, Balochistan, for notification and implementation.
2. The department shall recover all outstanding dues from LIEDA, notifying PAC and Audit accordingly.
3. The Secretary Industries & Commerce, Public Health Engineering and Irrigation shall brief the Committee on this longstanding issue in the next meeting.
4. In addition to revision of rates and recovery of outstanding dues, the Chief Engineer concerned shall ensure to install water supply meters to check and calculate actual flow of water given from the canal to LIEDA water reserves. The meters shall be installed within three months for all factories.

***Hence, Para deferred.***

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## Labour & Manpower Department

*(Meeting held on 19<sup>th</sup> May, 2025)*

### INTRODUCTION

The main function of Labour & Manpower department is to implement Labour laws, register trade unions and industrial units, perform inspection of factories, shops, and establishments and provide training facilities/technical education in different trades to the adults and control weights and measures of businesses in the province.

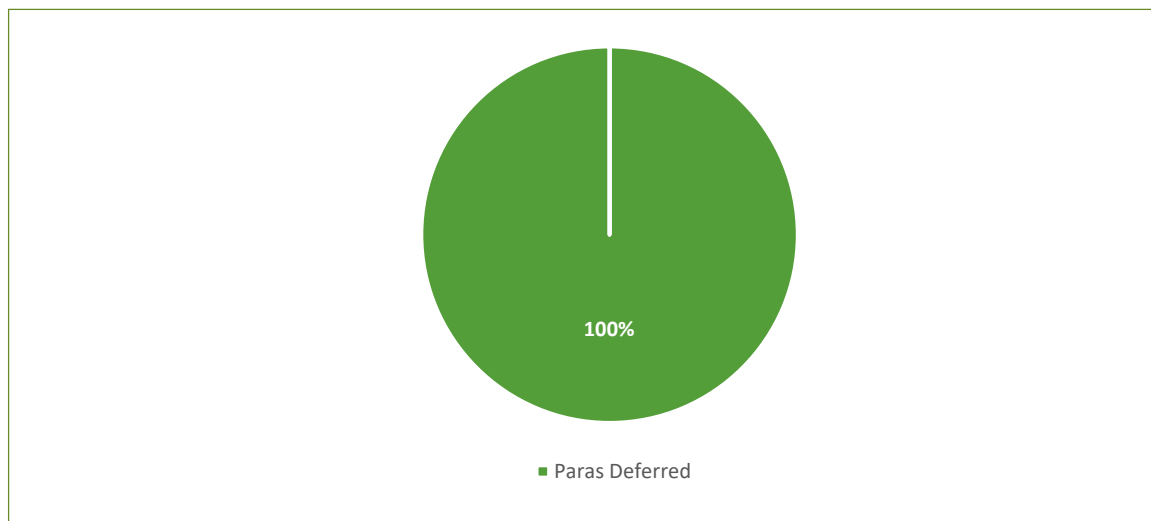
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	01
<b>Total Paras</b>		<b>01</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
3.	Para Deferred	01
<b>Total Paras</b>		<b>01</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan, Mr. Nasrullah Jan, briefed the subject Appropriation Accounts before Committee as under:

<b>Rs. in million</b>							
<b>Particulars</b>	<b>Original Grant</b>	<b>Supp. Grant (Not Printed)</b>	<b>Surrender</b>	<b>Final Grant</b>	<b>Exp.</b>	<b>Saving</b>	<b>%age</b>
Non-Development (Grant No.BC21020)	2,308.628	215.790	372.896	2,151.522	1,336.097	815.426	37.90
Development (Grant No.BC12220) Function No. 041350	384.669	-	302.115	82.554	76.300	6.254	7.58
<b>Total</b>	<b>2,693.297</b>	<b>215.790</b>	<b>675.011</b>	<b>2,234.076</b>	<b>1,412.397</b>	<b>821.679</b>	<b>36.78</b>

**PAC DIRECTIVES DATED 19<sup>th</sup> MAY, 2025**

The Accountant General highlighted significant savings in both non-development and development grants as under:

- **Non-Development Grant (BC21020):** The grant closed with a saving of Rs.815.426 million, representing 37.90% of the final grant.

- **Development Grant (BC12220):** The grant closed with a saving of Rs.6.254 million, representing 7.58% of the final grant.

The Accountant General emphasized the importance of surrendering anticipated savings to the Finance Department by May 15<sup>th</sup> each year, as mandated by the Balochistan Finance Management Act, 2020. However, the department attributed the savings to delayed release of allocated funds by the Finance Department.

In response, the Finance Department's representative clarified that the release of funds under grant-in-aid was contingent upon the submission of requisite documents, which were not provided by the department. The department acknowledged the requirement for timely surrender of savings but cited unpredictability in certain heads of accounts, such as financial assistance and remuneration to martyrs, as a contributing factor. However, the department assured that it would adhere to the prevailing regulations and surrender savings, if any, on a timely basis in the future.

After thorough deliberation, the PAC directed the department to reconcile the Appropriation Accounts for the financial year 2021-22 with the office of the Accountant General, Balochistan within one month under intimation to PAC.

**Hence, final decision deferred till compliance of the aforementioned directives.**

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 16.2.1 Irregular retention and un-due deduction of WHT- Rs. 530.772 million**

According to Section 22 of the BPFM Act, 2020, “all department, their attached departments and sub-ordinate offices, and autonomous organizations shall surrender to the Finance Department 3 [by the thirty-first day of May each year], all anticipated savings in the grants or assignment accounts or grant-in-aid controlled by them.” Further, according to Rule 209 (ii) of GFR, “that any portion of the amount which is not ultimately required for expenditure upon that object should be duly surrendered to the Government. And according to Para 07 of Grant-in-Aid Rules, 2020, “Interest or other earnings against Grant-in-aid (other than reimbursement) released to any grantee institution should be remitted to the Public Consolidated Fund.” And According to Sub-section 2 of Section 49 of Income Tax Ordinance, 2001, “the income of a Provincial Government or a [Local Government] in Pakistan shall be exempt from tax under this Ordinance.”

The Director B-TEVTA, Quetta could not utilize the unspent amount of Rs. 522.146 million of grant-in-aid for the intended purposes at the close of financial year 2019-20. Instead of surrendering the saving, the department deposited the amount into the private saving account in bank without approval of the Finance Department, Government of Balochistan. Further, the bank irregularly deducted withholding tax amounting to Rs. 8.626 million from the public money, as detailed below:

#	Description	Rs. in million
		Amount
1.	Grant-in-Aid	522.146
2.	Withholding tax	8.626
<b>Total</b>		<b>530.772</b>

Non-surrender of savings from grant-in-aid and deduction of tax by bank occurred due to weak financial controls which resulted in irregular retention of public money and undue deduction of tax by the bank.

The matter was reported to the Department in February 2021, but no reply was received.

In the DAC meeting held on December 28, 2022, department could not justify the non-surrendering of unspent balance from grant-in-aid. DAC directed the management to surrender all the unspent balances at the end of the financial year or make an

amendment in their Act in line with the BPFM Act Section 12 (i). DAC further directed for obtaining of tax exemption certificate and early recovery of deducted amount from the bank.

No further progress was intimated till the finalization of this report.

Audit recommends that unspent balances be deposited into government account, tax exemption certificate be obtained and efforts be made for early recovery of taxes deducted by the Bank.

#### **PAC DIRECTIVES DATED 19<sup>th</sup> MAY, 2025**

On the basis of discussion held Committee directed the department to regularize the illegal retention of public money in private bank account beyond 15<sup>th</sup> May, 2020 and, in future, the department shall strictly comply with the requirements of Section 12 (1) of the Public Financial Management Act, 2020.

Moreover, the department shall clarify the issue of withholding income tax by the bank, on the interest income, despite the exemption allowed to the Government departments under Section 49 (2) of the Income Tax ordinance, 2001. ***Hence, Para deferred.***

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## Livestock & Dairy Development Department

(Meeting 20<sup>th</sup> February, 2025)

### INTRODUCTION

Livestock is considered as one of the most important sectors in Balochistan. The majority of rural population is engaged in rising of livestock. Basic policy of the Livestock and Dairy Development department is to protect the animals from various diseases. For this purpose, veterinary hospitals were established all over the province for providing medicine to breeders at their doorstep on subsidized rates. To attract the people toward this sector, the Government established Dairy and Poultry Farms in various districts of the province. For introduction of new breeds, the Government also arranged supplies of animals to the breeders on subsidized rates.

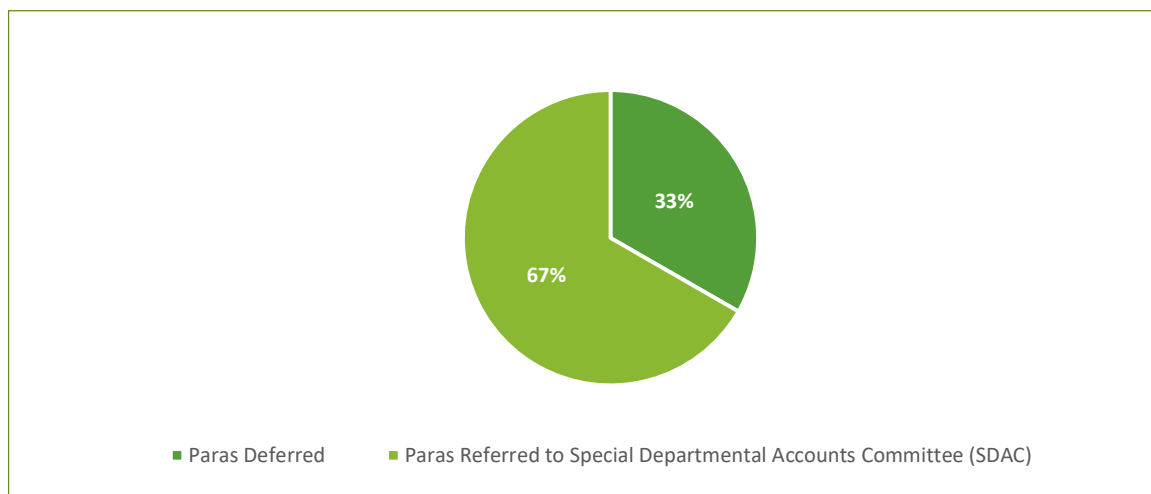
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	06
2.	Recoverable	01
3.	Evasion of Taxes and Duties	01
4.	Loss Sustained by the Government	04
<b>Total Paras</b>		<b>12</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Deferred	04
2.	Paras Referred to Special Departmental Accounts Committee (SDAC)	08
<b>Total Paras</b>		<b>12</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Deputy Accountant General Balochistan summarized the subject Appropriation Accounts before Committee as under: -

Particulars	Rs. in million						
	Original Grant	Supp. Grant (Not Printed)	Surrender	Final Grant	Exp.	Saving	%
Non-Development (Grant No.BC21028)	4,526.246	419.218	887.485	4,057.979	3,826.598	231.381	5.70
Development (Grant No.BC12228) Function No. 042106	2,101.304	-	765.033	1,336.271	1,309.665	26.606	1.99
<b>Total</b>	<b>6,627.550</b>	<b>419.218</b>	<b>1,652.518</b>	<b>5,394.250</b>	<b>5,136.263</b>	<b>257.987</b>	<b>4.78</b>

**PAC DIRECTIVES DATED 20<sup>th</sup> FEBRUARY, 2025**

The Additional Accountant General, Balochistan reported that the non-development grant resulted in a savings of Rs. 231.381 million, which accounts for 5.70% of the final grant. In contrast, the development grant had a relatively negligible savings of Rs. 26.606 million, which is 1.99% of the final grant.

The Additional Accountant General pointed out that the savings under the development head are insignificant, but the department needs to provide an explanation for the savings under the non-development head.

Additionally, he noted that the Finance Department provided a supplementary grant of Rs. 419.218 to the department, which is not included in the budget book. This raises concerns about whether the grant was approved by the legislature.

In response, the Secretary of the Livestock & Dairy Development department stated that the total savings are only 4.78%, which is within the acceptable limit of 10%. He assured that the department will ensure timely surrender of excess budget to the finance department in the future.

However, the Chairman PAC raised concerns about the non-printed supplementary grant, stating that it is a clear violation of the Constitution of Pakistan. He emphasized that not only the executing department but also the Finance Department and the office of the Accountant General Balochistan are equally responsible for this violation.

The Chairman PAC questioned why the office of the Accountant General Balochistan processed payments against the supplementary grant without legislative approval. He stressed that the Accountant General office should raise observations on such releases of funds by the finance department.

Furthermore, he noted that departments are demanding budgets without proper approved execution plans, depriving other important sectors like education, health, and social welfare of necessary funds for their projects.

The office of the Accountant General clarified that they have no control over unapproved supplementary grants, as the Finance Department enters the budget into the SAP system, leaving them no option but to process the payment.

On the basis of discussion held, Committee settled the Appropriation Accounts for the financial year 2021-22 with following standing instructions: -

- 1. Rational Budgeting:** Departments must prepare realistic budgets that consider all relevant facts, figures, and approved execution plans.
- 2. Supplementary Grants:** The Finance Department is prohibited from releasing or entering supplementary grants in the SAP system unless they are explicitly included in the budget book and approved by the legislature.
- 3. Payment Control Mechanism:** The Office of the Accountant General, Balochistan must establish a procedure to prevent payments from unauthorized supplementary grants.

### EXAMINATION OF AUDIT REPORT 2022-23

#### **Para # 17.2.1      Shortfall due to less production of wheat - Rs. 61.600 million**

According to the statistics of Agriculture Research Council Balochistan, “The yield of 2,250 Kg/ (56 Mound/Acre) is produced from one-acre area.”

The Superintendent, Bhagnari Cattle and Balochi Sheep Farm at Usta Mohammad, District Jaffarabad produced 560,050 Kgs wheat (14001.25 Mound) during the financial year 2019-20. The farm management produced 17.50 Mound wheat Per Acre 31% of the standard yield which resulted in less production of yield of 38.5 Mound Per Acre and caused a loss of Rs.61.600 million to the government, as detailed below:

<b>Rs. in million</b>						
<b>Total cultivated area (in acres)</b>	<b>Standard production per acre (in mound)</b>	<b>Farm production per acre (in mound)</b>	<b>Less production per acre (column 3-4)</b>	<b>Total shortfall (in mound) (column 2x5)</b>	<b>Rate Per mound (Rs.)</b>	<b>Total loss (column 6x7)</b>
800	56	17.5	38.5	30,800	2,000	61.6

Less production of yield occurred due to weak internal controls and resulted in loss to the Government.

The same issue had been highlighted in the Audit report of 2021-22, wherein, an inquiry into the matter was decided to be conducted under intimation to Audit. The inquiry report was not shared with the Audit.

The matter was reported to the department on September 26, 2022, but no reply was received.

In the DAC meeting held on January 11, 2023, the management informed that an inquiry had been initiated which was under process. The DAC directed the management to complete the inquiry at the earliest and share inquiry report with Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that inquiry report be shared with Audit and less production of wheat be justified.

### **PAC DIRECTIVES DATED 20<sup>th</sup> FEBRUARY, 2025**

The Committee directed the department to conduct a fact-finding investigation into the matter of low wheat production, considering yield standards: notified by Agriculture Research Council (56 Mound/Acre) and Agriculture department's Land Analysis Report (25 Mound/Acre) along with other relevant factors such as water supply and soil quality in the area. A comprehensive report should be submitted within two weeks. The Committee may conduct a site visit after Eid-ul-Fitar. **Hence, Para deferred.**

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#### **Para # 17.2.2 Loss due to non-disclosure of wheat straw - Rs. 8.801 million**

According to the existing practice in Agriculture, "the wheat straw is produced from the total yield of wheat by the ratio of 1:1 i.e., 50% wheat and 50% wheat straw".

Superintendent, Bhagnari Cattle Farm, Usta Mohammad, during the financial years 2019-21, produced 16001.5 Mounds Wheat, but no production of wheat straw was shown. Due to non-disclosure of wheat straw the government was put into a revenue loss amounting to Rs. 8.801 million, as calculated below:

Area cropped	Total wheat yielded		Wheat straw to be produced		Market Rate per Kg	Sale price
	Mound	Kg	Mound	Kg		
800 Acre	14,001.5	560,050	14,001.5	560,050	10	5.601
1600	-	-	2000	80,000	40	3.200
<b>Total</b>						<b>8.801</b>

Non-disclosure of wheat straw occurred due to weak internal controls and resulted in loss to the Government.

The matter was reported to the department in March, 2021, but no reply was received.

In the DAC meeting held on January 11, 2023, the management informed that an inquiry had been initiated which was under process. The DAC directed the management to complete the inquiry at the earliest and share inquiry report with Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that inquiry report be shared with Audit.

### **PAC DIRECTIVES DATED 20<sup>th</sup> FEBRUARY, 2025**

The Committee decided to refer the Para to the Departmental Accounts Committee (DAC) for review, directing it to convene within two weeks and submit its recommendations to the PAC for consideration and final decision. **Hence, Para deferred.**

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#### **Para # 17.2.3      Less realization of targeted income - Rs. 4.343 million**

As per Budget Books for the years 2019-21, “the revised budget estimate under Receipts for Livestock and Dairy Development Department was fixed for the financial years 2019-21.”

The following offices of Livestock and Dairy Development Departments realized revenue amounting to Rs. 5.711 million against the target revenue of Rs. 10.054 million during the financial years 2019-21, which resulted in revenue loss amounting to Rs. 4.343 million, as detailed below:

**Rs. in million**

#	Name of offices	AIR Para No.	Revised Estimates	Actual Receipt	Difference
1.	Dairy Farm Loralai	2	5.179	2.591	2.583
2.	Dairy Farm Zhob	1	2.050	1.460	0.590
3.	Poultry Farm Zhob	2	0.800	0	0.800
4.	Karakul Sheep Farm Quetta	1	2.030	1.660	0.370
<b>Total</b>			<b>10.059</b>	<b>5.711</b>	<b>4.343</b>

Non-achievement of revenue target was due to weak administration and resulted in revenue loss to the government.

The matter was reported to the department in March and June, 2022, but no reply was received.

In the DAC meeting held on January 11, 2023, the management informed that the department had already taken up the matter with the FD, GoB, to devise a rationalized approach for revising and rationalizing the targets. DAC directed that target be

rationalized in consultation with FD, GoB and maximum efforts be made to achieve the already set targets.

No further progress was intimated till the finalization of this report.

Audit recommends that serious efforts be made to achieve the yearly targets of receipts.

### **PAC DIRECTIVES DATED 20<sup>th</sup> FEBRUARY, 2025**

The Committee decided to refer the Para to the Departmental Accounts Committee (DAC) for review, directing it to convene within two weeks and submit its recommendations to the PAC for consideration and final decision. **Hence, Para deferred.**

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#### **Para # 17.2.4      Loss to government due to theft of vehicles - Rs. 2.400 million**

According to Rule 23 of GFR, Vol-I, “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.”

In the office of the DG, Livestock, Quetta, the following vehicles had reportedly been stolen during the year 2017-18, but neither the vehicles were recovered nor was inquiry conducted, as detailed below:

			<b>Rs. in million</b>
<b>#</b>	<b>Registration No.</b>	<b>Make, Model, Type</b>	<b>Approximate Value</b>
1.	QAH-2091	Toyota Double cabin Pickup, 2007	0.800
2.	QAM-9982	Toyota Double cabin Pickup, 2007	0.800
3.	QAG-2559	Toyota Double cabin Pickup, 2007	0.800
<b>Total</b>			<b>2.400</b>

Violation of government rules and procedures occurred due to weak administration which resulted in misuse of government assets.

The matter was reported to the department in February 2020, but no reply was received.

In the DAC meeting held on December 21, 2021, the management informed that the depreciation value of QAH-2091 amounting to Rs. 80,000 had been recovered from the officer concerned and deposited in the relevant head of account while the case for

calculation of depreciated value of vehicle No. QAG-2559 had been sent to MMD. After fixing the value of QAG-2559 the amount would be deposited in government treasury. As far as vehicle No. QAM-9982 was concerned, the officer having possession of the vehicle had passed away. DAC directed the management to prepare a summary of the vehicle No. QAM-9982 and submit to the competent authority for waiver off. Besides, the depreciation value of QAG-2559 be recovered from the officer concerned at the earliest. DAC also directed the management to recover the depreciated value fixed by the MMD.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be effected from the concerned officers under intimation to Audit.

### **PAC DIRECTIVES DATED 20<sup>th</sup> FEBRUARY, 2025**

The Committee decided to refer the Para to the Departmental Accounts Committee (DAC) for review, directing it to convene within two weeks and submit its recommendations to the PAC for consideration and final decision. **Hence, Para deferred.**

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#### **Para # 17.2.5      Non-deposit of subsidy amount on seeds and fertilizers from tenants - Rs. 1.950 million**

According to Rule 26 of GFR, Vol.-I “It is the duty of the departmental officer to see that all the sums due to government are regularly and promptly realized, assessed and duly credited into Public Account.” Further, as per agreement executed between farm management and tenants, “seeds and fertilizers were to be provided to the tenants on subsidized rate of 50%.”

Superintendent Cattle Farm Usta Muhammed incurred an expenditure amounting to Rs. 3.99 million during the financial year 2020-21, on account of purchase of seeds and fertilizers. As per above agreement 50% share was required to be paid by the tenants but the management failed to deposit the remaining share of the tenants amounting to Rs. 1.95 million into government account, as detailed below:

Rs. in million

#	Voucher No. and date	Particulars	Actual amount	Subsidy to be obtained from the tenants @ 50%
1.	149, 5.7.2020	220 Kgs Jantat, 200 bag DAP	0.879	0.440
2.	205, 5.8.2020	400 bags Urea, 600 Quintal Makai	0.772	0.335
3.	215, 10.10.2020	2500 Kg Burseem, 1000 Kgs Barley	0.950	0.475
4.	415, 24.12.2020	200 bags DAP, 100 bags Urea	0.943	0.475
5.	2593, 15.02.2021	100 bag Urea, 75 bags DAP	0.455	0.225
<b>Total</b>			<b>3.999</b>	<b>1.950</b>

Non-deposit of subsidy was due to weak internal controls and resulted in loss to the government.

The matter was reported to the department in September, 2022, but no reply was received.

In the DAC meeting held on January 11, 2023, the management informed that an inquiry had been initiated which was under process. The DAC directed the management to complete the inquiry at the earliest and share the report with Audit.

No further progress was intimated till the finalization of this report.

Audit recommends inquiry report be shared with Audit.

#### **PAC DIRECTIVES DATED 20<sup>th</sup> FEBRUARY, 2025**

The Committee decided to refer the Para to the Departmental Accounts Committee (DAC) for review, directing it to convene within two weeks and submit its recommendations to the PAC for consideration and final decision. **Hence, Para deferred.**

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#### **Para # 17.2.6 Less deposit of sale proceeds of wheat - Rs. 23.50 million**

According to Para 26 of GFR Vol.-I, "It is the duty of the departmental officer to see that all the sums due to government are regularly and promptly realized, assessed and duly credited into Public Account.

Superintendent, Cattle Farm Usta Muhammed sold out 800,000 Kgs of wheat during the financial year 2021-22 @ Rs.50 per Kg, but as per record, proceeds from the sale

of only 330,000 Kgs were deposited into government treasury, resulting in less deposit of proceeds amounting to Rs. 23.50 million, as detailed below:

<b>Rs. in million</b>					
#	Wheat sold in Kgs	Income deposited for in Kgs	Variance	Rate per Kg	Amount
1.	800,000	330,000	470,000	50	23.50

Less deposit of sale proceeds of wheat occurred due to weak internal controls and resulted in a loss to the government.

The matter was reported to the management in September, 2022, but no reply was received.

In the DAC meeting held on January 11, 2023, the management informed that an inquiry had been initiated which was under process. The DAC directed the management to complete the inquiry at the earliest and share inquiry report with Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that finding of the inquiry be shared with Audit.

#### **PAC DIRECTIVES DATED 20<sup>th</sup> FEBRUARY, 2025**

The Committee decided to refer the Para to the Departmental Accounts Committee (DAC) for review, directing it to convene within two weeks and submit its recommendations to the PAC for consideration and final decision. Hence, Para deferred.

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#### **Para # 17.2.7 Non/less deduction of government taxes - Rs. 3.423 million**

According to BSTS Act, 2015, Income Tax Ordinance, 2001 and General Sales Tax Act, 1990, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively and GST @ 17%.

The following offices of Livestock and Dairy Development Department, during the financial years 2019-22, made payments to various contractors/consultants for execution of different works without / less deduction of government taxes amounting to Rs. 3.423 million, as detailed below:

Rs. in million

#	Name of offices	AIR Para No.	BSTS	Income Tax	GST
			A	B	C
1.	DG, Animal Health And Extension Services, Quetta	4	0.00	0.700	0.00
		6	0.136	0.00	0.00
2.	DDD Livestock, Sibi	9	0.00	0.153	0.00
3.	DG, Research and Supplies Livestock Department, Quetta	2	0.00	0	0.129
		3	0.00	0.644	0.00
4.	DD, Livestock, Kohlu	2	0.00	0.100	0.379
5.	Superintendent, Cattle Farm Usta Muhammed	2	0.017	0.00	0.00
6.	Superintendent Cattle Farm Usta Muhammed	18	1.167	0	0
<b>Total</b>			<b>1.32</b>	<b>1.597</b>	<b>0.508</b>
<b>Grand Total</b>			<b>3.423</b>		

Non/less realization of government taxes occurred due to weak financial management and resulted in revenue loss to the government.

The matter was reported to the department in April, July, August, September and December 2022, but no reply was received.

In the DAC meeting held on January 11, 2023, the management informed that tax exemption certificate was obtained on medicines. Further, deductions were made in majority cases and the record would be provided to Audit. DAC directed the management to provide the exemption certificate, recover due government taxes and provide challans of all recoveries to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be effected from the concerned under intimation to Audit.

#### **PAC DIRECTIVES DATED 20<sup>th</sup> FEBRUARY, 2025**

Committee directed the department to provide proof of recovery of government taxes or tax exemption certificates, if applicable, to the Audit for verification purpose. **Hence, Para deferred.**

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**Para # 17.2.8 Irregular retention of public money - Rs. 23.277 million**

According to Rule 283 (2) of Treasury Rules Vol-I, “If for any reason, payment cannot be made within the course of the month the amount drawn for the payee shall be refunded to Government.” Further, according to FD Notifications dated August 5, 2006 and dated January 8, 2005, “all the departments are directed to close all private Bank Accounts and shift the entire amounts to Government Account No.1 (Non-Food).”

The following offices of Livestock and Dairy Development Department collected revenue amounting to Rs. 23.277 million during the financial years 2019-21. The said amount was kept in private bank accounts and not deposited into government treasury, as detailed below:

			<b>Rs. in million</b>
#	Name of department	AIR Para No.	Amount
1.	Deputy Director Livestock, Sibi	4	1.100
2.	DG, Research and Supplies Livestock Department, Quetta	1	22.177
<b>Total</b>			<b>23.277</b>

Retention of public money in the bank accounts without the approval of FD occurred due to weak financial management and resulted in irregularity.

The matter was reported to the department in March, 2021, and April 2022, but no reply was received.

In the DAC meeting held on January 11, 2023, the management agreed with the stance of Audit and informed that matter had been taken up with FD, GoB, and P&D, GoB, for opening of official bank accounts for depositing the amount realized from Backyard Poultry Farm Project. The DAC directed that all the retained amount be deposited into government account without further delay.

No further progress was intimated till the finalization of this report.

Audit recommends that public money be deposited in government account.

**PAC DIRECTIVES DATED 20<sup>th</sup> FEBRUARY, 2025**

On the basis of discussion held, Committee directed the department to provide the details of disbursement of Rs.1.10 million and proof of deposit of Rs.43.45 million (against the objected amount of Rs.22.177 million) into government treasury to Audit for verification purpose under intimation to PAC. **Hence, Para deferred.**

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**Para # 17.2.9 Irregular payments from government receipts - Rs. 3.554 million**

According to Para 5.2.1.2 and 5.2.2.10 of APPM, “public monies received in cash, cheque or any other form of payment will not be accepted by Government entities at their own offices, unless specifically authorized by the Government. In cases where receipting at Government offices is permitted, the Principal Accounting Officer of the concerned entity must ensure proper control and that record of receipts is maintained and public monies are promptly deposited into the Government’s bank account.”

Superintendent, Government Dairy Farm, Quetta during the financial year 2021-22, incurred an irregular expenditure amounting to Rs 3.554 million during the months of April to June 2022 from the government receipts collected on account of various heads.

Expenditure from government receipts occurred due to weak internal controls and resulted in irregular payments.

The matter was reported to the department in November, 2022, but no reply was received.

In the DAC meeting held on January 11, 2023, the management informed that the said receipts were utilized by the offices due to budget constraints and the same were redeposited into the government accounts except Quetta. Further, the matter had been taken up with the FD, GoB, for revision of budget. Audit did not agree as expenditure from government receipt was against the government rules and needed an inquiry. The DAC directed the department to conduct an inquiry, provide the details of redeposited amount to Audit for verification and deposit the amount pertaining to Quetta office without further delay.

No further progress was intimated till the finalization of this report.

Audit recommends for fixing responsibility against the officials at fault.

**PAC DIRECTIVES DATED 20<sup>th</sup> FEBRUARY, 2025**

The Committee decided to refer the Para to the Departmental Accounts Committee (DAC) for review, directing it to convene within two weeks and submit its recommendations to the PAC for consideration and final decision. **Hence, Para deferred.**

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**Para # 17.2.10 Irregular/misuse of government vehicles**

As per Rule 3(i) Rules of Business, “the S&GAD is responsible for provision of government transport to the Ministers”. Further, as per Balochistan Staff Car Rules, 2000 “a staff car belonging to an attached Department or a Subordinate or a Department shall not be used by the Administrative Department /Minister”. Further, High Court of Balochistan had ordered that vehicles provided to Ministers/Advisors to Chief Minister Balochistan shall be retrieved.”

Director General, Livestock and Dairy Development, Balochistan Quetta irregularly provided the following vehicles to Ex-Ministers, which were not retrieved till the currency of audit, as detailed below:

#	Registration No.	Type, Make, Model	Designation Office
1.	QAL-1152	Double-Cabin Pickup Toyota 2002	Ex-Minister Livestock
2.	QAW-8880	Corolla car/Toyota 2010	Minister
3.	QAW-2121	Jimny jeep Suzuki 2010	Minister
4.	GT-179	Toyota Double Cabin Pickup	Minister
5.	QAR-1422	Double-Cabin pickup Toyota 2007	Minister
6.	QAQ-22	Corolla Car Toyota 2007	Minister
7.	QAM-9855	Mini Bus HiAce Toyota 2007	Minister
8.	QAR-1427	Saloon Car 2007	Minister

Misuse of government vehicles occurred due to weak administrative controls and resulted in loss to the government.

The matter was reported to the department in November 2018, but no reply was received.

In the DAC meeting held on December 21, 2021, the forum was informed that seven vehicles of Livestock & Dairy Development Department were handed over to S&GAD. However, no acknowledgment receipts were shown. Presently, the whereabouts of the said vehicles were not known. It was further apprised that the Chief Secretary had directed to conduct an inquiry for fixing responsibility. The inquiry was in process and progress would be intimated on completion of inquiry. DAC decided that further progress be shown to Audit within 15 days.

No further progress was intimated till the finalization of this report.

Audit recommends for conducting inquiry, fixing responsibility and retrieving of government vehicles.

**PAC DIRECTIVES DATED 20<sup>th</sup> FEBRUARY, 2025**

Secretary Livestock & Dairy Development department apprised the Committee that following vehicles have been retrieved from the ex-ministers: -

#	Registration#	Type, Make, Model
1.	QAW-8880	Corolla car/Toyota 20 I 0
2.	QAW-2121	Jimny jeep Suzuki 2010
3.	GT-179	Toyota Double Cabin Pickup
4.	QAR-1422	Double-Cabin pickup Toyota 2007
5.	QAQ-22	Corolla Car Toyota 2007
6.	QAM-9855	Mini Bus HiAce Toyota 2007
7.	QAR-1427	Saloon Car 2007

He added that, Vehicle No. QAL-1152 was stolen from the ex-minister, with an FIR subsequently filed.

Keeping the above in view, Committee directed the department to provide proof of retrieval of the vehicles to Audit for verification purpose under intimation to PAC. **Hence, Para deferred.**

**Note:** In addition to the subject matter, the Committee desired that, the Services and General Administration Department (S&GAD) shall provide the following details in respect of vehicles under its administrative control, to the Committee for examination purpose: -

- Total number of vehicles.
- Make & Model.
- Name of allottee (person/department).
- Duration of allotment.
- Entitlement status.
- POL entitlement.

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**Para # 17.2.11 Irregular expenditure without calling open tenders - Rs. 43.662 million**

According to Rule 15(2) of BPPRRs, “All procurements opportunities over two hundred thousand and up to one million rupees shall be advertised timely on the Authority’s website as well as in the newspapers as prescribed in these rules.”

The following offices of Livestock and Dairy Development Department, incurred an expenditure amounting to Rs. 43.662 million during the financial years 2019-22 on account of procurement of different items without calling open tenders, as detailed below:

				Rs. in million
#	Name of office	AIR No.	Financial year	Amount
1.	Deputy Director, Livestock, Khuzdar	2	2019-20	1.190
2.	Superintendent, Government Dairy Farm, Quetta	1	2020-21	4.702
3.	Superintendent, Dairy Farm, Loralai	1	2021-22	0.342
4.	Yetabad Sheep Farm, Loralai	1	2021-22	1.642
5.	Superintendent, Dairy Farm Zhob	2	2021-22	1.841
6.	Superintendent, Poultry Farm Zhob	4	2020-21	1.201
		3	2020-21	0.497
7.	Superintendent, Bhagnari Cattle Farm, Usta Muhammad	2	2019-20	6.613
		6	2019-20	1.941
8.	Superintendent Government Dairy Farm, Pishin	2	2019-20	0.970
		8	2020-21	5.110
9.	DD, Research and Supplies Livestock Department, Quetta	4	2020-21	1.315
10.	PD, Backyard Rural Poultry Livestock and Dairy Development Balochistan, Quetta	5	2020-21	1.498
11.	Superintendent, Red Sindhi Cattle Farm, Hub	1	2020-21	1.333
12.	Deputy Director, Livestock, Kohlu	3	2020-21	2.228
		9	2020-21	1.373
13.	Superintendent, Cattle Farm Usta Muhammed	15	2020-21	9.868
<b>Total</b>				<b>43.662</b>

Expenditure without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the department in March, April, June, August and September, 2022, but no reply was received.

In DAC meetings held on December 14, 2022 and January 11, 2023, DAC directed the Deputy Director, Livestock, Khuzdar for production of tender documents. Whereas, the Audit Paras in respect of offices at S. No. 2 to 13, the management informed that due to budget constraints and release of budget during the last months of the financial year, tenders were not invited. However, the management had directed the sub-offices to comply with BPPRA rules in future. The DAC directed the management to stop the practice besides, regularization of the expenditure from the competent authority.

No further progress was intimated till the finalization of this report.

Audit recommends for regularization of expenditure from the competent authority.

### **PAC DIRECTIVES DATED 20<sup>th</sup> FEBRUARY, 2025**

The Committee decided to refer the Para to the Departmental Accounts Committee (DAC) for review, directing it to convene within two weeks and submit its recommendations to the PAC for consideration and final decision. **Hence, Para deferred.**

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#### **Para # 17.2.12 Irregular award of contract - Rs. 6.571 million**

According to minutes of the meeting held on 30.08.2020, the food procurement committee unanimously decided that:

- M/s Shaneefullah bidding documents be rejected due to unauthorized dealership.
- M/s Al Hafeez bids be rejected due to supply of substandard feed.
- Only two firms participated in bidding. Therefore, due to unhealthy competition procurement proposals be retendered.

Superintendent, Cattle Farm Usta Muhammed incurred an expenditure amounting to Rs. 6.571 million during the financial year 2020-21, in disregard of the decision of procurement committee and awarded contract to a contractor whose bids were proposed to be rejected on account of supply of substandard feed, as detailed below:

<b>Rs. in million</b>					
<b>#</b>	<b>V. No.</b>	<b>Date</b>	<b>Firm</b>	<b>Particulars (Kgs feed)</b>	<b>Amount</b>
1.	2568	13.11.2020	M/s Alhafeez Traders	20,000	0.980
2.	2569	01.12.2020	M/s Alhafeez Traders	4,000	0.192
3.	2573	02.12.2020	M/s Alhafeez Traders	15,000	0.735

Rs. in million

#	V. No.	Date	Firm	Particulars (Kgs feed)	Amount
4.	2576	13.12.2020	M/s Alhafeez Traders	20,000	0.980
5.	2580	27.12.2020	M/s Alhafeez Traders	1,000	0.490
6.	2581	17.01.2020	M/s Alhafeez Traders	9,200	0.450
7.	2582	01.02.2021	M/s Alhafeez Traders	15,000	0.735
8.	2701	25.02.2021	M/s Alhafeez Traders	12,000	0.588
9.	2717	12.02.2021	M/s Alhafeez Traders	20,000	0.980
10.	2890	01.04.2021	M/s Alhafeez Traders	9,000	0.441
<b>Total</b>					<b>6.571</b>

Procurement of feed from the firm whose samples were rejected by the lab occurred due to weak internal controls and resulted in irregular award of contract.

The matter was reported to the department in September 2022, but no reply was received.

In the DAC meeting held on January 11, 2023, the DAC directed the management to conduct an inquiry with a view to fix responsibility against the persons at fault.

No further progress was intimated till the finalization of this report.

Audit recommends that inquiry report be shared with the Audit.

#### **PAC DIRECTIVES DATED 20<sup>th</sup> FEBRUARY, 2025**

The Committee decided to refer the Para to the Departmental Accounts Committee (DAC) for review, directing it to convene within two weeks and submit its recommendations to the PAC for consideration and final decision. **Hence, Para deferred.**

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## Mines & Minerals Department

(Meeting held on 17<sup>th</sup> February, 2025)

### INTRODUCTION

The main function of Mines and Minerals Department is to facilitate and provide service for the exploitation of Mineral resources in the province and encourage foreign investment in exploration of large-scale mining and to provide infrastructure facilities to the mining areas.

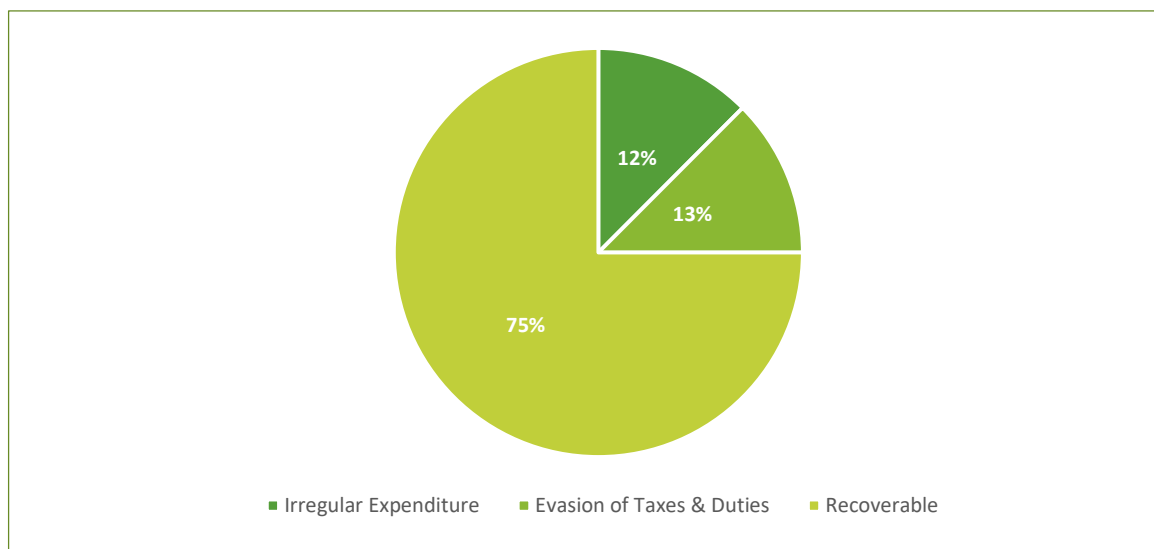
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	01
2.	Evasion of Taxes & Duties	01
3.	Recoverable	06
<b>Total Paras</b>		<b>08</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	01
2.	Paras Deferred	07
<b>Total Paras</b>		<b>08</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

The Accountant General Balochistan summarized the subject Appropriation Accounts before Committee as under:

Particulars	Original Grant	Supplementary Grant		Surrender	Final Grant	Exp.	Saving	%
		Printed	Not Printed					
		Rs. in million						
Non-Development (Grant No.BC21036 )	3,767.319	631.430	915.527	915.527	4,398.749	3,118.969	1,279.780	29.09
Development (Grant No.BC12236 ) Function No. 044201	1,496.368	-	-	1,330.077	166.291	164.109	2.182	1.31
<b>Total</b>	<b>5,263.687</b>	<b>631.430</b>	<b>915.527</b>	<b>2,245.604</b>	<b>4,565.040</b>	<b>3,283.078</b>	<b>1,281.962</b>	<b>28.08</b>

**PAC DIRECTIVES DATED 17<sup>th</sup> FEBRUARY, 2025**

The Accountant General, Balochistan reported that the non-development grant resulted in a savings of Rs.1,279.780 million, which accounts for 29.09% of the final grant. However, the development grant had a relatively negligible savings of Rs.2.182million, which is 1.31% of the final grant.

The Accountant General pointed out that the savings under the development head are insignificant, but the department needs to provide an explanation for the savings under the non-development head.

Additionally, he noted that the Finance Department provided a supplementary grant of Rs.915.527 to the department, which is not printed in the budget book for financial year 2021-22. He concluded that, the aforesaid supplementary grant was later on surrendered by the department.

The Finance Department representative was unable to provide justification for the release of a supplementary grant totaling Rs.915.527 million, which was allocated to the department despite not being included in the budget book for the financial year 2021-22.

However, the department did not submit the reply on the subject Appropriation Accounts through PACIS and requested for grant of time to check the record and submit proper reply on the savings of Rs.1,279.780 million under the non-development head.

On the basis of discussion held the Committee resolved to grant the department an extension until the next meeting to provide justification for the savings of Rs.1,279.780

which accounts for 29.09% of the final grant under the non-development head. **Hence, final decision deferred till next meeting.**

### **EXAMINATION OF AUDIT REPORT 2022-23**

#### **Para # 18.2.1 Non-realization of penalty on account of non-plantation of trees on part of Coal/Marble mine owners – Rs. 1,747.952 million**

As per the Balochistan Mineral Rules, 2002, “every holder of mining lease shall; a) Plant indigenous trees at least 10 per acre (as per type notified by Forest department for each region) at his/her own expense on the area granted to the holder under Mining lease of SSM or LSM. b) If at the time of an inspection by authorized officer, it is found that the holder of Mining lease has failed to plant trees upon the granted area, a penalty at the rate of Rs. 3000/- per missing tree shall be imposed by the Licensing authority”.

The Director General, Mines and Minerals Department, during the financial year 2021-22, conducted no inspection and produced no report to Audit for verification of the plantation of trees by the ML holder, which indicated that no trees were planted in the specified area, allotted to the Mining Lease holder, as detailed in Annexure 18.1 of the Audit Report.

Non-realization of penalty on non-plantation occurred due to weak internal controls and resulted in loss to the government, which will also lower down the ranking of our country in the list of SDGs.

The matter was reported to the department on November 14, 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that the inspection report of the concerned officer duly signed by the member of the Forest Department be produced to Audit for on ground verification, otherwise recovery of penalty from the coal mine owners be effected at the earliest.

#### **PAC DIRECTIVES DATED 17<sup>th</sup> FEBRUARY, 2025**

The Committee instructed the Audit Department to verify the records and enforce recoveries from Mine owners who have not planted trees. These owners must be penalized, with the amount due to be collected within a month under intimation to the PAC. **Hence, Para deferred.**

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**Para # 18.2.2 Non-receipt of share of profit from Saindak Metals Limited (SML) –Rs. 669.432 million**

According to 18<sup>th</sup> Constitutional Amendment in April 2010, Article 38 (g) “the shares of the provinces in all federal services, including autonomous bodies and corporations established by, or under the control of, the Federal Government, shall be secured and any omission in the allocation of the shares of the provinces in the past shall be rectified.”

The DG, Mines and Minerals Development Department did not realize 30% of net Profit share amounting to Rs. 669.432 million during the financial year 2020-21, on account of “Agahaz e Huqooq e Balochistan” in the light of 18<sup>th</sup> Constitutional Amendment from M/s Saindak Metals Limited (SML), since 2010, as detailed in Annexure 18.2 of the Audit Report.

Non-receipt of due share from the profit occurred due to weak financial controls and resulted in loss to the government.

The matter was reported to the department on May 14, 2022, but no reply was received.

In the DAC meeting held on September 26, 2022, Audit was apprised that an amount of Rs. 4,766 million was submitted in government treasury but no year-wise details of receipts were produced to Audit. DAC decided that the Secretary office would constitute a committee to probe into the matter.

No further progress was intimated till the finalization of this report.

Audit recommends that the complete share of profit be realized under intimation to Audit.

**PAC DIRECTIVES DATED 17<sup>th</sup> FEBRUARY, 2025**

The Committee was concerned to discover that, despite the 18<sup>th</sup> Constitutional Amendment made in April 2010, the Federal Government still owes the Government of Balochistan Rs.669.432 million on account of the 30% net profit share from Saindak Metals Limited (SML), since 2010.

The department informed the Committee that Saindak Metals Limited (SML) has paid Rs.5,624 million to the Government of Balochistan as its share of profit under Aghaz-e-Haqooq-e-Balochistan, covering the period from 2010 to 2021. Relevant records are available for audit verification.

In response to one of the questions of the Chairman PAC, department replied that the Government of Balochistan is not party in the agreement signed between the Federal Government and Metallurgical Corporation of China.

Audit did not agree with departmental reply and apprised the Committee as under:

- 1. Incomplete Documentation:** Challans for only Rs.305 million out of Rs.5.624 billion are available, and the remaining amount's receipts need verification.
- 2. Lack of Authentication:** The statement is unsigned and unverified by authorized sources, including AG Balochistan and NBP.
- 3. Insufficient Financial Information:** Audited Financial Statements of MCC and SML are required to determine Balochistan's share of profits.
- 4. Incomplete Payment Records:** The statement only includes receipts for specific years (2010-11, 2011-12, 2019-20, and 2020-21), leaving the fate of payments for other years unclear.
- 5. Unverified Royalty Payments:** SML's royalty payments of Rs.9.829 billion to the Government of Balochistan from 2004 to 2021 require verification.
- 6. Outstanding Balance:** The SML statement shows an outstanding balance of Rs. 2.598 billion payable as of 2021, which the department needs to address.

***In view of the above, the Committee decided as under:***

1. PAC will convene a special meeting on the matter of 30% share of the Government of Balochistan in the annual net profit of SML in the light of Article 38 (g) of Constitution of the Islamic Republic of Pakistan with Minister for Mines & Minerals GoB., representatives of SML and office of the D.G Audit Balochistan. The meeting aims to recover the outstanding share owed by SML to the Government of Balochistan since 2010. The outcomes of the meeting will be shared with Chief Minister, Balochistan and Chief Secretary, Balochistan.
2. The Committee requires a copy of the agreement between the Federal Government and Metallurgical Corporation of China, particularly to investigate how this agreement was finalized without the consent or signature of the Government of Balochistan. This oversight raises significant concerns, and the Committee may need to consult with the Chief Secretary, Balochistan to address this matter

3. What are the initiatives of SML for fulfilment of Corporate Social Responsibility (CSR) in the area? The list of initiatives/projects under CSR shall be shared with the Committee.
4. The Committee may visit the Saindak Copper-Gold Project.

**Hence, Para deferred.**

\*\*\*\*\*

**Para # 18.2.3 Variation in figures of revenue receipts between the Department and AG - Rs. 559.771 million**

According to Rule 26 of GFR, Vol.-I “The head of office should ascertain that all the sums due to Government are regularly received and paid into the Treasury and the figures should be checked and compared with the figures in the statements supplied by the Comptroller or the Accountant General as the case may be.”

The DG Mines and Minerals Development Department reported receipts of Rs. 4,240.591 million during the financial year 2020-21, realized on account of various fees and rents. While as per the figures of SAP reported by Accountant General Balochistan, receipts of Rs. 4,800.362 million were shown realized, indicating a variation of Rs. 559.771 million, as detailed below:

<b>Rs. in million</b>				
<b>#</b>	<b>Head of Account</b>	<b>AG figures</b>	<b>Department figures</b>	<b>Variation</b>
1.	C-03508 (Others)	180.370	65.743	114.627
2.	C-03909 (Mining Royalty)	1,980.877	1,727.957	252.919
3.	C-03911 (Saindak Metals Limited)	1,308.644	1,733.606	114.627
4.	C-03912 (Chamalaung)	23.699	23.483	0.216
5.	C-03914 (Duddar)	1,306.771	689.801	616.969
	<b>Total</b>	<b>4,800.362</b>	<b>4,240.591</b>	<b>559.770</b>

Non-reconciliation occurred due to weak financial management which resulted in variation of revenue receipt figures.

The matter was reported to the department on May 14, 2022, but no reply was received.

In the DAC meeting held on September 26, 2022, the Secretary Mines and Minerals Department conveyed his displeasure over mis-reporting of receipts figures by the office of DG, Mines and Minerals Department and the management’s lack of preparation for the meeting. DAC directed the management to submit proper replies.

No further progress was intimated till the finalization of this report.

Audit recommends that necessary reconciliation with AG Balochistan be made under intimation to Audit.

### **PAC DIRECTIVES DATED 17<sup>th</sup> FEBRUARY, 2025**

On the basis of discussion held, Committee directed as under:

1. The department shall reconcile the revenue figures, under different heads, with office of the Accountant General Balochistan and National Bank of Pakistan and submit reconciliation report to the PAC and Audit.
2. The Audit Office shall verify whether the Director General (D.G) Mines and Minerals Development Department deposited the reported receipts of Rs.4,240.591 million into the Government Treasury during the financial year 2020-2021.
3. The D.G Mines & Minerals Development department in collaboration with Planning & Development department, I.T department and Finance department shall expedite the ongoing process of digitalizing the revenue (royalty, fee and rent etc.) collection system under intimation to PAC.
4. Henceforth, the department must expedite revenue collection (including royalty, fees, and rent). Failure to do so will result in the responsible officer being transferred and posted as an Officer on Special Duty (OSD) for a minimum period of five years.

***Hence, Para deferred.***

\*\*\*\*\*

#### **Para # 18.2.4      Non-realization of Annual Rent and Royalty from the Mine Owners – Rs. 395.918 million**

According to Rule 104 of Balochistan Minerals Concession Rules, 2002 read with Mines and Mineral Development Department’s Notification dated February 20, 2010, “royalty in respect of any mineral or group of minerals won, mined or found as provided in Rule 101 and disposed of shall be payable on the first day of January and the first day of July each year.”

Director General, Mines and Minerals Department, failed to realize royalty and annual rent from the mine owners during the financial years 2019-2020, 2020-21 and 2021-22. An amount of Rs. 395.918 million was outstanding against the mines’ owners up to June 30, 2022, as detailed in Annexure 18.3 of the Audit Report.

Non-recovery of outstanding dues occurred due to weak internal controls and resulted in loss to the government.

The matter was reported to the department on May 14, 2022 and November 14, 2022, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20 and 2021-22 with the financial impact of Rs. 154.345 million and Rs. 321.924 million respectively but the PAO did not take remedial measures to avoid recurrence.

In the DAC meeting held on September 26, 2022, the Secretary Mines and Minerals Department conveyed his displeasure over non-preparation of the office of DG, Mines and Minerals Department for the meeting. DAC directed the management to submit proper replies.

No further progress was intimated till the finalization of this report.

The PAO was requested in December, 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that recovery be effected and action be taken against all the defaulters under intimation to Audit.

#### **PAC DIRECTIVES DATED 17<sup>th</sup> FEBRUARY, 2025**

Department apprised the Committee that a significant amount of Rs.395.918 million was tied up in a court case between the Government of Balochistan (GoB.) and two cement companies namely Attack and D.G Khan Cement. The case, which was filed in 2017 and 2020, was decided against the GoB. by the Balochistan High Court in April 2023. Department added that, despite appealing to the Supreme Court of Pakistan, the GoB's appeal was rejected, resulting in a loss of Rs.314.931 million (78.94% of the total amount). However, the department has been able to recover Rs.71.923 million from the remaining balance of Rs. 83.987 million. Department concluded that efforts are being made for recovery of remaining amount of Rs. 12.01 million.

The Committee argued that the department's weak defense led to its loss in courts. Specifically, the Committee questioned how the department increased royalty and rent rates without Cabinet approval. They believed that the process was flawed, as the Cabinet was bypassed and approval was instead obtained from the Chief Minister through an improper channel involving the Director General Mines and Minerals Development, the Secretary Mines and Minerals Development department, and the

Chief Secretary, Balochistan. This weakness ultimately led to the department's defeat in both courts.

On the basis of discussion held Committee decided as under:

1. The summary for increase in the rates of royalty and rent will again be placed before the Cabinet within two weeks.
2. The Law and Parliamentary Affairs department will review the relevant records, examine the then Chief Minister's comments on the summary proposing rate increases, and analyze court judgments. The department will then submit a comprehensive report to the Committee for its consideration.
3. The department shall recover the remaining royalty and rent from the mine owners (Attack Cement Ltd., D.G Khan Cement Ltd and other included in the annexure) within two months under intimation to PAC and Audit.
4. Office of the D.G Audit, Balochistan shall verify the recovery challans under intimation to PAC.

***Hence, Para deferred.***

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**Para # 18.2.5      Non-recovery of dues from contractors - Rs. 228.715 million**

As per Rule 26 and 28 of GFR, Vol.-I, "It is the duty of the Departmental Officers to see that all sums due to Government are regularly and promptly assessed realized and duly credited into Government Account." And "No amount due to the Government should be left outstanding without sufficient reason".

The Director General, Mines and Minerals department, during the financial year 2021-22, conducted auction of different blocks and awarded the contracts amounting to Rs. 612.222 million to GCs for one year. Record revealed that an amount of Rs. 319.792 was still outstanding against the contractors.

Non-realization of government dues occurred due to weak internal controls and resulted in revenue loss to the government.

The matter was reported to the department on November 14, 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that the amount be recovered and deposited into the government treasury under intimation to Audit.

### **PAC DIRECTIVES DATED 17<sup>th</sup> FEBRUARY, 2025**

The Committee directed the department to effect recovery within one month and get the recovery record verified from Audit under intimation to PAC. ***Hence, Para deferred.***

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#### **Para # 18.2.6      Non-realization of security deposits - Rs. 195 million**

According to Mines and Minerals Development Department's dated March 22, 2010, "security deposit @ 25 % of total bid amount should be realized and deposited in government treasury under head of account "G10107-Deposits of Department of Mines and Minerals."

DG, Mines and Minerals Development Department during the financial year 2020-21, awarded different contracts amounting to Rs. 736.404 million to various contractors through auction for the recovery of royalties. Security deposit @ 25 % of total bid amount from the contractors amounting to Rs. 195 million was required to be obtained while awarding the contracts, but the same had not been recovered and deposited in Government treasury.

Non-realization of security deposits occurred due to weak internal controls and resulted in loss to the government.

The matter was reported to the department on May 14, 2022, but no reply was received.

In the DAC meeting held on September 26, 2022, the management informed that all the security deposits had been realized from the contractors. DAC directed the management to produce the details of security deposits to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery of outstanding security deposits be effected under intimation to Audit.

### **PAC DIRECTIVES DATED 17<sup>th</sup> FEBRUARY, 2025**

The Committee settled the Para subject to verification of recovery Challans by Audit under intimation to PAC. ***Hence, Para conditionally settled.***

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**Para # 18.2.7 Irregular retention of public money - Rs. 142.042 million**

According to Rule 283 (2) of Treasury Rules Vol-I, “If for any reason, payment cannot be made within the course of the month the amount drawn for the payee shall be refunded to Government.” Further, Finance Department’s Notifications, dated August 5, 2006, and dated January 8, 2005, “all the departments were directed to close all private Bank Accounts and shift the entire amounts to Government Account No.1 (Non-Food).”

Secretary, Mines and Minerals Development Department retained an amount of Rs. 142.042 million during the financial year 2020-21, in the bank as on 28.06.2021, as detailed below:

<b>Rs. in million</b>				
#	Title of account	Account number	Bank and branch	Balance amount as on 28.06.2021
1.	Secretary, Mines and Minerals Development Department	3001-0081-026699-01-0	Bank Al-Habib Limited, M.A Jinnah Road, Quetta. Branch Code 3001.	142.042

Irregular retention of government money occurred due to weak internal controls and resulted in loss to the government.

The matter was reported to the department on May 30, 2022, but no reply was received.

In the DAC meeting held on September 26, 2022, the management apprised that the said amount was retained for making payments in the next financial year. Audit reaffirmed that all such saving had to be surrendered to FD, GoB instead of retaining it in Bank account. DAC directed the management to produce the detail of payments and approval of the FD, GoB to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends that the retained amount in private bank accounts be deposited into government account.

**PAC DIRECTIVES DATED 17<sup>th</sup> FEBRUARY, 2025**

The Committee directed the department to transfer the amount retained in private bank to the Government Treasury under intimation to PAC and Audit. **Hence, Para deferred.**

\*\*\*\*\*

**Para # 18.2.8 Revenue loss due to non-realization of Income tax on royalty  
- Rs. 81.004 million**

According to Sections 182 and 236 of Income Tax Ordinance, 2001, “any person making sale by public auction or auction by a tender, of any property or goods shall collect advance tax, computed on the basis of sale price of such property and at the rate specified in Division VIII of Part IV of the First Schedule.” And “Any person who fails to collect or deduct tax as required shall pay a penalty of twenty-five thousand rupees or the 10% of the amount of tax which-ever is higher.”

DG, Mines and Minerals Development Department during the financial year 2020-21, awarded different contracts to various contractors for collection of royalty on Marble and other minerals in different blocks. Advance income tax on bid/contract amount was not paid by the contractors which resulted in revenue loss of Rs. 81.004 million to the government.

Non-realization of income tax from the contractors occurred due to weak internal controls and resulted in revenue loss to the government.

The matter was reported to the department on May 14, 2022, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20 and 2021-22 with the financial impact of Rs. 525.452 million and Rs. 81.635 million respectively, but the PAO did not take remedial measures to avoid recurrence.

In the DAC meeting held on September 26, 2022, the Secretary Mines and Minerals Department conveyed his displeasure over non-preparation of the office of DG, Mines and Minerals Department for the meeting. DAC directed the management to submit proper replies.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery of income tax be effected under intimation to Audit.

**PAC DIRECTIVES DATED 17<sup>th</sup> FEBRUARY, 2025**

The Committee directed the department to recover the outstanding advance tax from the contractors within one month under intimation to PAC and Audit. **Hence, Para deferred.**

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**POLICE Department***(Meeting 8<sup>th</sup> May, 2025)***INTRODUCTION**

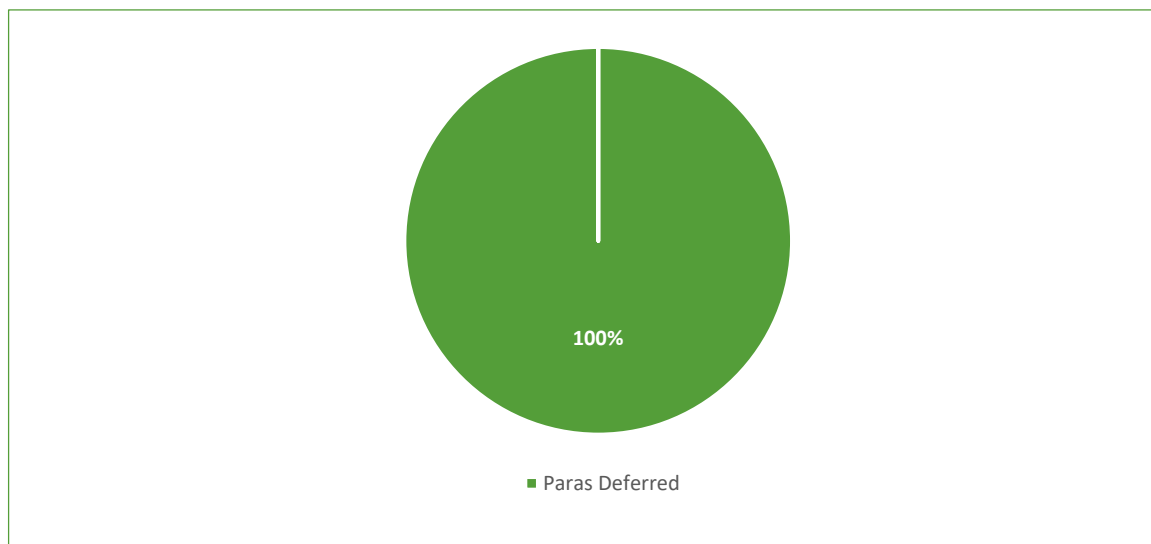
The Police department has been established for maintaining public peace and order. The Police force works to prevent highway robberies, enforce traffic discipline, prevent house robberies & street crimes, counter terrorism, sectarianism, extremism and security of sensitive installation, foreigners and dignitaries.

**CLASSIFICATION OF AUDIT OBSERVATIONS**

#	Particulars	No. of Paras
1.	Irregular Expenditure	01
2.	Recoverable	01
3.	Evasion of Taxes & Duties	01
<b>Total Paras</b>		<b>03</b>

**BREAKUP OF PAC DIRECTIVES**

#	Particulars	No. of Paras
1.	Paras Deferred	03
<b>Total Paras</b>		<b>03</b>

**BREAKUP OF PAC DIRECTIVES AT A GLANCE**

**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan summarized the subject Appropriation Accounts before Committee as under: -

Particulars	Rs. in million						
	Original Grant	Supp. Grant (Not Printed)	Surrender	Final Grant	Exp.	Saving	%age
Non-Development (Grant No.BC21008)	23,348.613	1,274.700	3,978.719	20,644.594	19,124.076	1,520.518	7.37
<b>Total</b>	<b>23,348.613</b>	<b>1,274.700</b>	<b>3,978.719</b>	<b>20,644.594</b>	<b>19,124.076</b>	<b>1,520.518</b>	<b>7.37</b>

**PAC DIRECTIVES DATED 8<sup>th</sup> MAY, 2025**

On the basis of discussion held Committee **settled the Appropriation Accounts for financial year 2021-22** (printed in Audit Report 2022-23) with following directives: -

1. In future, the Police Department shall prepare thorough and realistic budgets considering all relevant factors, timely surrender excess funds to the Finance Department, and develop a comprehensive spending plan before requesting Supplementary Grants.
2. The Finance Department shall ensure strict adherence to the financial and budgetary provisions of the Constitution, particularly Article 124 regarding Supplementary and Excess Grants in the future.

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 19.2.1 Non-realization of security charges from borrowing departments/ agencies – Rs. 495.477 million**

As per Rule 2-11 of Police Rules, “the Police personnel for private persons, Corporate Bodies or Commercial Companies shall be deployed on payment.”

The following offices of Police Department provided Police personnel to various governmental / non-governmental offices in different districts for security purposes. The borrowing Departments/Agencies were required to remit amount of their pays and allowances to the Provincial Government. However, the department failed to realize the recovery and an amount of Rs. 495.477 million was outstanding against these entities from 1991-92 to 2020-21, as detailed below:

			Rs. in million
#	AIR Para No.	Formation	Amount
1.	3	DPO, Jaffarabad 2019- 20	0.177
2.	2	Superintendent of Police, Kalat 2015-20	48.523
3.	2	District Police Officer, Loralai 2018-20	4.536
4.	3	District Police Officer, Pishin 2020-21	142.694
5.	2	District Police Officer, Loralai 2020-21	52.198
6.	1	District Police Officer, Lasbela, FY 2019-21	26.395
7.	2	District Police Officer, Kech at Turbat, FY 2012 -21	188.689
8.	3	District Police Officer, Zhob, FY 2015-16 to 2020-21	14.753
9.	2	District Police Officer, Mastung, FY 2018-19 to 2020-21	17.512
<b>Total</b>			<b>495.477</b>

Non-realization of security charges occurred due to weak internal controls and resulted in loss to government.

The matter was reported to the department in June 2022, but no reply was received.

In the DAC meeting held on September 29, 2022, the DAC was informed that the issue pointed out was being brought to the knowledge of the department in every year's Audit Report but the Department failed to recover the outstanding amounts from the borrowing departments. DAC decided that the matter be taken at the highest level for recovery of the outstanding amount.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery of the outstanding amount against the borrowing departments/agencies be effected under intimation to Audit.

#### **PAC DIRECTIVES DATED 8<sup>th</sup> MAY, 2025**

On the basis of discussion held Committee directed as under:

1. The matter of longstanding dues amounting to Rs.495.477 million (1991-92 to 2020-21) on account of unrealized security charges from borrowing departments/agencies shall be brought to the attention of the Chief Secretary Balochistan, Additional Chief Secretary (Home), and Inspector General of Police for their intervention to ensure recovery within 30 days unless otherwise the provision of security services to the beneficiaries shall be stopped.
2. The agreements between Police Department and borrowing agencies, regarding provision of security services, shall be revised in the light of current pay & allowances.

Moreover, Committee also recommended that the recovered amount, to the extent of this Para/observation, may be allocated/distributed as under:

1. 60% shall be deposited into Government Treasury.
2. 25% shall be provided to Police Department for their operations.
3. 5% shall be distributed amongst the Police personnel performing duties in the borrowing departments/agencies.
4. 10% shall be paid to the families of Police personnel martyred during the performance of their duties.

**Hence, Para deferred.**

\*\*\*\*\*

**Para # 19.2.2 Non/less deduction of government taxes - Rs. 169.563 million**

According to BSTS Act, 2015, Income Tax Ordinance, 2001 and General Sales Tax Act, 1990, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively and GST @ 17%.

The Inspector General of Police, Balochistan incurred expenditure in different heads during the financial year 2021-22, without/less deduction of due government taxes, as detailed below:

<b>Rs. in million</b>					
<b>AIR Para No.</b>	<b>Financial year</b>	<b>BSTS</b>	<b>GST</b>	<b>Income Tax</b>	<b>Total</b>
6,7 and 8	2021-22	0.463	135.885	33.215	169.563

Non/less deduction of government taxes occurred due to weak financial management and resulted in revenue loss to the government.

The matter was reported to the department in December 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that recovery of the government taxes be effected under intimation to Audit.

**PAC DIRECTIVES DATED 8<sup>th</sup> MAY, 2025**

Department apprised the Committee that, as the payments are processed by office of the Accountant General, Balochistan, therefore, the responsibility for withholding of taxes lies at their end.

In response, Accountant General Balochistan clarified that the SAP system automatically deducts the Balochistan Sales Tax on Services (BSTS) and General Sales Tax from the bills of vendors, therefore, their office has no authority on non-deduction or less deduction of these taxes. He added that, under the Income Tax Ordinance 2001, different taxpayer categories (individuals, Association of Persons, companies, etc.) are subject to varying withholding rates and it is the department's responsibility to ensure accurate income tax deductions from the bills of vendors.

In view of the discussion held Committee directed the department to recover all of the outstanding government taxes within one month under intimation to PAC and Audit. **Hence, Para deferred.**

\*\*\*\*\*

**Para # 19.2.3 Irregular procurement of transport – Rs. 458.800 million**

According to Rule 15 (2) of BPPRRs, “All procurement over two million rupees shall be advertised by on authority’s website and as well as in newspaper as prescribed by these rules.” Further, according to APPM 4.2.9.4, “Payment of approved claims must be made only to the claimant as indicated on the claim voucher.”

The Inspector General of Police, Quetta incurred an expenditure amounting to Rs. 458.800 million on account of purchase of vehicles during the financial year 2021-22. The procurement was made without calling open tenders, as Toyota zarghoon motors was not the only authorized dealer of Toyota in Quetta. Further, the contract was awarded to one vendor (Toyota Zarghoon motors) while payment was made to two vendors (Toyota zarghoon motors Rs. 27.040 million and Indus motors 431.760 million). Payment to two different vendors was unjustified as the same was awarded to a single vendor.

Expenditure without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the department in December 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends for provision of justification and regularization of expenditure from the competent authority.

**PAC DIRECTIVES DATED 8<sup>th</sup> MAY, 2025**

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On the basis of discussion held Committee directed the department to get the expenditure regularized from the competent forum under intimation to PAC and Audit. ***Hence, Para deferred.***

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**Office of the Director General Levies Force Balochistan***(Meeting 13<sup>th</sup> November, 2025)***INTRODUCTION**

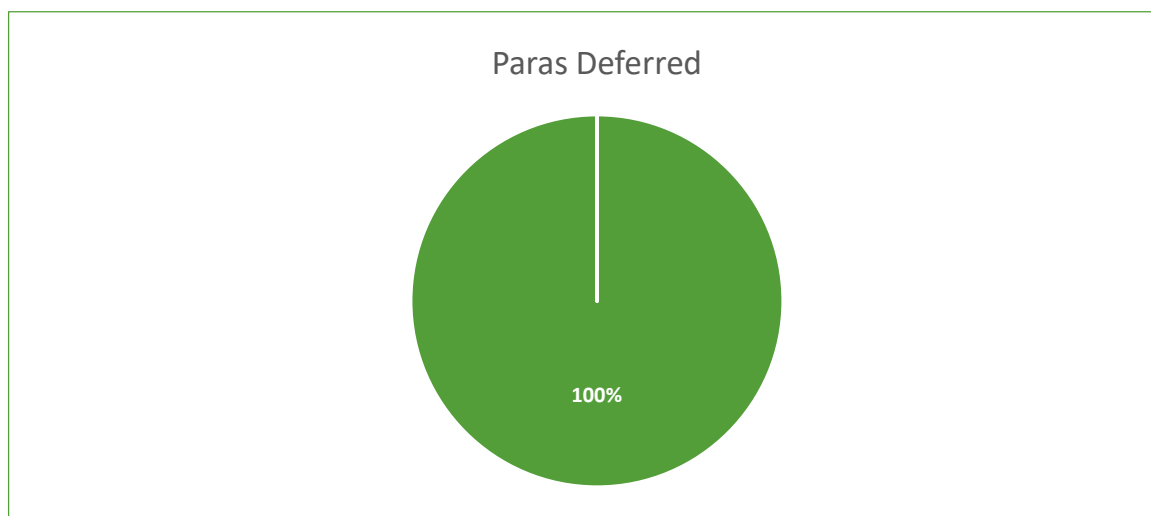
Balochistan Levies was a paramilitary gendarmerie in the Pakistani province of Balochistan. It operated as one of two primary law enforcement agencies tasked with maintaining law and order in the province, along with Balochistan Police. The levies force had jurisdiction in most districts of Balochistan. In October 2025, the Levies Force was formally merged into the Balochistan Police in six of the province's seven administrative divisions (Quetta, Kalat, Makran, Zhob, Rakhshan and Nasirabad) following a provincial cabinet decision, with all Levies personnel, infrastructure and assets in those "A-areas" now placed under police jurisdiction.

**CLASSIFICATION OF AUDIT OBSERVATIONS**

#	Particulars	No. of Paras
1.	Non-Production of Record	01
2.	Irregular Expenditure	03
3.	Evasion of Taxes & Duties	01
<b>Total Paras</b>		<b>05</b>

**BREAKUP OF PAC DIRECTIVES**

#	Particulars	No. of Paras
1.	Paras Deferred	05
<b>Total Paras</b>		<b>05</b>

**BREAKUP OF PAC DIRECTIVES AT A GLANCE**

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 19.2.4 Non-production of accounts record of zonal offices - Rs.240.80 million**

As per Section 14(2) of Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001. "The officer Incharge of any office or department shall 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."

The following offices of the Director General, Levies Force Balochistan, Quetta were repeatedly requested to provide the accounts record of Rs. 240.80 million for the financial year 2019-20.

		<b>Rs. in million</b>
#	Name of offices	Amount
1.	Zonal Director, Kalat, Loralai, Chaghi, and Turbat	129.49
2.	Director Central Zone, Quetta	19.68
3.	Levies Training Center, Khuzdar	91.63
<b>Total</b>		<b>240.8</b>

Non-production of record occurred due to inefficient management which rendered the expenditure unaudited.

The matter was reported to the department on September 21, 2021, but no reply was received.

The PAO was requested in October 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that matter be inquired and relevant record be produced to Audit for verification.

**PAC DIRECTIVES DATED 13<sup>th</sup> NOVEMBER, 2025**

Committee *deferred the Para* with direction to the Department to provide the accounting record in respect of following offices to office of the D.G Audit Balochistan for verification purpose within one week under intimation to PAC: -

		<b>Rs. in million</b>
#	Name of Office	Accounts Record Amounting to Rs.
1.	Zonal Director, Kalat, Loralai, Chaghi, and Turbat	129.49
2.	Director Central Zone, Quetta	19.68
3.	Levies Training Center, Khuzdar	91.63

		Rs. in million
#	Name of Office	Accounts Record Amounting to Rs.
<b>Total</b>		<b>240.80</b>

\*\*\*\*\*

**Para # 19.2.5 Non/less-deduction of government taxes - Rs.37.29 million**

According to BSTS Act, 2015, Income Tax Ordinance, 2001 and General Sales Tax Act, 1990, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively and GST @ 17%.

The Director General, Balochistan Levies Force, Quetta incurred expenditure in different heads during the financial years 2020-21 and 2021-22 but BSTS @ 15%, GST @ 17% and Income Tax @ 4.5% and 10% was less / non deducted, as detailed below:

Rs. in million						
#	AIR Para No.	Financial year	BSTS	GST	IT	Total
1.	4	2020-21	1.28	-	-	1.28
2.	7	2021-22	-	11.90	24.11	36.01
<b>Total</b>			<b>1.28</b>	<b>11.90</b>	<b>24.11</b>	<b>37.29</b>

Non/less deduction of government taxes occurred due to poor financial management and resulted in loss to the government.

The matter was reported to the department in April and November 2022 but no reply was received.

The PAO was requested in October 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that recovery of due government taxes be effected under intimation to audit.

**PAC DIRECTIVES DATED 13<sup>th</sup> NOVEMBER, 2025**

Committee *deferred the Para* with direction to the Department to recover outstanding Government Taxes: Balochistan Sales Tax on Services – Rs.1.28 million, General Sales Tax – Rs.11.90 million and Income Tax – Rs.24.11 million and submit the proof thereof to office of the D.G Audit Balochistan for verification purpose under intimation to PAC.

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**Para # 19.2.6 Irregular expenditure during banned period of Covid-19 - Rs.23.652 million**

As per Directorate General, Balochistan Levies Force Quetta letter dated July 21, 2020, “following the outbreak of Covid-19, all ongoing training courses at LTCs were suspended with effect from March 17, 2020 in compliance to the regulation issued by Government of Balochistan so that spread of the deadly virus could be contained.”

The Commandant, Levies Training Centre, Khuzdar incurred an expenditure amounting to Rs. 23.652 million from March 2020 to June 2020 on account of supply of food to trainees and guests of passing out parade despite the fact that government had banned social gatherings and trainings of personnel were suspended in all LTCs from March 17, 2020, as detailed below:

				<b>Rs. in million</b>
<b>#</b>	<b>Name of office</b>	<b>Period</b>	<b>AIR Para No.</b>	<b>Amount</b>
1.	Commandant, Levies Training Centre, Khuzdar	2019-20 to 2020-21	1	22.272
2.			4	1.380
<b>Total</b>				<b>23.652</b>

Expenditure during lockdown period occurred due to weak internal controls and resulted in irregularity.

The matter was reported to the department in March 2022, but no reply was received.

The PAO was requested in October 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends for provision of justification regarding the expenditure during lockdown.

**PAC DIRECTIVES DATED 13<sup>th</sup> NOVEMBER, 2025**

The Committee *deferred the Para* and directed the Department to submit a justification for conducting training sessions during the COVID-19 period, despite the Government’s ban on social gatherings and personnel trainings, to the Office of the Director General Audit, Balochistan for their satisfaction, with intimation to the PAC.

**Para # 19.2.7 Irregular retention of Government money - Rs.13.969 million**

According to Rule 283 (2) of TRs, Vol.-I, “If for any reason, payment cannot be made within the course of the month the amount drawn for the payee shall be refunded to Government or by short drawing in the next bill.” Further, according to Rule 290 of TRs, “No money shall be drawn from the treasury unless it is required for immediate

disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grant.”

The Director General, Balochistan Levies Force, Quetta was maintaining a bank account No. 1059003158042139 at National Bank of Pakistan, Shakra-E-Iqbal Quetta without prior approval of the Finance Department, GoB. An amount of Rs. 13.969 million was retained in the said account which was not surrendered to the government at the end of the financial year 2020-21.

Non-surrendering of savings occurred due to weak financial controls and resulted in irregular retention of public money.

The matter was reported to the department in April 2022, but no reply was received.

The PAO was requested in October 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that the amount be deposited in the Government treasury at the earliest under intimation to Audit.

#### **PAC DIRECTIVES DATED 13<sup>th</sup> NOVEMBER, 2025**

Committee *deferred the Para* with direction to the Department to transfer the irregularly retained money in Government Treasury and provide the certificate to that effect to PAC and office of the D.G Audit, Balochistan for verification and record purpose.

\*\*\*\*\*

#### **Para # 19.2.8 Irregular expenditure without calling open tenders- Rs.105.099 million**

According to Rule 15(2) of BPPRRs, “All procurements opportunities over two hundred thousand and up to one million rupees shall be advertised timely on the Authority’s website as well as in the newspapers as prescribed in these rules.”

The following offices of Levies Department incurred an expenditure amounting to Rs. 105.099 million on account of fabrication of vehicles and supply of food during the financial years 2019-21, without calling open tenders, as detailed below:

#	AIR Para No.	Period	Name of office	Rs. in million
				Amount
1.	4	2019-20	DG, Levies Force Balochistan, Quetta	40.186
2.	3	2019-21	Commandant, Levies Training Centre, Khuzdar	64.913

				Rs. in million
#	AIR Para No.	Period	Name of office	Amount
<b>Total</b>				<b>105.099</b>

Expenditure without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the department in September 2021, and March 2022, but no reply was received.

The PAO was requested in October 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends for regularization of expenditure from the competent authority.

#### **PAC DIRECTIVES DATED 13<sup>th</sup> NOVEMBER, 2025**

The Committee *deferred the Para* and directed the Department to regularize the expenditure amounting to Rs.105.099 million incurred on the fabrication of vehicles and supply of food, through approval from the competent authority, under intimation to the PAC and Audit.

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## Planning & Development Department

(Meeting 15<sup>th</sup> August and 9<sup>th</sup> October, 2024)

### INTRODUCTION

The Planning and Development (P&D) Department, Government of Balochistan, is a premier planning body in the province. It formulates all development, planning policy matters and plans to execute the policy. Provincial Five Years Plans (FYP) contain development policy while annual Public Sector Development Programs (PSDPs) are planned to implement FYP policies concerning social, infrastructure and productive sectors. Small and medium range projects are accommodated in PSDP.

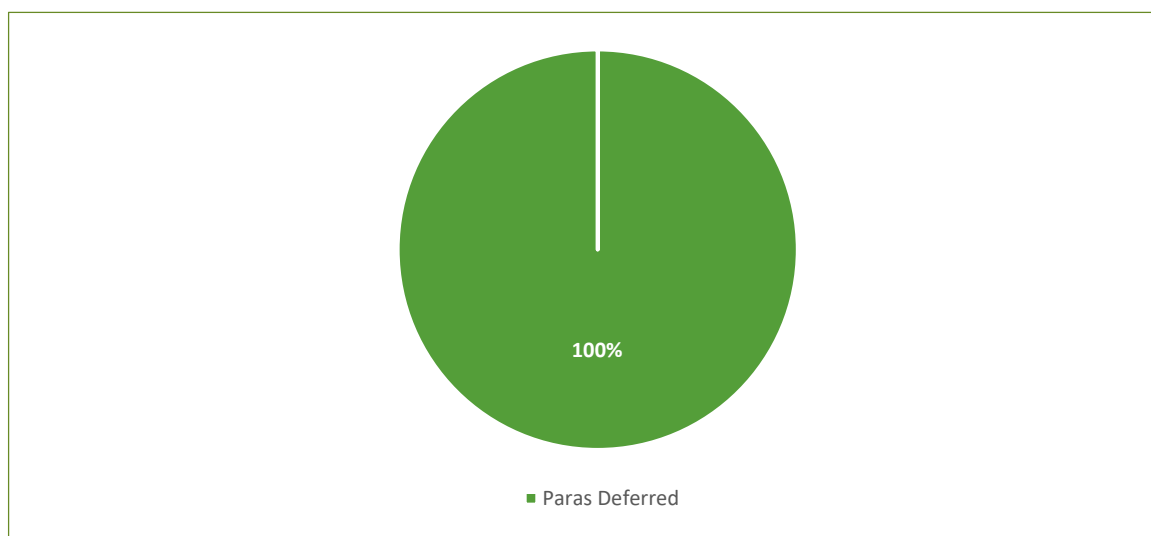
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	05
2.	Others	01
<b>Total Paras</b>		<b>06</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Deferred	06
<b>Total Paras</b>		<b>06</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan summarized the subject Appropriation Accounts before Committee as under: -

Particulars	Original Grant	Supp. Grant	Surrender	Final Grant	Expenditure	Rs. in million	
						(-) Saving	%
Non-Development (Grant No. BC21058)	1,381.617	356.056	(-)135.004	1,737.673	1,678.627	59.046	3.40
Development (Grant No. BC12258) Function No. 015201	682.205	-	(-)471.184	210.391	201.310	9.081	4.32
<b>Total</b>	<b>2,063.822</b>	<b>356.056</b>	<b>(-)606.188</b>	<b>1,948.064</b>	<b>1,879.937</b>	<b>68.127</b>	<b>3.50</b>

**PAC DIRECTIVES DATED 15<sup>th</sup> AUGUST, 2024**

In respect of each grant and total grant the Accountant General pointed out:

- **Non-Development (Grant No. BC21058)** – Grant closed with saving of Rs.59.046 million which worked out as 3.40% of the final grant.
- **Development (Grant No. BC12258, Function No. 015201)** – Grant closed with saving of Rs.9.081 million which worked out as 4.32% of the final grant.
- **Grand Total (Non-Development & Development)** – Total of grants closed with saving of Rs.68.127 million which worked out as 3.50% of the final grant.

He highlighted concerns regarding supplementary grants and mismanagement of budget. He explained that department demanded supplementary grants without spending plans, and the Finance Department allocated grant without justification, resulting in savings under both development and non-development grants. He added that the Budget Call Circular, issued annually in February, sets a May 31<sup>st</sup> deadline for surrendering excess budget but departments often surrender excess budget in late June, and surprisingly, the Finance Department accepts surrenders even on 30<sup>th</sup> June which is questionable. He further added that the delayed surrender leads to budget lapse, consequently depriving departments with critical funding needs of the essential resources they require.

To tackle these challenges, the Accountant General proposed a comprehensive 3-day training program at the Audit and Accounts Academy, aimed at capacitating administrative and finance departments with in-depth knowledge of the budget system and cycle, thereby enhancing their financial management skills and capabilities.

In justification, the department explained that a court's ban on vehicle purchases hindered budget expenditure, despite having a plan. Department added that we

surrendered and protected the budget for the next financial year and have since purchased vehicles.

Moreover, the department proposed decentralizing the budgeting system, citing its lengthy nature and difficulties in timely surrender of savings by attached and subordinate offices. However, the Accountant General and DG Audit vehemently opposed this recommendation, emphasizing that the Public Financial Management Act 2019 (Balochistan) unequivocally vests budget preparation, execution, and management solely with the Finance Department. They stressed that budgeting is a critical and sensitive function requiring centralized control, and decentralization is not feasible, as it would compromise accountability, transparency, and adherence to the Act's provisions, thereby undermining the integrity of the budgeting process.

Following a thorough discussion, Committee directed that the department shall submit comprehensive replies with proper justification for saving under development and non-development grant to the PAC within ten (10) days. **Hence decision on Appropriation Accounts deferred.**

#### **EXAMINATION OF AUDIT REPORT 2022-23**

##### **Para # 20.2.1 Delay in completion of the Project - Rs. 1,323.642 million (Governance and Policy Project)**

According to original PC-I of the Governance and Policy Project, the completion period of the project was June 2020.

The Governance and Policy Project could not be completed till June 2020, and the period was extended upto June 2022, resulting in time overrun of 24 months. Furthermore, the financial progress of the project during the financial years 2016-17 to 2020-21 was only 42% of the allocated amount as detailed below:

<b>Rs. in million</b>			
<b>Budget up to June, 2020-2021</b>	<b>Expenditure up to June 2020</b>	<b>Balance</b>	<b>Utilization %age</b>
2,233.566	936.707	1,323.642	42%

Less utilization of funds and delay in completion of project were due to weak financial and internal controls which will result in non-achievement of desired objectives.

The matter was reported to the project management in April, 2022 but no reply was received.

PAO was requested to convene a DAC meeting in April 2022, followed by two reminders but no DAC was held till the finalization of this report.

Audit recommends that delay be justified and efforts be made to expedite the activities of the project under intimation to Audit.

### **PAC DIRECTIVES DATED 15<sup>th</sup> AUGUST, 2024**

After discussion at length Committee directed the department to provide the following details: -

1. Project commencement date.
2. Components/activities comprising the project.
3. Completion dates for each component/activity.
4. Any additional relevant information

The said information shall be provided within ten (10) days to PAC and Audit. **Hence, Para deferred.**

\*\*\*\*\*

### **Para # 20.2.2      Irregular payment to consultant without claiming the damages - Rs. 286.783 million (Quetta Development Package)**

As per the contract for engineering consultancy services between Project Director, Quetta Development Packages, Quetta City and M/s NESPAK Pvt. Ltd., “if the client suffers any losses or damages as a result of proven faults, errors or omissions in the design of a project, the consultants shall make good such losses or damages, subject to the conditions that maximum liability as aforesaid shall not exceed twice the total remuneration of the consultants for design phase in accordance with the terms of the contract.”

The PD, QDP entered into contract with NESPAK for provision of different services amounting to Rs. 436.837 million on June 15, 2017, and an amount of Rs. 286.783 million was paid to the consultant despite faulty designs, estimates and feasibility study. It was further found that the management had terminated the said contract without claiming for damages and entered into a new contract with Karachi based consultant namely, M/s AA Associates.

Irregular payment occurred due to weak internal controls and resulted in loss to the government.

The matter was reported to the department on October 31, 2022, but no reply was received.

In the DAC meeting held on January 4, 2023, the management replied that the PMU had conducted virtual meetings with NESPAK on the said issue. Further an amount of

Rs. 237.858 million due to NESPAK had been withheld. Furthermore, the executing agency had referred the case to 'The Engineer' for resolution of the issue in line with FIDIC document. The DAC directed the management to share the progress on the matter with Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that matter may be inquired with a view to fix responsibility on person(s) at fault under intimation to Audit.

#### **PAC DIRECTIVES DATED 15<sup>th</sup> AUGUST, 2024**

Following a thorough examination of the issue, the PAC resolved to refer the matter to the Additional Chief Secretary, Planning & Development Department, for further clarification. The Committee requested a briefing on the matter within a period of one month. ***Hence, decision deferred.***

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#### **PAC DIRECTIVES DATED 9<sup>th</sup> OCTOBER, 2024**

On the basis of discussion held, Committee decided as under:

1. The members of the PAC will perform physical visit of Roads constructed under Quetta Development Package.
2. The Department shall furnish a justification report, outlining the work accomplished, to support payment of Rs.286.783 million made to NESPAK.
3. The department is required to provide the proof of forfeited amount of Rs.237.858 million to PAC and Audit.

***Hence para is deferred.***

\*\*\*\*\*

#### **Para # 20.2.3      Overpayment by allowing inadmissible items of work - Rs. 37.499 million**

According to Para 16 and 220 of CPWA Code, "The Divisional and Sub Divisional Officers have to satisfy themselves before signing the bill that the quantities and rates recorded in the MB are correct and calculations have been checked arithmetically."

The PD, QDP, during the financial years 2020-21 and 2021-22, awarded different works to various contractors and overpaid an amount of Rs. 37.499 million for the items which were not available in the approved PC-I.

Allowing of inadmissible items occurred due to weak internal controls which resulted in loss to the government.

The matter was reported to the department on August 17, and October 31, 2022, but no reply was received.

In the DAC meeting held on January 4, 2023, the department apprised that the items were allowed due to site conditions and PC-I had been submitted for revision. The DAC directed for provision of revised PC-I, lab test report and technical sanction to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends that relevant record be produced to Audit for verification.

#### **PAC DIRECTIVES DATED 15<sup>th</sup> AUGUST, 2024**

Committee *deferred the Para* with following directions: -

1. The Office of DG Audit shall conduct verification of the provided records and report the results to PAC.
2. The Project Director, Quetta Development Project shall also share the copy of such record with PAC.

#### **PAC DIRECTIVES DATED 9<sup>th</sup> OCTOBER, 2024**

On the basis of departmental reply and comments of Audit, the Committee directed that the copy of relevant record i.e., revised PC-I shall also be provided to PAC for verification purpose. *Hence, para deferred.*

\*\*\*\*\*

#### **Para # 20.2.4 Non-obtaining of performance security – Rs. 81.852 million**

According to Rule 78 of BPPRRs, 2014, “Procuring Agency shall, in all procurement of consulting services except individual consultancies carried out through open competitive bidding, require security in the form of pay order or demand draft or bank guarantee or performance bond issued by insurance company of at least AA rating, an amount sufficient to protect the Procuring Agency in case of breach of contract by the contractor or supplier or consultant, provided that the amount shall not be more than 10% of contract price.”

The PD, QDP awarded different works to various contractors during the financial year 2020-21. The performance security amounting to Rs. 81.852 million was not obtained as required under the rules referred above.

Non-obtaining of performance security occurred due to weak contract management and resulted in loss to the government.

The matter was reported to the department on August 17, 2022, but no reply was received.

In the DAC held on January 4, 2023, the DAC directed the management to obtain performance security from the concerned contractors at the earliest.

No further progress was intimated till the finalization of this report.

Audit recommends that performance security be obtained from the concerned contractors at the earliest under intimation to Audit.

#### **PAC DIRECTIVES DATED 15<sup>th</sup> AUGUST, 2024**

Committee directed the inquiry into the matter under intimation to PAC and Audit. ***Hence, Para deferred.***

#### **PAC DIRECTIVES DATED 9<sup>th</sup> OCTOBER, 2024**

On the basis of discussion held Committee directed the ACS (Development) to initiate inquiry in to the matter of not obtaining the Performance Security from the contractors before the award of contracts as required under BPPRA Rules, 2014 within 15 days and submit report thereof to the PAC and Audit. ***Hence, para deferred.***

\*\*\*\*\*

#### **Para # 20.2.5      Irregular expenditure due to allowing excess quantity beyond PC I - Rs. 54.735 million**

According to Para 2.86 of the B&R Code, “the authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If after the accord of technical sanction, alterations are contemplated, orders of the original sanctioning authority should be obtained even though no additional expenditure is involved”.

The PD, QDP awarded different works to contractors during the financial years 2020-22 and paid for quantities in excess than quantities provided in PC I/BOQ without

prior approval of the competent authority, resulting in an excess expenditure of Rs. 54.735 million, as detailed below:

<b>Rs. in million</b>							
#	AIR Para No.	Item of Work	Quantity in PC-I (Cum)	Quantity in bill (Cum)	Diff.	Rate (Rs.)	Amount
<b>2021-22</b>							
1.	3	Item No. 106a,	8,600	62,953.87	54,353	365.75	19.880
2.	3	Item No. 107d,	8,600	8674.44	74.44	1,305.62	0.097
3.	3	Item No. 108a, F.O.E.	500	15,664	15,164	1,000	15.164
4.	3	Item No. 510	250	7,326.671	7,077	2,500	17.692
<b>Rebate 5%</b>							<b>(2.641)</b>
<b>2020-21</b>							
5.	5	P/F of steel reinforcement for all kind (SI 5-40 a,h,i )	71.547 Ton	112.88 Ton	41.333	36,700.71	1.517
<b>Premium 199.50 %</b>							<b>3.026</b>
<b>Total</b>							<b>54.735</b>

Payment of excess quantities occurred due to weak financial management and resulted in loss to government.

The matter was reported to the department on August 17 and October 31, 2022, but no reply was received.

In the DAC meeting held on January 4, 2023, the department apprised that excess quantities were paid due to requirements of site and PC I had been submitted for revision. The DAC directed the management to provide revised PC I.

No further progress was intimated till the finalization of this report.

Audit recommends for provision of revised PC-I.

#### **PAC DIRECTIVES DATED 15<sup>th</sup> AUGUST, 2024**

On the basis of discussion held the Committee decided PD, QDP, as under: -

1. The department shall reinstate the Service Line at Sariab Road Quetta, originally included in the project plan, due to its essential nature.
2. Start work on Service Line, complete it without delaying the overall project and share the progress with PAC.
3. The PD, QDP shall prepare brief/presentation on the Quetta Development Project and present to the Committee in ensuing meeting.

***Hence, Para deferred.***

**PAC DIRECTIVES DATED 9<sup>th</sup> OCTOBER, 2024**

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On the basis of discussion held Committee directed the Finance Department to release the allocated funds/authorized budget in favor of Planning & Development Department forthwith to facilitate development initiatives under Quetta Development package in a timely manner. *Hence, Para deferred.*

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**Para # 20.2.6      Slow progress of project - Rs. 2,178 million**

According to Para 2.37 of Manual for Development Projects, “the Planning Commission proforma I (PC-I) is the primary project document, and its preparation is a key step in project preparation and processing. The sponsoring agency is expected to spend adequate time and resources in preparing this document to avoid complications during project implementation resulting in delays in project completion and cost overruns”.

The PD, QDP, awarded works to different contractors and incurred an expenditure of Rs. 2,178 million during the financial years 2020-22. The works could not be completed in stipulated time and the physical progress of the schemes remained between 17% to 50%, resulting in time and cost overrun, as detailed in Annexure 20.1.

Slow progress of the schemes occurred due to improper planning and monitoring which resulted in time and cost overrun.

The matter was reported to the department on August 17 and October 31, 2022, but no reply was received.

In the DAC meeting held on January 4, 2023, the department apprised that due to obstacle for shifting of utilities/services, clearance of right of way and dismantling of private structures, the PMU had been facing problems, which resulted in slow physical progress of the work. The DAC directed the management to provide physical progress report along with time extension of works to audit. Further, the project be completed as per time frame given in the PC-I/contract agreement to avoid further time and cost overrun.

No further progress was intimated till the finalization of this report.

Audit recommends that project be completed in line with the provisions of PC I under intimation to Audit.

**PAC DIRECTIVES DATED 15<sup>th</sup> AUGUST, 2024**

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In the light of discussion held, the Committee directed the PD, QDP, to expedite work on all components of the Quetta Development Project including - Improvement of Sirki Road, Face-lifting & Beautification of Quetta City (Jinnah Road), Clearing/Aligning &

Extension of Joint Road, Dualization of Badini Link Road, Link Road from Western Bypass to Radio Station Tower Quetta, Clearing/Aligning & Reconstruction of Sariab Road and Face-lifting & Beautification of Quetta City (Zarghoon Road) and submit progress report thereof with PAC and Audit within one month, emphasizing that failure to comply may have crucial effects. **Hence, Para deferred.**

**PAC DIRECTIVES DATED 9<sup>th</sup> OCTOBER, 2024**

On the basis of discussion held Committee directed the Finance Department to release the allocated funds forthwith to facilitate development initiatives under Quetta Development package in a timely manner. Moreover, the Committee directed the Additional Secretary (PAC) to write a letter to the Chief Secretary, Balochistan regarding absence of the representative of Finance Department in PAC meetings resulting in lack of Finance Department's opinion on the audit observations. **Hence, Para deferred.**

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## Public Health Engineering Department

(Meetings held on 24<sup>th</sup> September, 2020 and 20<sup>th</sup> October, 2022)

### INTRODUCTION

The major function of Public Health Engineering Department is providing access to the safe drinking water in the rural as well as in urban slums of the province, installation of tube wells and establishment of drinking water supply schemes. Department also ensures availability of piped water in adequate quantity for drinking and house-hold purposes and protection of water sources from contamination etc. Other functions of the department are Improvement of sewerage system and sanitary conditions, levying regular revenue to cover all cost of operation and maintenance, issue of notification for water rates and service matters except those entrusted to S&GAD.

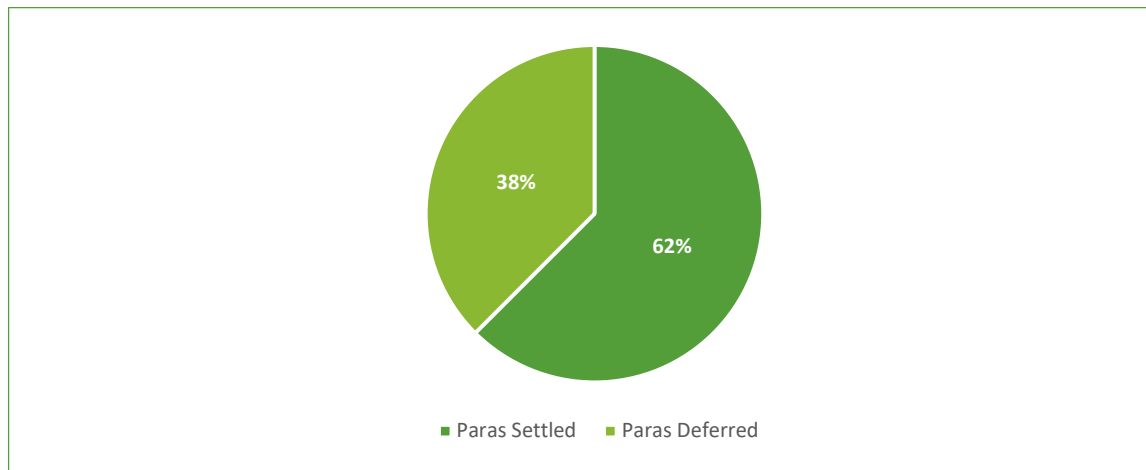
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	03
2.	Evasion of Taxes & Duties	01
3.	Recoverable	01
4.	Overpayment	03
<b>Total Paras</b>		<b>08</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	05
2.	Paras Deferred	03
<b>Total Paras</b>		<b>08</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan summarized the subject Appropriation Accounts before Committee as under: -

Particulars	Rs. in million						
	Original Grant	Supp. Grant	Surrender	Final Grant	Exp.	Saving	%age
Non-Development (Grant No. BC21014)	5,751.956	754.887	912.960	5,593.883	4,645.131	948.752	16.96
Development (Grant No. BC12214) Function No. 052102	14,499.525	-	3,587.742	10,911.783	10,844.156	67.627	0.62
<b>Total</b>	<b>20,251.481</b>	<b>754.887</b>	<b>4,500.702</b>	<b>16,505.666</b>	<b>15,489.287</b>	<b>1,016.379</b>	<b>6.16</b>

**PAC DIRECTIVES DATED 30<sup>th</sup> DECEMBER, 2024**

Accountant General pointed out that non-development grant closed with saving of Rs. 948.752 million which worked out as 16.96% of the final grant and the development grant closed with saving of Rs.67.627 which worked out as 0.62% of the final grant. He concluded that, savings under the development head are negligible, but the explanation for huge savings under the non-development head shall be solicited from the department.

In response, department attempted to justify saving under non-development heads of accounts, but failed to convince the Committee. Consequently, the Committee directed the department to review its records and prepare a revised, comprehensive and acceptable response for discussion at the next PAC meeting.

Additionally, the Committee instructed the PAO to ensure timely surrender of excess budget allocations, if any in future, to Finance Department. As a result, the decision on the subject Appropriation Accounts has been **deferred until the next meeting**.

**PAC DIRECTIVES DATED 29<sup>th</sup> MAY, 2025**

At the department's request, the Committee **deferred** discussion on the Appropriation Accounts to the next meeting.

**PAC DIRECTIVES DATED 4<sup>th</sup> DECEMBER, 2025**

On the basis of discussion held, Committee directed as under:

1. The PAO PHE Department shall reconcile the Appropriation Accounts with office of the Accountant General, Balochistan within a week under intimation to PAC.

2. In future, the department shall ensure to surrender the savings, if any, to the Finance Department on or before 15<sup>th</sup> day of the May.

Hence, the subject Appropriation Accounts *deferred* necessitating reconciliation with office of the Accountant General, Balochistan.

### EXAMINATION OF AUDIT REPORT 2022-23

#### Para # 21.2.1 Time and cost overrun due to alteration in design - Rs.1,078.995 million

As per Para 6.8 of Manual of Development Projects, “the fundamental policy of the government is to ensure that a development project is prepared with the utmost care and skill in accordance with the requisite economic, financial and technical standards.”

Audit of the project “Construction of Mangi Dam, Quetta” revealed that the dam was to be completed in June, 2022 as per original PC I but in August 2021 a revised PC I was submitted to Secretary, Government of Pakistan, Ministry of Water Resources, Islamabad for approval to construct protection of slopes and channels and additional work for water supply with an additional cost of Rs. 1,078.995 million. Audit held that the original PC I and initial design as suggested by the consultants was not appropriate due to which additional work was included in the revised PC I. It not only delayed the completion period of dam but also resulted in increase in its cost. Detail is as under:

#	Description	Approved PC I cost	Revised additional cost	Rs. in million	
				Physical progress as on 30.6.2021	Financial progress as on 30.6.2021
1.	Protection of slopes and channels.	-	108.009	44.60 %	48.65 %
2.	Providing and laying pipe line from Terminal Reservoir to connect Cantt Reservoir.	-	930.887		
3.	From PS-I to Mangi Village.	-	9.855		
4.	From Terminal Reservoir Tank to Shabak Village.	-	12.267		
5.	Road from Killi Garhar to Kach Harnai Road via Mangi Dam.	-	17.977		
<b>Total</b>		-	<b>1,078.99</b>		

Furthermore, the original project cost of Rs. 9,334.078 million was increased to Rs. 13,247.893 million in the revised PC I, due to which, the project incurred cost overrun amounting to Rs. 3,913.815 million, as detailed below:

Rs. in million

Cost as per original PC I 2015-16	Cost as per revised PC I 2020-21	Cost overrun	%age Increase	Time overrun
9,334.078	13,247.893	3,913.815	42%	1.5

Inclusion of additional works and delay in completion were due to lack of proper planning which resulted in time and cost overrun.

The matter was reported to the department in March 2022, to which it was replied that additional works were included in the revised PC I after obtaining approval from the competent forum.

In the DAC meeting held on July 27, 2022, the department replied that for welfare of residents of Quetta city and adjoining villages of Dam site and conversion of pipe culvert in the main approach road to box culvert, the scope was enhanced which had been covered in the revised PC I. Audit contended that these issues needed to be considered at the time of inception of the project and such a delayed revision of the project incurred time overrun in addition to putting extra burden on the public exchequer. DAC directed the department to probe the matter and provide a comprehensive report including current physical and financial progress. Furthermore, the DAC directed the department to provide justification of increased cost and revised PC I to Audit for verification. The DAC further directed the department to take up the matter of slow release of funds at appropriate level.

No further progress was intimated till the finalization of this report.

Audit recommends that the matter be probed and comprehensive report, justifying the issue, may be provided to Audit.

#### **PAC DIRECTIVES DATED 30<sup>th</sup> DECEMBER, 2024**

The Committee expressed deep displeasure over the significant cost and time overruns incurred by the Mangi Dam project. The department attributed the delays to factors such as the law-and-order situation in the area and the need for additional project requirements, including the connection of the main water transmission line with the Quetta Water Supply Network, which necessitated a revision of the PC-I.

However, the Committee countered that the department should have requested the government to provide adequate security to ensure timely completion of the project. Moreover, they emphasized that the delays had far-reaching consequences, affecting not only the cost but also the supply of water to the people and irrigation, ultimately impacting the overall development of the province.

The Audit office concurred, stating that proper planning could have prevented these cost and time overruns. In response, the Secretary of the PHE department requested the Committee's permission to convene a meeting with the Audit office to provide records and clarify the matter.

After deliberation, the Committee directed the PAO of the Public Health Engineering department and the Office of the Director General Audit, Balochistan, to convene a Special Departmental Accounts Committee (SDAC) meeting. This meeting aims to probe the matter thoroughly and submit a comprehensive report to the Committee within 15 days, detailing physical progress, financial progress, and justifications for the revision of the PC-I. Hence, Para deferred.

### **PAC DIRECTIVES DATED 29<sup>th</sup> MAY, 2025**

#### ***Pursuant to the discussion, the Committee issued the following directives:***

1. Following Eid, the PAC and the Audit department, will conduct a site visit to the Mangi Dam project. The purpose of the visit is to review components related to the revised PC-1, which has undergone significant cost escalations - from Rs.9,334.10 million to Rs.13,247.90 million in September 2022, and further to Rs.18,994.70 million in May 2025. The Committee deemed this visit essential based on the project's records and progress report.
2. The Additional Secretary (PAC) Provincial Assembly of Balochistan shall write a letter to the Chief Secretary and Finance Secretary, Government of Balochistan to ensure the availability and timely release of funds amounting to **Rs.5.4 billion** from both the Provincial and Federal Government, as the implementation period of the Mangi Dam Project has been extended up to 31<sup>st</sup> December, 2025 by ECNEC in its meeting held on 13<sup>th</sup> May, 2025.
3. The PAO, Public Health Engineering Department, shall strive to complete the project by December 2025, with the Committee expecting to formally inaugurate the dam upon its timely completion.
4. Law enforcement agencies shall provide necessary security to facilitate the project's completion within the stipulated timeframe.
5. The Committee may hold a press conference regarding over all aspect of the project. The Committee reaffirmed that no excuses from the department will be entertained after that, and no further revision of the PC-1 in any component of the project is allowed.

6. In future, departments will be required to prepare thorough and well-considered PC-Is, taking into account all relevant factors to ensure project feasibility and successful implementation.

**Hence, Para deferred.**

**PAC DIRECTIVES DATED 4<sup>th</sup> DECEMBER, 2025**

The Committee decided to **settle the Para** on the basis of the assurance of the Secretary, Public Health Engineering Department, Balochistan, that the project would be physically **completed by 31 March 2026** and would be **operational and functional by 30 June 2026**.

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**Para # 21.2.2 Overpayment due to allowing excess quantities - Rs.64.131 million**

As per B&R Code 2.86 and CPWD Code 56, “The authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If subsequent to the grant of technical sanction, material structural alterations are contemplated, the orders of the original sanctioning authority should be obtained even though no additional expenditure is involved by the alterations.”

The following Divisions of PHED made payments to the contractors for different items of work by allowing excess quantities during the financial years 2019-20, 2020-21 and 2021-22 resulting in an overpayment of Rs. 64.131 million, as detailed below:

				<b>Rs. in million</b>
<b>#</b>	<b>Name of division</b>	<b>Financial year</b>	<b>AIR Para No.</b>	<b>Amount</b>
1.	PHE Division, Kachhi	2019-20	3	1.085
2.	PHE Division, Harnai	2020-21	2	2.144
3.	PHE Division, Sherani	2020-21	1	3.608
4.	PHE Division, Ziarat	2020-21	2	1.681
5.	PHE Division, Zhob	2020-21	2	5.205
6.	PHE Division, Kalat	2020-21	3	29.312
7.	PHE Division, Nushki	2020-21	2	4.417
8.	PHE Division, Quetta	2021-22	3	1.290
9.	PHE Division, Gwadar	2021-22	4	2.526
10.	PHE Division, Pishin	2021-22	2	12.863
<b>Total</b>				<b>64.131</b>

Payment by allowing excess quantities occurred due to weak internal controls and resulted in loss to the government.

The matter was reported to the department in July, December 2021 and May, June, August, October and November 2022, but no reply was received.

In the DAC meetings held on March 30, 2022, November 16, 2022 and January 09, 2023, the department replied that to account for the efficiency loss of solar panels of different levels of sunlight during the day and depreciation of efficiency over the life span of solar panels, wattage requirements were kept slightly higher than required under ideal conditions i.e., 1,000 watts per horsepower was designed instead of the 746 watts required for each horsepower. However, Audit reaffirmed that solar manufacturers claimed a stable and steady efficiency of conversion during the life of panels. DAC directed the department to provide response of the P&D department regarding allowing excess wattage than required and the clarification of the company providing solar panels on the matter in support of their claim. Further, engineering standards and any piece of research/knowledge that made the department inflate the wattage requirements may be produced to Audit. Otherwise, recovery be effected. Moreover, Divisional Officers of the Divisions at S. No.5, 6 and 9 did not attend the DAC meeting.

No further progress was intimated till the finalization of this report.

Audit recommends that the recovery be effected from the concerned contractors.

#### **PAC DIRECTIVES DATED 30<sup>th</sup> DECEMBER, 2024**

Department apprised the Committee that they installed 1000-watt solar panels, instead of the standard 746 watts, to mitigate factors that affect solar panel efficiency. These factors include temperature fluctuations, energy conversion efficiency, solar shading, dust particles, and long-cable losses. However, the Audit office did not accept this explanation, stating that it lacked practical evidence and valid documentation.

Given this disagreement, Committee decided that Office of the Director General Audit Balochistan shall conduct a physical inspection of 05 out of 10 randomly selected divisions to verify the department's claim and submit report thereof to the Committee for further consideration and final decision. ***Hence, Para deferred.***

#### **PAC DIRECTIVES DATED 29<sup>th</sup> MAY, 2025**

At the department's request, the Committee ***deferred discussion*** on the Audit Para to the next meeting.

#### **PAC DIRECTIVES DATED 4<sup>th</sup> DECEMBER, 2025**

The Committee ***settled the para*** with the following directions:

1. The department shall devise an effective mechanism to ensure proper handing over, maintenance, and protection of solar panels and other related equipment by involving the community; however, the department shall remain the owner and be fully responsible for any loss, damage, or theft of the solar panels/systems.
2. In the event of theft, the department shall ensure prompt lodging of an F.I.R.
3. The department shall conduct at least two site visits annually to verify the existence and proper maintenance of the solar systems.

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**Para # 21.2.3 Overpayment due to allowing incorrect higher rates - Rs.20.748 million**

According to Para 16 and 220 of CPWA Code, “The Divisional and Sub Divisional officers have to satisfy themselves before signing the bill that the quantities and rates recorded in the MB are correct and calculations have been checked arithmetically.”

The following Divisions of PHED, during the financial years 2019-20, 2020-21 and 2021-22, overpaid an amount of Rs. 20.748 million to the contractors due to allowing incorrect higher rates, as detailed below:

<b>Rs. in million</b>				
<b>#</b>	<b>Name of division</b>	<b>Financial Year</b>	<b>AIR Para No.</b>	<b>Amount</b>
1.	PHE Division, Kharan	2019-20	7	0.122
2.	PHE Division, Dera Bugti	2020-21	1	0.238
3.	PHE Division , Jaffarabad	2020-21	7, 8,14, 15	8.723
4.	PHE Division, Panjgur	2020-21	4,5	1.377
5.	PHE Division, Kharan	2020-21	4	0.390
6.	PHE Division, Killa Saifullah	2020-21	2	0.261
7.	PHE Division, Jaffarabad	2020-21	3, 5	2.572
8.	PHE Division, Gwadar	2020-21	3	0.542
9.	PHE Division, Khuzdar	2020-21	1, 2 ,4	3.268
10.	PHE Division, Kohlu	2020-21	3	0.646
11.	PHE Division, Kharan	2020-21	2	0.320
12.	PHE Division, Duki	2020-21	3	0.995
13.	PHE Division, Nushki	2020-21	2	0.393
14.	PHE Division, Panjgur	2021-22	2	0.224
15.	PHE Division, Gwadar	2021-22	5	0.677
<b>Total</b>				<b>20.748</b>

Allowing incorrect higher rates occurred due to weak financial management and resulted in loss to the government.

The matter was reported to the department in June, 2021, January, April, September, November and December, 2022, but no reply was received.

In the DAC meetings held on March 30, 2022, November 16, 2022 and January 09, 2023, DAC directed the department to justify the rates, otherwise recover the amount in case of the Divisions at S. No. 2. Whereas, the Divisions at S. No. 1, 3 to 13 accepted the stance of Audit and DAC directed to effect recovery. Moreover, the Divisional Officer of the Divisions at S. No. 14 and 15 did not attend the DAC meeting.

No further progress was intimated till the finalization of this report.

Audit recommends for effecting recoveries from the concerned contractors.

#### **PAC DIRECTIVES DATED 30<sup>th</sup> DECEMBER, 2024**

On the basis of discussion held Committee directed the department to implement the DAC decision dated March 30, 2022, November 16, 2022 and January 09, 2023, reproduced as under, within 15 days under intimation to PAC.

*“DAC directed the department to justify the rates, otherwise recover the amount in case of the Divisions at S. No. 2. Whereas, the Divisions at S. No. 1, 3 to 13 accepted the stance of Audit and DAC directed to effect recovery.”*

*Note:* The Divisional Officer of the Divisions at S. No. 14 and 15 did not attend the DAC meetings held on March 30, 2022, November 16, 2022 and January 09, 2023.

***Hence, Para deferred.***

#### **PAC DIRECTIVES DATED 29<sup>th</sup> MAY, 2025**

At the department's request, the Committee ***deferred*** discussion on the Audit Para to the next meeting.

#### **PAC DIRECTIVES DATED 4<sup>th</sup> DECEMBER, 2025**

Office of the Director General Audit, Balochistan briefed the Committee as under:

**Rs. in million**

AIR Para No.	Name of PHE division	Recovery Directed	Recovery Effected	Recovery Pending	Audit Remarks
7	Kharan	0.122	-	0.122	No recovery
1	Dera Bugti	0.238	0.238	-	Recovery effected
7, 8,14, 15	Jaffarabad	8.723	-	8.723	Record under scrutiny
4,5	Panjgur	1.377	-	1.377	No recovery

Rs. in million

AIR Para No.	Name of PHE division	Recovery Directed	Recovery Effected	Recovery Pending	Audit Remarks
4	Kharan	0.390	-	0.390	No recovery
2	Killa Saifullah	0.261	0.261	-	Recovery effected
3,5	Jaffarabad	2.572	-	8.723	Record under scrutiny
3	Gwadar	0.542	-	0.542	No recovery
1, 2 ,4	Khuzdar	3.268	-	3.268	No recovery
3	Kohlu	0.646	-	0.646	No recovery
2	Kharan	0.320	-	0.320	No recovery
3	Duki	0.995	-	0.995	No recovery
2	Nushki	0.393	0.393	-	Recovery effected
2	Panjgur	0.224	-	0.224	No recovery
5	Gwadar	0.677	-	0.677	No recovery
<b>Total</b>		<b>20.748</b>	<b>0.892</b>	<b>19.856</b>	
<b>Percentage</b>		<b>100%</b>	<b>4%</b>	<b>96%</b>	

In view of the above, Committee directed the department to ensure 100% recovery from rest of the divisions within 15 days under intimation to PAC and Audit. **Hence, Para deferred.**

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**Para # 21.2.4 Non-maintenance of water connections record and less realization of water tariff - Rs.156.983 million**

According to Code 177 of CPWD, "The Divisional Office is responsible to keep proper record in respect of all items of revenue and to take effective steps for prompt realization of revenue. The recovery of all debts due to Government should receive the special attention of Divisional Officer." Further, as per Government of Balochistan, PHED Notification's dated March 10, 2010, rate of water charges for domestic and commercial users are Rs. 75/- and Rs.700/- respectively."

The PHED failed to devise mechanism for watching progress of due recoveries of water charges. An amount of Rs. 156.983 million remained outstanding during the financial years 2020-21 and 2021-22 on account of water tariff against various residential and commercial units, as detailed in Annexure 21.1 of the Audit Report.

Non-maintenance of water consumer record and less realization of water charges from consumers occurred due to weak financial management and resulted in loss to the government.

The matter was reported to the department in December 2021, and January, April, May, June, August, September and December, 2022, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20, 2020-21 and 2021-22 with the financial impact of Rs. 6.101 million, Rs. 10.742 million and Rs. 19.511 million respectively but the PAO did not take remedial measures to avoid recurrence.

In the DAC meetings held on November 16, 2022 and January 09, 2023, the DAC directed the department to produce relevant record of number of connections per scheme, commercial and non-commercial community tanks and realize the government revenue (water tariff) to Audit. Moreover, the Divisional Officers of the Divisions at S. No. 6,7,8,14,15 and 17 did not attend the DAC meeting.

No further progress was intimated till the finalization of this report.

Audit recommends that proper mechanism be devised to monitor the number of water connections on each WSS besides making recovery of outstanding Government dues at the earliest.

**PAC DIRECTIVES DATED 30<sup>th</sup> DECEMBER, 2024**

After discussion in length Committee directed the PAO to design a mechanism and recover 50% of the outstanding water charges in respect of financial year 202021 and 2021-22 within one month under intimation to PAC and Audit. **Hence, Para deferred.**

**PAC DIRECTIVES DATED 29<sup>th</sup> MAY, 2025**

At the department's request, the Committee **deferred discussion** on the Audit Para to the next meeting.

**PAC DIRECTIVES DATED 4<sup>th</sup> DECEMBER, 2025**

Audit office briefed the Committee as under:

**Rs. in million**

<b>Name of PHE Division</b>	<b>Amount less Realized 100%</b>	<b>Recovery Directed in the PAC meeting dated 30-12-24</b>	<b>Recovery Effected</b>	<b>Recovery Pending</b>	<b>Audit Remarks</b>
All divisions as per Para	156.983	156.983 X 50% = 78.491	2.416	76.075	Recovery Pending

In view of the above, Committee directed the department to recover the remaining amount of water tariff amounting to Rs.76.075 million under intimation to PAC and Audit. **Hence, Parad deferred.**

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**Para # 21.2.5 Non/less realization of governmental taxes/duties - Rs.107.793 million**

According to BSTS Act, 2015, Income Tax Ordinance, 2001, General Sales Tax Act, 1990 and Stamp Act, 1899, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively, GST @ 17% and stamp duty @ 0.25% of cost of contract.

Various Divisions of PHED, during the financial years 2019-22, made payments to the contractors/consultants for execution of civil works without/less deduction of government taxes/duties amounting to Rs. 107.793, as detailed in Annexure 21.2 of the Audit Report.

Non/less realization of BSTS, income tax and stamp duty was due to poor financial management which resulted in revenue loss to the Government.

The matter was reported to the department in February, April, May, July and December 2021 and January, April, May, June and August to December 2022, but no reply was received. The irregularity of the same nature was also reported in the Audit Reports for the years 2019-20, 2020-21 and 2021-22 with the financial impact of Rs. 49.15 million, Rs. 10.284 million and Rs. 43.676 million respectively but the PAO did not take remedial measures to avoid recurrence.

In the DAC meetings held on March 30, 2022, November 16, 2022 and January 09, 2023, DAC directed the department to recover the amount of BSTS, income tax and stamp duty from the concerned contractors; whereas, for GST, the DAC directed for effecting recovery where less GST was withheld at source and for rest of paras, the department was directed to refer the matter to FBR for clarification and if the observation of Audit was found correct then recovery be effected. Moreover, the Divisional Officers of Divisions at S.No.6, 7, 9, 10, 14, 17, 18, 20 and 22 did not attend the DAC meeting.

No further progress was intimated till the finalization of this report.

Audit recommends for effecting recoveries of government taxes/duties from the concerned contractors under intimation to Audit.

**PAC DIRECTIVES DATED 30<sup>th</sup> DECEMBER, 2024**

On the basis of discussion held Committee directed the department and office of the D.G Audit, Balochistan to resolve the issue in the light of DAC decision dated March 30, 2022, November 16, 2022 and January 09, 2023, reproduced as under, within 15 days under intimation of PAC:

*“DAC directed the department to recover the amount of BSTS, income tax and stamp duty from the concerned contractors; whereas, for GST, the DAC directed for effecting recovery where less GST was withheld at source and for rest of paras, the department was directed to refer the matter to FBR for clarification and if the observation of Audit was found correct then recovery be effected.”*

**Note:** The Divisional Officers of Divisions at S.No.6, 7, 9, 10, 14, 17, 18, 20 and 22 did not attend the DAC meetings held on March 30, 2022, November 16, 2022 and January 09, 2023.

**Hence, Para deferred.**

**PAC DIRECTIVES DATED 29<sup>th</sup> MAY, 2025**

At the department's request, the Committee deferred discussion on the Audit Para to the next meeting.

**PAC DIRECTIVES DATED 4<sup>th</sup> DECEMBER, 2025**

The Committee **settled the audit para subject to** the full recovery of Balochistan Sales Tax on Services (BSTS), Income Tax, and Stamp Duty from the concerned contractors.

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**Para # 21.2.6      Irregular excess payment of contingencies/without provision of budget - Rs. 15.016 million**

According to Para 4(11) of CPWD Code, “Incidental expenses of miscellaneous character which cannot appropriately be classified under distinct sub head or sub work yet pertain to the work as a whole can be charged against the provision of contingencies in estimates.”

The following Divisions of PHED, during the financial year 2020-21, incurred expenditure amounting to Rs. 15.016 million, against provision of contingencies of different development schemes, on repair and maintenance works of different water supply schemes, without provision of budget and approval from the competent

authority. Further, an expenditure of Rs. 1.274 million was incurred in excess of the provision contained in PC-I. This resulted in an irregular expenditure of Rs. 15.016 million, as detailed below:

				<b>Rs. in million</b>
<b>#</b>	<b>Name of offices</b>	<b>AIR Para No.</b>	<b>Financial year</b>	<b>Amount</b>
1.	PHE Division, Jaffarabad	17	2020-21	12.057
2.	PHE Division, Zhob	10	2020-21	1.685
3.	PHE Division, Zhob	4	2020-21	1.274
<b>Total</b>				<b>15.016</b>

Excess payment of contingencies beyond provisions of PC-I and budget was due to weak financial management which resulted in irregular expenditure.

The matter was reported to the department in January and June 2022, but no reply was received.

In DAC meetings held on March 30, 2022 and January 9, 2023, the DAC directed the PHE Division Jaffarabad to regularize the expenditure from the competent authority. Whereas, Divisional Officers of PHE Division Zhob did not attend the DAC meeting.

No further progress was intimated till the finalization of this report.

Audit recommends that the expenditure be regularized by the competent authority besides fixing responsibility against the officials at fault under intimation to Audit.

#### **PAC DIRECTIVES DATED 30<sup>th</sup> DECEMBER, 2024**

The Committee was informed by the department that the Executive Engineer of PHE Division Jaffarabad has regularized the expenditure, while the Executive Engineer of PHE Division Zhob has begun the regularization process.

However, the Committee expressed concern over irregular excess payments made without budget provisions or approval from the competent authority. Consequently, the Committee instructed the department to issue explanation letters to the concerned Executive Engineers, seeking clarification on these irregular payments.

To prevent similar incidents in the future, the Committee also directed the department to avoid such practices. Ultimately, the Committee **settled the Para**, bringing it to a close.

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**Para # 21.2.7 Irregular expenditure on supply of water - Rs.975.816 million**

According to Para 16 and 221 of CPWA Code, “The Divisional and Sub Divisional Officers are responsible for ensuring correctness of rates, quantities and calculations before signing the bill of the contractor.” Further, as per Rule 11 of GFR, Vol.-I, “Each Head of Department is responsible for enforcing financial order and strict economy at every step. He shall be responsible for observance of all relevant financial Rules and Regulations.”

The following divisions of PHED incurred an expenditure of Rs. 975.816 million on supply of drinking water through water tankers from different contractors during the financial year 2018-19. The payment was made on the record entries in the MB without having the detailed working of verification by the departmental officers. Further, daily, weekly and monthly delivery schedules were also not available in the offices, as detailed below:

				<b>Rs. in million</b>
<b>#</b>	<b>Name of offices</b>	<b>AIR Para No.</b>	<b>Financial year</b>	<b>Amount</b>
1.	PHE Division, Gwadar	1	2018-19	956.989
2.	PHE Division, Lasbela	2	2018-19	18.827
<b>Total</b>				<b>975.816</b>

Payment without verification from responsible officers and non-availability of important record occurred due to weak administrative controls which resulted in irregular payments to the contractors.

The matter was reported to the department in December 2019, but no reply was received.

In the DAC meeting held on March 30, 2022, the concerned Divisional Officers did not attend the meeting.

No further progress was intimated till the finalization of this report.

Audit recommends that expenditure be justified and relevant record be produced to Audit.

**PAC DIRECTIVES DATED 30<sup>th</sup> DECEMBER, 2024**

The Audit Office informed the Committee that the concerned Divisional Officers failed to attend a crucial DAC meeting held on March 30, 2022. The Committee expressed strong displeasure over the officers' absence, emphasizing the importance of DAC.

To address the issue, the Committee directed the department to reconvene the DAC meeting within 15 days and submit report/minutes, to the PAC for further review. *Hence, Para deferred.*

#### **PAC DIRECTIVES DATED 29<sup>th</sup> MAY, 2025**

At the department's request, the Committee deferred discussion on the Audit Para to the next meeting.

#### **PAC DIRECTIVES DATED 4<sup>th</sup> DECEMBER, 2025**

After a detailed discussion, the Committee noted that the PHE divisions Gwadar and Lasbela initially incurred an expenditure of Rs.975.816 million on the supply of drinking water through contractors via water tankers during the financial year 2018-19. However, the Department confirmed during the meeting that this expenditure has now increased to Rs.3.00 billion.

Given the significance of this substantial expenditure, the Committee directed the Department to immediately provide the Audit Office with comprehensive records, including the following:

1. The tendering procedure documents.
2. The Cabinet Minutes (as the Department claimed that approval was granted by the then government due to a drought emergency).
3. Any other relevant documents and approvals that the Department used to justify the continuation of water supply in these two divisions.

Additionally, the Committee reiterated that a follow up meeting with the Department will be convened on 17<sup>th</sup> December, 2025. *Hence, Para deferred.*

\*\*\*\*\*

#### **Para # 21.2.8      Irregular payment without calling open tenders - Rs.32.055 million**

According to Rule 15(2) of BPPRRs, "All procurements opportunities over two hundred thousand and up to one million rupees shall be advertised timely on the Authority's website as well as in the newspapers as prescribed in these rules."

The following Divisions of PHED incurred an expenditure of Rs. 32.055 million on repair and maintenance of WSSs, replacement of parts of machinery and equipment

and development works during the financial year 2020-21 without calling open tenders, as detailed below:

<b>Rs. in million</b>				
<b>#</b>	<b>Name of division</b>	<b>Financial year</b>	<b>AIR Para No.</b>	<b>Amount</b>
1.	PHE Division, Sohbatpur	2020-21	5	2.728
2.	PHE Division, Zhob	2020-21	7,12	28.717
3.	PHE Division, Gwadar	2020-21	6	0.610
<b>Total</b>				<b>32.055</b>

Expenditure without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the department in March and June 2022, but no reply was received.

In the DAC meetings held on November 16, 2022 and January 09, 2023, the department contended that the repair works were carried out for different WSS at various intervals but the payments were made on same dates due to late release of funds. DAC directed to regularize the expenditure from the competent forum under intimation to Audit. Moreover, Divisional Officer of the Division at S No. 2 did not attend the DAC meeting.

No further progress was intimated till the finalization of this report.

Audit recommends for justification and regularization of expenditure from the competent forum under intimation to Audit.

#### **PAC DIRECTIVES DATED 30<sup>th</sup> DECEMBER, 2024**

The Committee accepted the justification provided by the PAO and *settled the Para*, directing that the B-PPRA Rules, 2014 must be strictly followed in all future procurements.

\*\*\*\*\*

## Services & General Administration Department

(Meeting held on 17<sup>th</sup> September, 2025)

### INTRODUCTION

According to Balochistan Government Rules of Business 2012, the Services and General Administration department holds a key position in the provincial organization. It deals with all posting transfer, appointments, promotion and allied matters of Balochistan Government. It also manages VIP Flats, Bachelor Hostel Quetta and Balochistan House Islamabad. Civil Estate Officer, Chief Pilot, Anticorruption and Service Tribunal are subordinate offices of the department.

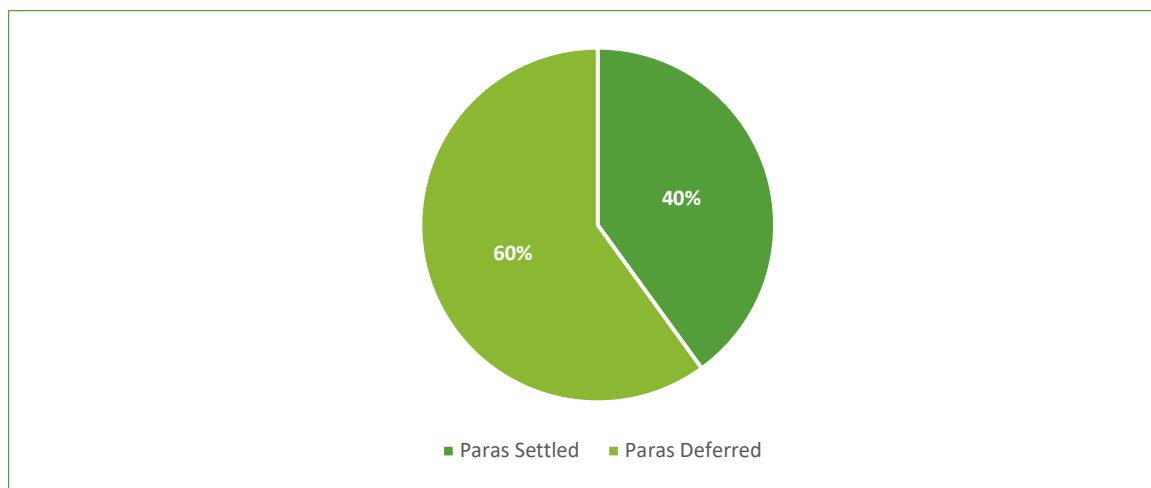
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	04
2.	Recoverable	01
<b>Total Paras</b>		<b>05</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	02
3.	Paras Deferred	03
<b>Total Paras</b>		<b>05</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan summarized the subject Appropriation Accounts before Committee as under: -

Particulars	Original Grant	Supplementary Grant		Surrender	Final Grant	Exp.	Saving	%age
		Printed	Not Printed					
Non-Development	3,432.876	304.049	534.109	534.109	3,736.925	3,459.219	277.706	7.43
Development	2,129.828	-	461.300	1,864.891	726.237	707.979	18.258	2.51
<b>Total</b>	<b>5,562.704</b>	<b>304.049</b>	<b>995.409</b>	<b>2,399.000</b>	<b>4,463.162</b>	<b>4,167.199</b>	<b>295.963</b>	<b>6.63</b>

**PAC DIRECTIVES DATED 17<sup>th</sup> SEPTEMBER, 2025**

The Committee *settled the Appropriation Accounts* with direction that the department shall strictly adhere to the provisions of the Financial Management Act, Balochistan. In particular, the department must ensure that all anticipated savings, in any head of account, are surrendered to the Finance Department, Government of Balochistan, by 15th May each year, as mandated under Rule 12(1) of the said Act.

**EXAMINATION OF AUDIT REPORT 2022-23****Para # 22.2.1 Non-recovery of governmental dues – Rs. 33.465 million**

According to Rule 26 of GFR, Vol.-I, “Subject to any special arrangement that may be authorized by competent authority with respect to any particular class of receipts it is the duty of the departmental Controlling Officers to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account.”

The following offices of Secretary, S&GAD, GoB, during the financial years 2020-21 & 2021-22, did not recover an amount of Rs. 33.465 million on account of outstanding dues from various residents on account of rent charges, as detailed below:

#	Details of Offices	Financial year	Rs. in million
			Amount
1.	Comptroller, G-8/4 flats, Islamabad	2021-22	20.960
2.	Comptroller, Balochistan House, Islamabad	2021-22	11.388
3.	Comptroller, VIP Flats, Quetta	2020-21	1.117
<b>Total</b>			<b>33.465</b>

Non-recovery of outstanding dues occurred due to weak internal controls and resulted in loss to the government.

The matter was reported to the department on October 31, and December 23, 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends for effecting necessary recovery under intimation to Audit.

### **PAC DIRECTIVES DATED 17<sup>th</sup> SEPTEMBER, 2025**

After detailed deliberation, the Committee directed the department to ensure 100% recovery of outstanding dues on account of room rent, transport facilities, and telephone charges from the guests/occupants of G-8 Flats Islamabad, Balochistan House Islamabad, and VIP Flats Quetta for the financial years 2020–21 and 2021–22 and submit progress report to the Committee within one month.

The recovery shall be carried out as per the following mechanism:

#### **1. Issue Notices:**

Serve recovery notices to all identified defaulters.

#### **2. Recovery Actions (if no response to notices):**

- a. From serving MPAs, MNAs, Senators, if any, – recovery to be made at source from their monthly salaries.
- b. From Government employees – recovery to be made at source from their monthly salaries.
- c. From retired Government employees – recovery to be made at source from their monthly pensions.
- d. From Ex MPAs, MNAs, and Senators, if any, – recovery to be pursued through the respective Deputy Commissioners.

#### **3. Deceased Defaulters:**

Dues against deceased individuals may be considered for waiver.

#### **4. Future Allotments:**

No room or flat shall be allotted to any individual with outstanding dues.

Furthermore, the Committee directed the Director General Audit, Balochistan, to initiate the process for conducting a Special Audit of G-8 Flats Islamabad, Balochistan House Islamabad, and VIP Flats Quetta for the financial years 2022–23 to 2024–25.

The Terms of Reference (ToRs) for the Special Audit will be formally communicated by the Additional Secretary (PAC), Provincial Assembly of Balochistan, to the Director General Audit, Balochistan. **Hence, Para deferred.**

\*\*\*\*\*

**Para # 22.2.2 Irregular expenditure on purchase of vehicles – Rs 20.741 million**

According to FD Notification dated April 13, 1994, “In supersession of all previous orders on the subject, following decisions of the Provincial Cabinet are hereby circulated for implementation and strict compliance with immediate effect; a. Complete ban on purchase of vehicles, machinery, equipment, creation of posts, appointments and up-gradation of posts is imposed.”

The Secretary, S&GAD, Balochistan, Quetta incurred an expenditure amounting to Rs. 20.741 million on account of procurement of vehicles, during the financial year 2021-22. The approval of the competent authority for procurement of banned items, indents, quotation/NIT/BID, receipt /delivery challans and the payment vouchers were neither available nor were produced to Audit for verification, as detailed below:

<b>Rs. in million</b>				
<b>#</b>	<b>Description</b>	<b>Cheque No. and date</b>	<b>Vendor Name</b>	<b>Amount</b>
1.	Services and General Administration	1958801, 25.03.2021	M/s Indus Motor Co., Ltd.	7.071
		1679987, 12.01.2021		2.515
2.	Minister and their Staff	1947821, 04.03.2021		
3.	Services and General Administration	1679986, 12.01.2021	M/s Pak Suzuki Motor Co., Ltd.	1.970
<b>Total</b>				<b>20.741</b>

Expenditure without observance of rules occurred due to weak internal controls and resulted in irregular payment.

The matter was reported to the department on October 31, 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that necessary approval of the competent authority along-with other relevant documents be produced to Audit for verification.

**PAC DIRECTIVES DATED 17<sup>th</sup> SEPTEMBER, 2025**

The Committee directed the department to submit the following documents to the Audit Office within one month for examination:

1. Copy of the Honorable Balochistan High Court's order granting relaxation of the procurement ban.
2. Duly attested copies of the eligible tender documents.
3. Delivery challans, inspection reports, and related documentation.
4. Handing over/taking over records.

The Audit Office will review the submitted documents and present its findings to the Public Accounts Committee (PAC).

Accordingly, the para shall be ***considered settled, subject to full compliance with the above directives.***

\*\*\*\*\*

**Para # 22.2.3      Irregular expenditure without calling open tenders - Rs. 14.357 million**

According to Rule 12 and 15(2) of BPPRRs, "All procurements opportunities over two hundred thousand and up to one million rupees shall be advertised timely on the Authority's website as well as in the newspapers as prescribed in these rules. The Procuring Agencies shall not split or package a procurement plan with the intention to shorten or facilitate the procurement process and approval mechanism."

The Secretary S&GAD incurred an expenditure amounting to Rs. 14.357 million during the financial year 2020-21, by split up, without calling open tenders, as detailed in Annexure 22.1 of the Audit Report.

Expenditure without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the department on October 31, 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that the expenditure be regularized from the competent authority under intimation to Audit.

#### **PAC DIRECTIVES DATED 17<sup>th</sup> SEPTEMBER, 2025**

The Committee *settled the para* with the direction that, henceforth, the department shall adopt the framework agreement method for all procurements of a recurring nature, as provided under Rule 51-A of B-PPRA Rules, 2014.

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#### **Para # 22.2.4 Irregular retention of government receipts - Rs. 2.415 million**

According to Rule 26 of GFR, Vol.-I, "It is the duty of the departmental controlling officer to see that all sums due to government are regularly and promptly assessed, realized, and duly credited in the Public Account."

The Comptroller, Balochistan House, Islamabad during the financial year 2020-21, irregularly retained an amount of Rs. 2.415 million in the National Bank of Pakistan, account No. 4000943408, Marriot Hotel Branch, Islamabad on account of receipts and rent charges of rooms and building.

Non-deposit of government receipt occurred due to weak financial management and resulted in misuse of public money.

The matter was reported to the department on December 23, 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that the retained receipts be deposited in government account without further delay.

#### **PAC DIRECTIVES DATED 17<sup>th</sup> SEPTEMBER, 2025**

The Committee *settled the para* with the direction that, in future, the department must ensure strict compliance with Rule 26 of GFR Vol.-I by regularly assessing, promptly realizing, and duly depositing all government receipts into the Public Account without delay.

\*\*\*\*\*

**Para # 22.2.5 Non-auctioning of aircraft USD \$ 0.795 million**

As per advice of Chief Engineer, Aviation Wing, S&GAD vide letter dated February 22, 2020, “minimum price value lies between US \$ 325,000/- to US \$ 795,000/- depending upon the usage and condition of aircraft.”

The Secretary S&GAD, during the financial year 2020-21, did not auction the grounded aircraft which was evaluated at USD \$ 0.795 million by Chief Engineer, Chief Pilot Office, despite the fact that its Airworthiness Certificate remained invalid since 2013, as detailed below:

<b>USD \$ in million</b>			
<b>Name of Aircraft/ Model</b>	<b>Date of Procurement</b>	<b>Grounded</b>	<b>Value assessed</b>
Learjet 31A Bombardier/1992	1993	10 <sup>th</sup> July, 2012	0.795

Non-auctioning of the grounded aircraft was due to weak internal controls which will further devalue the air craft and result in a loss to government.

The matter was reported to the department on October 31, 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that immediate necessary measures be taken to auction the air craft under intimation to Audit.

**PAC DIRECTIVES DATED 17<sup>th</sup> SEPTEMBER, 2025**

The Committee resolved that the grounded aircraft should either be restored to service or auctioned, as deemed appropriate. The department is directed to implement this decision in coordination with the Chief Secretary, Balochistan, within two months under intimation to PAC. **Hence, Para deferred.**

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## Urban Planning and Development Department

*(Meeting held on 22<sup>nd</sup> May, 2025)*

### INTRODUCTION

The Department is entrusted the task to oversee all urban and housing facilities for the people of Balochistan. It has initiated planning for all major cities of the province so that the civic needs could be catered properly. It is also endeavoring numerous development schemes in urban areas of Balochistan.

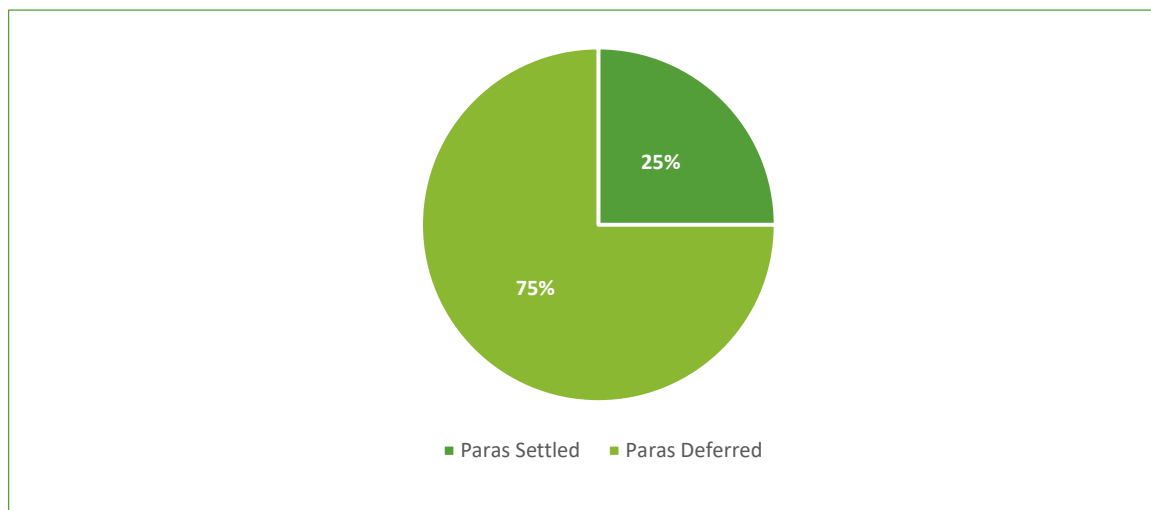
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	02
2.	Recoverable	01
3.	Evasion of Taxes & Duties	01
<b>Total Paras</b>		<b>04</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	01
2.	Paras Deferred	03
<b>Total Paras</b>		<b>04</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF APPROPRIATION ACCOUNTS FOR FINANCIAL YEAR 2021-22**

Accountant General Balochistan summarized the subject Appropriation Accounts before Committee as under: -

Rs. in million

Particulars	Original Grant	Supplementary Grant		Surrender	Final Grant	Exp.	Saving	%age
		Printed	Not Printed					
Non-Development	3,432.876	304.049	534.109	534.109	3,736.925	3,459.219	277.706	7.43
Development	2,129.828	-	461.300	1,864.891	726.237	707.979	18.258	2.51
<b>Total</b>	<b>5,562.704</b>	<b>304.049</b>	<b>995.409</b>	<b>2,399.000</b>	<b>4,463.162</b>	<b>4,167.199</b>	<b>295.963</b>	<b>6.63</b>

**PAC DIRECTIVES DATED 22<sup>nd</sup> MAY, 2025**

On the basis of discussion held, Committee decided as under:

1. Savings under both non-development and development head were settled with direction to avoid such practice in future.
2. Accountant General, Balochistan shall submit the department-wise summary of original grant, supplementary grant, surrender, final grant, expenditure, saving and excess in respect of financial year 2021-22 to the Committee for consideration purpose.

**EXAMINATION OF AUDIT REPORT 2022-23**

**Para # 23.2.1 Overpayment due to allowing excess/inadmissible quantities - Rs. 8.233 million**

According to Para 2.86 of B&R Code, "The authority granted by a sanction to an estimate must remain strictly limited to the precise objects for which the estimate was intended. If after the accord of technical sanction alterations are contemplated, orders of the original sanctioning authority should be obtained even though no additional expenditure is involved."

The following Divisions of UP&D Department, during the financial year 2020-21, overpaid an amount of Rs. 8.233 million by allowing excess/inadmissible quantities, as detailed below:

Rs. in million

#	Name of Division	Financial Year	AIR No.	Amount
1.	UP&D Mekran	2021-22	6	1.157
2.	UP&D Sibi	2021-22	2, 4	4.863
3.	UP&D Quetta	2020-21	1	0.435

Rs. in million

#	Name of Division	Financial Year	AIR No.	Amount
4.	UP&D Rakhshan	2020-21	2	0.254
5.		2020-21	3	1.524
<b>Total</b>				<b>8.233</b>

Payment by allowing excess/inadmissible quantities occurred due to weak financial controls and resulted in undue financial benefit to the contractors.

The matter was reported to the department in May, September and October 2021 but no reply was received.

In the DAC meeting held on July 22, 2022, the report could not be discussed due to non-preparation of the concerned divisional offices for the meeting.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be effected from the concerned contractors under intimation to audit.

#### **PAC DIRECTIVES DATED 22<sup>nd</sup> MAY, 2025**

After deliberation, the Committee directed the department to provide all relevant records, including Measurement Book, PC-I, original challans/cheques and Technical Sanctions in respect of UP&D Mekran, Sibi, Quetta and Rakhshan division to Audit for verification/scrutiny purpose within 30 days under intimation to PAC.

The Committee further directed that, if the department satisfies the Audit, the para shall be deemed settled. Otherwise, recovery shall be effected and deposited into the government treasury. **Hence, Para deferred.**

\*\*\*\*\*

#### **Para # 23.2.2 Irregular execution of work - Rs. 250.910 million**

According to S. No. 36 of Schedule-I of Rules of Business 2012 of GoB, "UP&DD shall have business of Land use/Urban Planning, Planning and controlling of Projects related to Civic facilities, Town Development and Housing, Preparation of Master Plan, Outline, Development Schemes and Town Improvement Scheme, all service matters of the employees of the Attached Departments." Further, according to S&GAD's Notification dated June 10, 2020, "The Honorable Chief Minister Balochistan has desired that following development tasks/functions be carried out only by the department mentioned against each."

Rs. in million

#	Tasks/function	Department
1.	Road work (Including construction and repair)	C&W Department
2.	Water Supply Scheme	PHE Department
3.	Dams, flood protection bund and allied functions	Irrigation Department
4.	All agriculture related functions	Agriculture and Cooperative Department
5.	Internal streets and small internal roads (Within town limits)	LG&RD Department

The following Divisions of UP&D Department executed different roads / civil works, water supply schemes and protection bunds valuing Rs.250.910 million in violation of the rules of Business of Government of Balochistan, during the year 2020-21, as detailed below:

Rs. in million

#	Name of Office	AIR Para No.	Year of AIR	Amount
1.	UP&D Division Rakhshan	1	2020-21	64.300
2.	UP&D Division Naseerabad	2	2020-21	186.610
<b>Total</b>				<b>250.910</b>

Execution of works beyond scope by the department occurred due to weak internal controls and resulted in irregularity.

The matter was reported to the department in May and December, 2021 but no reply was received.

In the DAC meeting held on July 22, 2022, the department replied that the role of "Town Planning and Development" was assigned to it vide Schedule I, Clause 36, sub clause 3 of the Balochistan Government Rules of Business, 2012. Audit reasserted that the Balochistan Government Rules of Business, 2012 clearly enlisted the tasks that a department was supposed to undertake, and the departments must strictly adhere to those tasks only. Besides, the directives of CM vide letter No. S.II-5(18)/2020-S&GAD GOB dated June 10, 2020 were very clear regarding demarcation of mandate in respect of works departments and it did not authorize UP&D to carry out any development works. DAC decided to refer the case to S&GAD for further clarification. However, the Director, UP&D submitted a note of dissent to the decision taken by the DAC in which he said that the works executed by the department had already been reflected in PSDP, technically sanctioned and executed by civil engineers of the department. He maintained that the department was equipped with team of engineers, supporting staff and established offices consisting of regular employees, who were tasked with execution of works as per domain of the department. He further stated that Audit did not have

the mandate to challenge the scope of a department. Audit maintained that compliance to the decision taken by the DAC be made.

No further progress was intimated till the finalization of this report.

Audit recommends that clarification/justification for execution of works beyond the scope of the department be provided.

### **PAC DIRECTIVES DATED 22<sup>nd</sup> MAY, 2025**

The Committee resolved that the department shall focus on its core responsibilities as outlined in the Rules of Business 2012 of the Government of Balochistan, specifically:

- Land use/urban planning
- Planning and controlling projects related to civic facilities, town development, and housing
- Preparation of master plans, outline development schemes, and town improvement schemes

However, the Committee **settled the Para** with the direction that the department shall adhere to its mandate and ensure that, in future, all its activities are aligned with the Rules of Business of Government of Balochistan.

\*\*\*\*\*

### **Para # 23.2.3 Irregular expenditure on land acquisition for different development schemes - Rs. 142.494 million**

As per Rule 290 of TRs, “No money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grants. When an award (land compensation) is made, the officer shall have a statement prepared in the appended form showing the amounts payable to each person under the award, and shall on the day the award is made, forward a copy of the statement, signed by himself, to the Accountant General with whom he is in account.

The Executive Engineer, UP&D Department Mekran at Kech paid an amount of Rs. 142.494 million to the Deputy Commissioner, Kech during the financial year 2021-22, on account of land acquisition for different development schemes but list of payees, supporting vouchers and survey reports were not obtained from the Deputy

Commissioner, Kech. Further, mutation/transfer deeds of the property in the name of Government could not be confirmed, as detailed in table below:

			<b>Rs. in million</b>
<b>#</b>	<b>Name of work</b>	<b>Cheque No. &amp; Date</b>	<b>Amount</b>
1.	Construction of Road from Malik Abad Graveyard to Kosh kalat Road, Kech	557189, 27-06-22	46.535
2.	Construction of Road from City Graveyard to Kech Bridge Road Via Chogan-e-Kud, , Kech		17.099
3.	Construction of Road from Shahi Tump main Road to Shahi Tump main Bazar , Kech		16.400
4.	Construction of Road from Taleemi Chowk Causeway to Gul-e-Zamin (Road with RCC Drain)		22.397
5.	Construction of Road from TMC Street via B&R Colony, Kech		10.833
6.	Construction of link Road from Main Road (Agha Khan lab) to Chagan E Kund Road Via Chirki Line at Kech		16.616
7.	Construction of Road from Commissioner Road to College Road , Kech		12.614
<b>Total</b>			<b>142.494</b>

Payment to the Deputy Commissioner without observing rules occurred due to weak internal controls and resulted in irregular expenditure.

The matter was reported to the department in October, 2022 but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

No further progress was intimated till the finalization of this report.

Audit recommends for justification of irregularity and obtaining the detail of expenditure, transfer deeds and payees' acknowledgment from the Revenue Department.

#### **PAC DIRECTIVES DATED 22<sup>nd</sup> MAY, 2025**

On the basis of discussion held Committee directed the department to provide the following record to Audit for verification purpose within 02 (two) weeks under intimation to PAC: -

- Detailed survey mentioning the price of land fixed.
- Owners of the land and actual details like the khasra No. and size measurement of the land.
- Receiving/acknowledgment of award by the land owners.

- The mutation deed in favor of the GoB/UP&D department.

**Hence, Para deferred.**

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**Para # 23.2.4 Non/less deduction of government taxes - Rs. 11.735 million**

According to BSTS Act, 2015 and Income Tax Ordinance, 2001, sales tax on services are @ 6% and 15% on contract and other services respectively; and income tax rates are 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively.

The following Divisions of UP&D Department, during the financial years 2020-21 and 2021-22, incurred an expenditure of Rs. 160.258 million on development schemes without/less deduction of government taxes amounting to Rs. 11.735 million, as detailed below:

<b>Rs. in million</b>				
#	Name of Office	AIR Para No.	Year of AIR	Amount
<b>Income Tax</b>				
1.	UP&D Division Mekran	2	2020-21	1.000
2.	UP&D Division Naseerabad	4	2020-21	0.091
3.	UP&D Division Sibi	6	2020-21	3.266
4.	UP&D Division Kalat	2	2020-21	0.120
5.	UP&D Division Mekran	4	2021-22	1.348
<b>Total (A)</b>				<b>5.825</b>
<b>BSTS</b>				
1.	UP&D Division Quetta	4	2020-21	1.661
2.	UP&D Division Naseerabad	4	2020-21	0.073
3.	UP&D Division Sibi	5	2020-21	3.022
4.	UP&D Division Mekran	4	2021-22	1.154
<b>Total (A)</b>				<b>5.910</b>
<b>Grand Total (A+B)</b>				<b>11.735</b>

Non/less realization of government taxes was due to weak financial management and resulted in revenue loss to the Government.

The matter was reported to the department in September, October and December 2021 and in April and October 2022, but no reply was received.

In the DAC meeting held on July 22, 2022, for the financial year 2020-21, the department replied that taxes had been deducted as per due rates. DAC directed the department for verification of all relevant record to Audit.

No further progress was intimated till the finalization of this report.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting in respect of Audit Paras pertaining to the financial year 2021-22, but no meeting was held till the finalization of this report.

Audit recommends due government taxes be recovered from the concerned contractors under intimation to Audit.

#### **PAC DIRECTIVES DATED 22<sup>nd</sup> MAY, 2025**

Committee directed the department to recover the due amount of government taxes within 15 days and get the recovery record verified from Audit under intimation to PAC. ***Hence, Para deferred.***

\*\*\*\*\*

## Culture, Tourism and Archives Department

*(Meeting held on 18<sup>th</sup> December, 2025)*

### INTRODUCTION

The Culture, Tourism and Archives Department, Government of Balochistan, is responsible for preserving the province's rich tangible/intangible heritage, promoting local tourism, and managing historical records. The department is actively involved in organizing cultural events, fostering arts, and enhancing infrastructure to promote cultural and eco-tourism across the province.

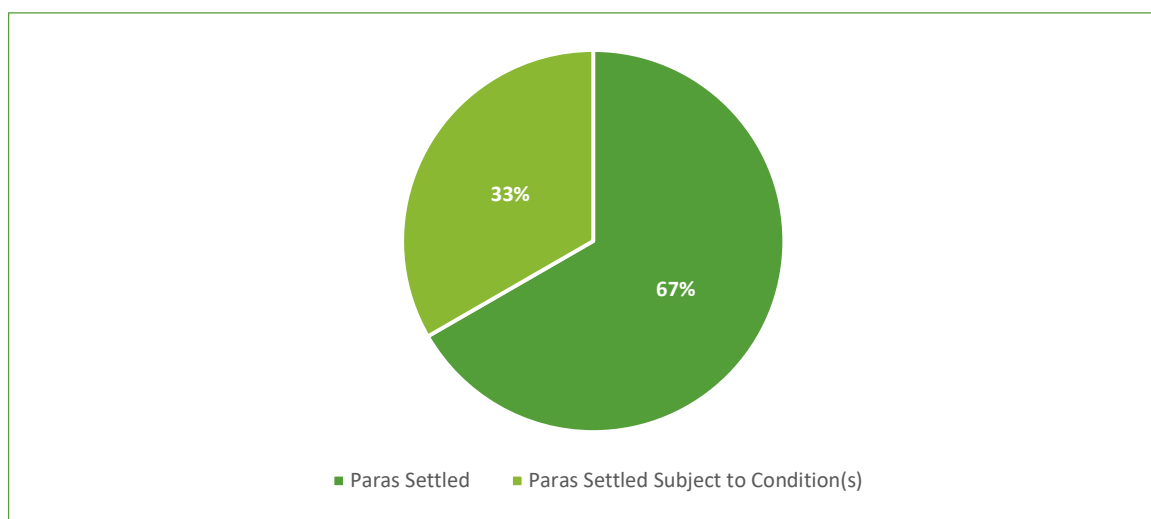
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	02
2.	Evasion of Taxes & Duties	01
<b>Total Paras</b>		<b>03</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	02
2.	Paras Settled Subject to Condition(s)	01
<b>Total Paras</b>		<b>03</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF AUDIT REPORT 2022-23****Para # 24.1.1 Irregular retention of Government money – Rs. 89.988 million**

According to Rule 283 (2) of Treasury Rules Vol.-I, “If for any reason, payment cannot be made within the course of the month the amount drawn for the payee shall be refunded to Government.” Further, as per FD’s Notification dated August 5, 2006 and dated January 8, 2005, “all the departments are directed to close all private Bank Accounts and shift the entire amounts to Government Account No.1 (Non-Food).”

The following offices of the Culture, Tourism and Archives Department, during the financial year 2021-22, retained an amount of Rs. 89.988 million in different bank accounts in violation of rules, as detailed below:

				<b>Rs. in million</b>
#	Name of office	Account No.	Name of Bank	Amount
1.	Directorate of Culture, Quetta.	3166167132	National Bank of Pakistan, Secretariat Branch, Quetta	50.942
2.	Directorate of Tourism, Quetta	3161539598		39.046
<b>Total</b>				<b>89.988</b>

Retention of government money in the bank account occurred due to weak internal controls and resulted in irregularity.

The matter was reported to the department on November 25, 2021, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that the retained amount be deposited into the government treasury at the earliest under intimation to Audit.

**PAC DIRECTIVES DATED 18<sup>th</sup> DECEMBER, 2025**

The Committee thoroughly reviewed the illegal retention of public money Rs.89.988 million during F.Y 2021-22 and rendered the following decisions:

1. **Culture Funds (Rs. 50.942 million):** The Observation was settled, given the compelling and unavoidable judicial restraint imposed by the Honourable High Court, which created an exceptional circumstance preventing timely surrender.

2. **Tourism Funds (Rs. 39.046 million):** The observation was resolved only because too much time has passed, and based on today's date, the issue related to the Financial Year 2021-22 can no longer be taken up.

The Committee strictly instructed the Culture, Tourism and Archives Department that, in future, irrespective of internal procedural hurdles, Grant-in-Aid complexity, or other administrative delays, all unutilized funds must be scrupulously and timely surrendered to the Government Treasury. Consequently, *the Committee settled the para on these terms.*

\*\*\*\*\*

**Para # 24.1.2 Irregular expenditure without inviting open tenders - Rs. 13.666 million**

According to Rule 15 (2) of BPPRRs, "All procurement over two million rupees shall be advertised by on authority's website and as well as in newspaper as prescribed by these rules."

The following offices of the Culture, Tourism and Archives Department, GoB, during the financial year 2021-22, incurred an expenditure of Rs. 13.666 million without calling open tenders as detailed below:

			<b>Rs. in million</b>
#	Name of office	Financial Year	Amount
1.	Director Culture, Quetta	2021-22	11.38
2.	Director Tourism, Quetta	2021-22	2.286
<b>Total</b>			<b>13.666</b>

Expenditure without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the departments on October 13, 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that justification be provided, besides the amount be regularized from the competent authority.

**PAC DIRECTIVES DATED 18<sup>th</sup> DECEMBER, 2025**

The Committee thoroughly examined the Audit Para relating to the unauthorized expenditure of Rs.13.666 million incurred without open competitive bidding in violation of the BPPRA Rules, 2014. The Department acknowledged the procedural lapse and attributed it to administrative exigencies in the Culture and Tourism Directorates, involving amounts of Rs. 2.286 million and Rs. 11.38 million, respectively. In the case of the Culture Directorate, prompt corrective action was taken, and the full amount of Rs.2.286 million was refunded by the vendor, thereby eliminating the financial loss for that portion.

The Committee, however, emphasized that administrative expediency cannot override statutory procurement rules and termed the non-compliance a serious deficiency. The Committee further directed the Department to take necessary steps to regularize the expenditures through the competent authority and to ensure the adoption of a framework agreement mechanism under BPPRA Rule 51-A for all similar recurring expenditures in the future. In view of the remedial actions taken by the Department and subject to strict future compliance with the prescribed rules to avoid recurrence, ***the Committee settled the entire Para.***

\*\*\*\*\*

**Para # 24.1.3 Non/less deduction of Government taxes - Rs. 10.843 million**

According to BSTS Act, 2015 and Income Tax Ordinance, 2001, sales tax on services are @ 6% and 15% on contract and other services respectively; and income tax rates are @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively.

The following offices of the Culture, Tourism and Archives Department, during the financial year 2021-22, incurred expenditure without/less deduction of government taxes amounting to Rs. 10.843 million, as detailed below:

<b>Rs. in million</b>					
#	Name of office	Financial Year	Amount of BSTS	Amount Income Tax	Total
1.	Director Culture, Quetta	2021-22	6.409	2.211	8.62
2.	Director Tourism, Quetta	2021-22	1.707	0.512	2.223
Total					10.843

Non/less realization of due government taxes occurred due to weak financial management and resulted in loss to the Government.

The matter was reported to the department on October 13, 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that recovery of due government taxes be effected under intimation to Audit.

**PAC DIRECTIVES DATED 18<sup>th</sup> DECEMBER, 2025**

The Committee examined the audit observation along with the Department’s legal arguments. The Department explained that although the aggregate amount disbursed was substantial, each payment made to an individual artist was below the prescribed taxable income threshold and was therefore not liable to tax. Accordingly, neither Balochistan Sales Tax on Services nor withholding tax under section 153 of the Income Tax Ordinance, 2001 was deducted. However, the Committee expressed concern over the absence of specific exemption certificates or clear declarations of tax status for each recipient, which it considered necessary to establish conclusive proof of non-liability.

In view of the above, Committee ***settled the Para subject to*** verification of relevant record by Audit under intimation to PAC.

\*\*\*\*\*

## Social Welfare Department

(Meeting held on 28<sup>th</sup> October, 2025)

### INTRODUCTION

The Social Welfare Department, Government of Balochistan, is responsible for uplifting vulnerable populations—including women, children, persons with disabilities, and the elderly—through social protection, rehabilitation, and financial assistance programs. Key services include vocational training, drug rehabilitation, child protection, and, through the Balochistan Awami Endowment Fund, free medical assistance.

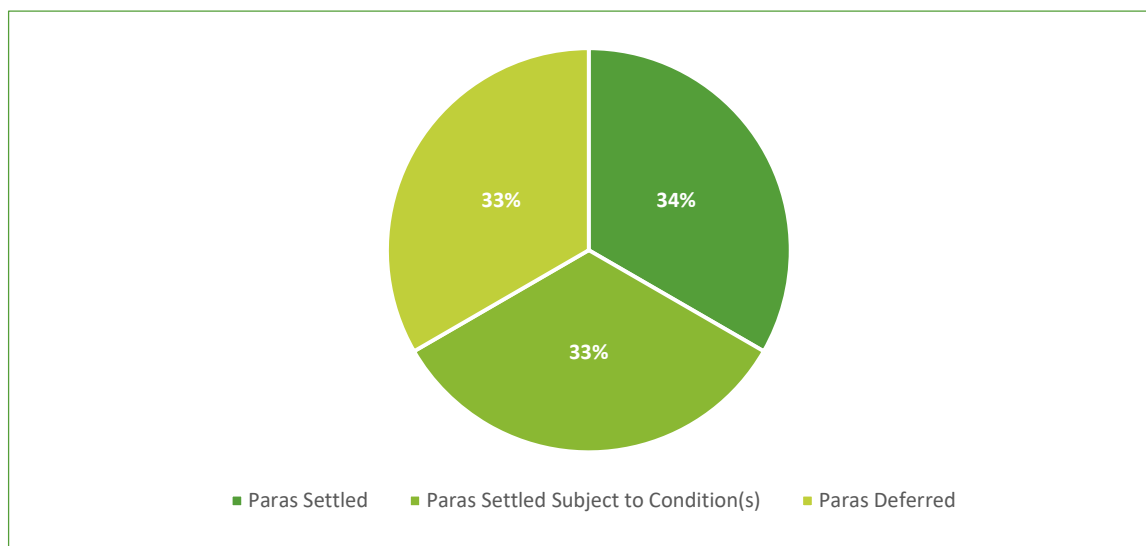
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	02
2.	Others	01
<b>Total Paras</b>		<b>03</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	01
2.	Paras Settled Subject to Condition(s)	01
3.	Paras Deferred	01
<b>Total Paras</b>		<b>03</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF AUDIT REPORT 2022-23****Para # 24.1.4 Irregular expenditure on purchase of vehicles - Rs. 14.489 million**

According to Rule, 51 (b) BPPRRs, 2014 “direct Contracting for procurement from a single source without competition and shall only be applicable under the conditions (i) standardization of equipment or spare parts, to be compatible with the existing equipment: Provided that the competent authority certifies in writing the compatibility of the equipment or spare part(s) to be procured; and (ii) the required item(s) is of proprietary nature and obtainable only from one source: Provided that the Head of the Department certifies in writing the proprietary nature of the item(s) to be procured.”

Director General, Social Welfare, Balochistan, during the financial year 2020-21 incurred an expenditure amounting to Rs.14.889 million on account of purchase of transport without obtaining propriety certificate from the Head of the Department, as detailed below:

				<b>Rs. In million</b>
#	Cheque No. & Date	Firm	Particulars	Amount
1.	1949008 29.03.21	Gandara Industries Limited	Isuzu Mt-133 Bus Chassis Non-Ac	7.300
2.	1949009 29.03.21	Isuzu Quetta Motors	Prefabrication of Mt-133 Bus Chassis Into 50+1 Seater Non-Ac Bus	2.699
3.	1950173 15.04.21	Pak Suzuki Motor Company Limited	Suzuki Jiminy Ga Petrol with AC in white color	4.490
<b>Total</b>				<b>14.489</b>

Non-obtaining of propriety certificate from the PAO occurred due to weak internal controls and resulted in irregular expenditure.

The matter was reported to the management in July 2022, but no reply was received.

In the DAC meeting held on January 3, 2023, the management agreed with the contention of Audit and decided to initiate an inquiry against the person (s) at fault. DAC directed that findings of the inquiry be shared with Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that non-obtaining of propriety certificate be justified, responsibility be fixed on person(s) at fault and findings of the inquiry report be shared with Audit.

**PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2025**

Based on the discussion held, the Committee directed the department to conduct an inquiry against the persons involved in violation of B-PPRA Rules, 2014 and to determine penalties based on the findings of the inquiry report. Accordingly, the inquiry report must be intimated to the PAC and Audit. **Hence, Para deferred.**

\*\*\*\*\*

**Para # 24.1.5 Irregular expenditure without calling open tenders - Rs. 10.082 million**

According to Rule 15 (2) of BPPRRs, “All procurement over two million rupees shall be advertised by on authority’s website and as well as in newspaper as prescribed by these rules.”

The following offices of Social Welfare Department incurred an expenditure amounting to Rs. 10.082 million on account purchases during the financial years 2019-21, without calling open tenders, as detailed below:

<b>Rs. in million</b>				
#	AIR Para No	Financial year	Name of office	Amount
1.	1	2019-20	Principal/Director Balochistan Disabled Persons, Complex for Special Education, Quetta	6.285
2.	3	2020-21		1.983
3.	5			1.278
4.	6	2019-20	Director General, Social Welfare Department, Quetta	0.536
<b>Total</b>				<b>10.082</b>

Expenditure without calling open tenders occurred due to weak financial controls and resulted in mis-procurement.

The matter was reported to the management in July 2021, and July 2022, but no reply was received.

In the DAC meeting held on January 3, 2023, the management accepted the contention of Audit. DAC directed the department to regularize the expenditure from the competent authority.

No further progress was intimated till the finalization of this report.

Audit recommends that the expenditure be regularized from the competent authority and responsibility be fixed against the person(s) at fault.

**PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2025**

The Committee, having found the response submitted by the Department to be satisfactory, decided to settle the Para. The Department was further instructed to ensure strict compliance with the B-PPRA Rules, 2014 in all future procurements. *Para settled.*

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**Para # 24.1.6 Inactive role of Social Welfare Department in Balochistan**

As per Balochistan Rules of Business, 2012, following tasks were to be performed by the Social Welfare Department:

- Registration, technical assistance and monitoring of social welfare agencies;
- Social protection including institutional care, skill development and rehabilitation;
- Registration, assessment, training, employment, and rehabilitation of disabled persons;
- Eradication of social evils;
- Coordination with and grant-in-aid to non-governmental organizations engaged in the field of narcotics control and rehabilitation of drug addicts; and
- Relief during calamities and emergencies.

The Director General, Social Welfare Department, Quetta, and allied offices failed to achieve the relevant tasks in accordance with Balochistan Rules of Business, 2012. The office failed to accomplish the social development activities. No effective SOPs were made for Social protection including institutional care, skill development and rehabilitation.

Non-framing of SOPs for application of Balochistan Rules of Business 2012, occurred due to weak internal controls and resulted in inactive role of social welfare department.

The matter was reported to the management in September 2020, but no reply was received.

In the DAC meeting held on January 3, 2023, the DG Social Welfare assured to implement the relevant provisions of Balochistan Rules of Business, 2012. DAC

directed the department to take all necessary steps for bringing about betterment in the lives of the citizens as envisaged in the Balochistan Rules of Business, 2012.

No further progress was intimated till the finalization of this report.

Audit recommends that practical steps may be taken for implementation of Balochistan Rules of Business.

### **PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2025**

The Committee found the response of the Department satisfactory and accordingly settled the Para.

The Committee further directed the Department to deliver a detailed presentation in the next meeting, outlining its mandate and performance in the following areas:

- Registration, technical assistance, and monitoring of social welfare agencies;
- Social protection, including institutional care, skill development, and rehabilitation;
- Registration, assessment, training, employment, and rehabilitation of persons with disabilities;
- Measures for the eradication of social evils;
- Coordination with, and grant-in-aid to, non-governmental organizations engaged in narcotics control and the rehabilitation of drug addicts; and
- Provision of relief during calamities and emergencies.

The presentation shall also highlight:

- The hurdles faced by the Department in the implementation of its assigned responsibilities; and
- The support required to effectively discharge its functions.

Based on the information provided, the Committee will formulate recommendations for submission to the Government of Balochistan to facilitate the Department accordingly. ***Para settled subject to delivering a presentation as detailed above.***

## Balochistan Board of Investment and Trade

(Meeting held on 28<sup>th</sup> October, 2025)

### INTRODUCTION

The Balochistan Board of Investment and Trade (BBoIT) serves as the principal agency dedicated to promoting investment and trade opportunities in the province of Balochistan. Established to drive economic growth, BBoIT acts as a bridge between investors and the province's vast resources, providing a streamlined, transparent environment for both domestic and international investors.

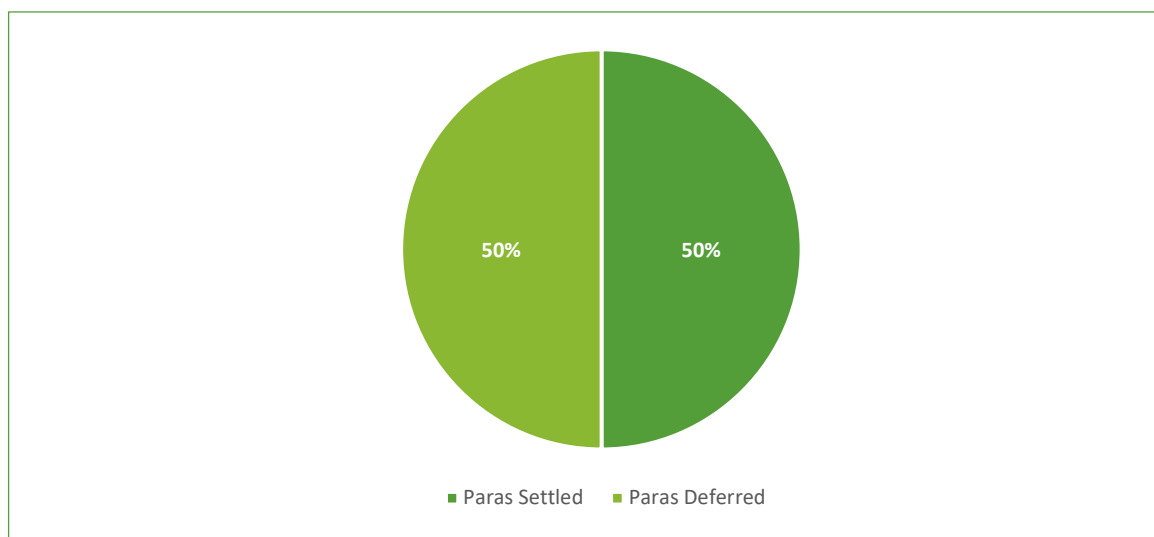
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	01
2.	Evasion of Taxes & Duties	01
<b>Total Paras</b>		<b>02</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	01
2.	Paras Deferred	01
<b>Total Paras</b>		<b>02</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF AUDIT REPORT 2022-23****Para # 24.1.7 Irregular retention, non-deposit of profit and un-due deduction of WHT - Rs. 295.037 million**

According to Section 22 of BPFM Act, 2020, “All department, their attached departments and sub-ordinate offices, and autonomous organizations shall surrender to the Finance Department [by the thirty-first day of May each year], all anticipated savings in the grants or assignment accounts or grant-in-aid controlled by them.” Further, according to Rule 209(ii) of GFR Vol.-I, “any portion of the amount which is not ultimately required for expenditure upon that object should be duly surrendered to the Government. And according to Rule 7 of Grant-in-Aid Rules, 2020, “Interest or other earnings against Grant-in-aid (other than reimbursement) released to any grantee institution should be remitted to the Public Consolidated Fund.” And According to Section 49 of Income Tax Ordinance, 2001, “the income of a Provincial Government or a [Local Government] in Pakistan shall be exempt from tax under this Ordinance.”

The Chief Executive Officer, Balochistan Board of Investment and Trade, Quetta did not surrender the unspent amount of Rs. 282.558 million of Grant-in-aid during the financial years 2018-21. The unspent amount was kept in a saving account which earned a profit of Rs. 9.053 million. however, the management failed to deposit the earned money into government account. Further, the bank irregularly deducted Rs. 3.426 million as WHT from the profit accrued, as detailed below:

		<b>Rs. in million</b>
#	Financial year	Amount
1.	2018-20	201.073
2.	2020-21	81.485
<b>Total</b>		<b>282.558</b>
<b>Profit earned during Financial Years 2018-21</b>		<b>9.053</b>
<b>Withholding tax from NBP (2018-21)</b>		<b>3.426</b>
<b>Grand Total</b>		<b>295.037</b>

Non-surrendering of savings from grant-in-aid and deduction of tax by bank occurred due to weak financial controls and resulted in irregular retention of public money by the authority and undue deduction of tax by the bank.

The matter was reported to the department on October 21, 2021, and November 08, 2022, but no reply was received.

In the DAC meeting held on August 22 and December 22, 2022, the department could not justify the non-surrendering of saving, non-depositing of interest into government account, and undue deduction of WHT by the bank. DAC directed the management to

surrender all unspent balances at the end of the financial year or make an amendment to their Act in the line with the BPFM Act. Further, tax exemption certificate be obtained from the FBR and recovery of the deducted amount be made from the bank under intimation to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that unspent balances be deposited into government account, tax exemption certificate be obtained and efforts be made for early recovery of taxes deducted by the Bank.

### **PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2025**

Based on the discussion held, the Committee decided to settle the Para with the following directions to be strictly adhered to in future:

1. A prudent financial management system shall be implemented within the Board. The allocated budget must be utilized in the best public interest, ensuring full compliance with all relevant rules, policies, and procedures.
2. In accordance with Rule 12(1) of the Balochistan Public Finance Management Act, 2020, any anticipated savings shall be surrendered to the Finance Department, Government of Balochistan, on or before 15th May of each financial year.

The Committee emphasized that the timely surrender of anticipated savings will enable the Government to reallocate funds for other productive and beneficial purposes.

***Hence, Para settled.***

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### **Para # 28.1.8 Non/less deduction of Government taxes – Rs. 2.122 million**

According to BSTS Act, 2015, Income Tax Ordinance, 2001 and General Sales Tax Act, 1990, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively and GST @ 17%.

The Chief Executive Officer, Balochistan Board of Investment and Trade, Quetta during the financial years 2018-20, incurred expenditure without/less deduction of government taxes amounting to Rs. 2.122 million, as detailed below:

<b>Rs. in million</b>					
#	Financial year	Amount of BSTS	Amount of Income Tax	Amount of GST	Total
1.	2018-20	0.129	0.228	1.765	2.122

Non/less deduction of government taxes occurred due to poor financial management and resulted in loss to the Government.

The matter was reported to the department on October 21, 2021 but no reply was received.

In the DAC meeting held on August 22, 2022, the management apprised that income tax and BSTS will be recovered. Further, procurement had been made after sales tax deduction as per rules and letters had been issued to the vendors for provision of their sales tax returns. DAC directed for early recovery of income tax, BSTS, and provision of sales tax returns to Audit for verification.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be effected from the concerned under intimation to Audit.

#### **PAC DIRECTIVES DATED 28<sup>th</sup> OCTOBER, 2025**

Committee directed the department to reconcile the amounts of outstanding income tax and BSTS with office of the Director General Audit, Balochistan, and recover the due amount from the contractor(s) under intimation to PAC.

Moreover, the department shall also ensure to obtain the copies of the sales tax returns from the contractor(s) and provide to Audit office for verification purpose.

Furthermore, in future, the department shall ensure that the government taxes including Income Tax, Balochistan Sales Tax on Services and General Sales Tax are deducted/withheld in compliance with Income Tax Ordinance, 2001, Balochistan Salsas Tax on Services Act, 2015 and Sales Tax Act, 1990 respectively.

#### ***Hence Para deferred with following actionable points:***

1. Reconcile the amounts of outstanding Income Tax and BSTS with office of the Director General Audit, Balochistan.
2. Recover the due amount of Income Tax and BSTS.
3. Obtain the sales tax return from the contractors and provide to Audit for verification purpose.
4. The Audit office shall report the outcome to the PAC in ensuing meeting.

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## Inspector General Prison, Balochistan

*(Meeting held on 29<sup>th</sup> October, 2025)*

### **INTRODUCTION**

The Inspector General (IG) of Prisons, Balochistan, heads the provincial department responsible for administering jails, ensuring inmate security, and implementing rehabilitation programs. Working under the Home Department, the office focuses on prison reforms, vocational training, health initiatives, and upholding prisoner rights.

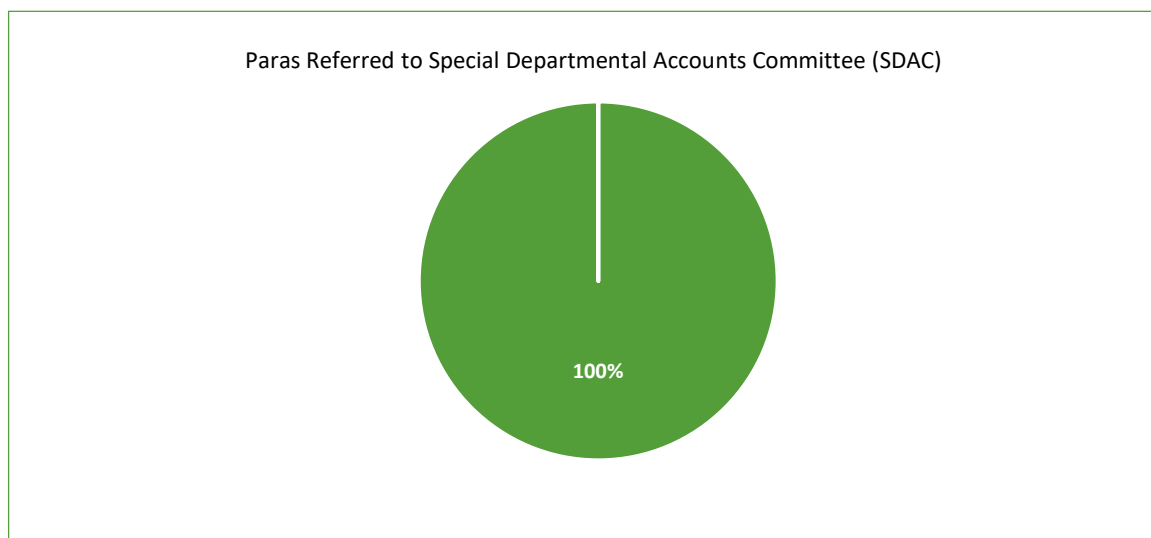
### **CLASSIFICATION OF AUDIT OBSERVATIONS**

#	Particulars	No. of Paras
1.	Evasion of Taxes & Duties	01
<b>Total Paras</b>		<b>01</b>

### **BREAKUP OF PAC DIRECTIVES**

#	Particulars	No. of Paras
1.	Paras Referred to Special Departmental Accounts Committee (SDAC)	01
<b>Total Paras</b>		<b>01</b>

### **BREAKUP OF PAC DIRECTIVES AT A GLANCE**



**EXAMINATION OF AUDIT REPORT 2022-23****Para # 24.1.9 Non/less-deduction of government taxes - Rs. 11.327 million**

According to BSTS Act, 2015, Income Tax Ordinance, 2001 and General Sales Tax Act, 1990, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; income tax @ 7.5%, 10% and 4.5% on contract, services and supply of goods amended to 7%, 3% and 4% respectively and GST @ 17%.

The Inspector General Prison, Balochistan incurred expenditures in different heads during the financial year 2020-21 without/less deduction of government taxes, as detailed below:

<b>Rs. in million</b>					
<b>AIR Para No.</b>	<b>Financial Year</b>	<b>BSTS Amount</b>	<b>GST</b>	<b>Income Tax</b>	<b>Total</b>
1,2,3	2020-21	0.074	8.051	3.202	11.327

Non/less deduction of government taxes occurred due to poor financial management and resulted in revenues loss to the government.

The matter was reported to the department in December, 2022, but no reply was received.

The PAO was requested in December, 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that recovery of the government taxes be effected from the concerned contractors under intimation to Audit.

**PAC DIRECTIVES DATED 29<sup>th</sup> OCTOBER, 2025**

As the matter had not been discussed at the DAC level before printing of the Para, therefore, Committee directed the department to convene DAC meeting within a week and provide all of the relevant documents regarding deduction and justification regarding non-deduction of government taxes to Audit for verification purpose under intimation to PAC. **Hence, Para deferred.**

In addition to discussing the primary subject matter, the representatives from the Office of the Inspector General of Prisons briefed the Committee on the challenging conditions under which the department operates. The Committee was apprised of the funding required for repairs, rehabilitation, and medical services, as well as issues concerning the provision of clean drinking water and adequate sanitation facilities. The briefing also highlighted the need for improvements in the dietary standards of the inmates.

The Committee acknowledged that the constraints, combined with a limited non-developmental budget, are hindering the department's effective performance. Additionally, the Committee addressed the disparity in pay and benefits of prison department's personnel, compared to other law enforcement agencies, particularly the Police department.

The Committee decided to recommend to the Chief Secretary, Balochistan that meaningful actions be taken to address these long-standing issues through strategic reforms aimed at strengthening the Balochistan Prison Department.

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**Science & Information Technology Department**  
**(Project Director Safe City Project)**

*(Meeting held on 29<sup>th</sup> October, 2025)*

**INTRODUCTION**

The Science and Information Technology (S&IT) Department, Government of Balochistan, is dedicated to fostering innovation, enhancing digital infrastructure, and advancing scientific research to support the development of a knowledge-based economy in the province. Through cutting-edge technology and collaborative efforts, the department is aim to improve public services, promote e-governance, and create opportunities for technological advancement.

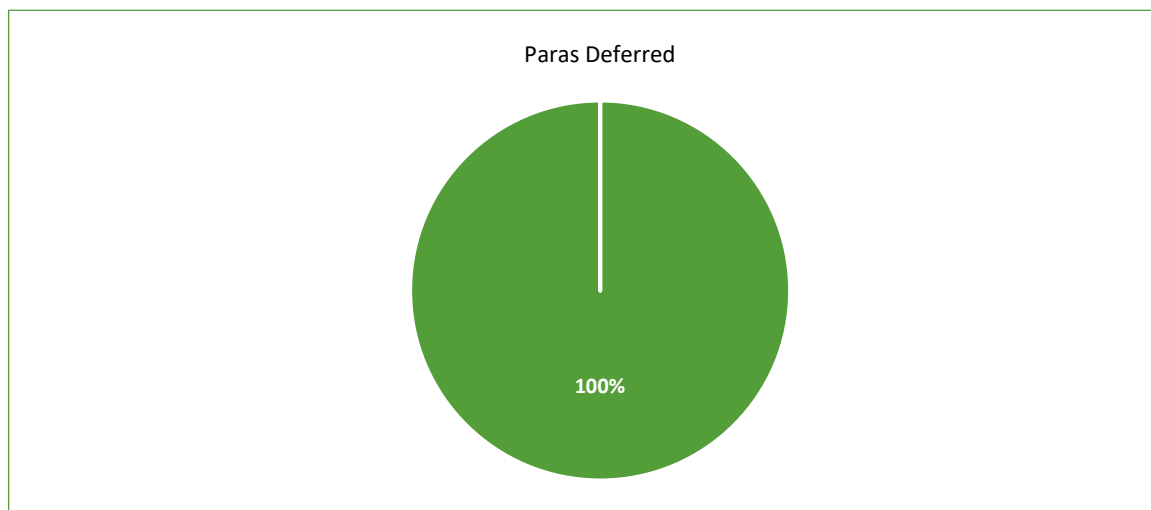
**CLASSIFICATION OF AUDIT OBSERVATIONS**

#	Particulars	No. of Paras
1.	Irregular Expenditure	02
2.	Evasion of Taxes & Duties	01
<b>Total Paras</b>		<b>03</b>

**BREAKUP OF PAC DIRECTIVES**

#	Particulars	No. of Paras
1.	Paras Deferred	03
<b>Total Paras</b>		<b>03</b>

**BREAKUP OF PAC DIRECTIVES AT A GLANCE**



**EXAMINATION OF AUDIT REPORT 2022-23****Para # 24.1.10 Irregular award of work - Rs. 2,280 million**

As per Rule 69(4) of BPPRRs, 2014, "Quality and Cost Based Selection Method, this method shall be used only where, (a) the Terms of Reference are well-defined and Quality is of prime consideration, while cost is a secondary consideration; and (b) the firm which attains the highest combined weighted technical and financial score according to the criteria mentioned in the bidding documents shall be selected." Further, according to TORs of bidding documents, "Selection of successful bidder shall be based on quality and cost selection method. The weightage of quality (technical) and cost (financial) score shall be 80% and 20% respectively."

Project Director, Quetta Safe City, Quetta awarded the works "Quetta Safe City, Quetta" to M/s Special Communication Organization (SCO) during financial year 2019-20. Tender documents revealed that the technical and financial bid evaluation was done by MS NESPAK. As per ToRs of bidding documents, the criteria of selection was the quality-cost method in which quality (Technical bid) had 80% weightage whereas, cost (Financial bid) had 20% weightage. The bid evaluation report of M/s NESPAK (Consultant) revealed that two firms namely M/s NRTC and M/s SCO fulfilled the technical criteria, therefore, the financial bid of these two firms was opened. The final score based on technical and financial bid evaluation for M/s NRTC was 85.8; whereas, that of M/s SCO was 76.8. On the contrary, the work was awarded to M/s SCO. Hence, the award of work valuing Rs. 2,280 million to M/s SCO was in violation of the rules.

Award of work in violation of BPPRRs occurred due to weak internal controls and resulted in mis-procurement.

The matter was reported to the department on July 29, 2021, but no reply was received.

In the DAC meeting held on August 26, 2022, the management apprised that the financial bids of both companies were over the actual cost of PC I and it was decided to float a summary for approval of the Chief Minister for negotiation with the bidders. Consequently, after approval of CM, work was awarded to M/s SCO by the Project management. Whereas, audit was of the view that since NRTC obtained 85.8 marks and M/s SCO score 76.8 in technical and financial evaluation, the work should have been awarded to M/s NRTC in line with ToRs of bidding documents that states "Selection of successful bidder shall be based on quality and cost selection method and the bidder scoring the highest score in quality-cost based evaluation shall be recommended for the award of contract. The weightage of quality (technical) and cost

(financial) score shall be 80% and 20% respectively.” Further, the approval should have been taken from Cabinet instead of CM. The DAC directed for regularization of the expenditure.

No further progress was intimated till the finalization of this report.

Audit recommends that the matter may be investigated and expenditure be regularized from the competent authority.

### **PAC DIRECTIVES DATED 29<sup>th</sup> OCTOBER, 2025**

The Committee expressed serious concerns regarding the award of the contract for the “*Quetta Safe City Project*”, amounting to Rs. 2,280 million, to M/s Special Communication Organization (SCO) during the financial year 2019-20, in violation of the B-PPRA Rules, 2014. It was brought to the Committee’s notice that, despite M/s National Radio & Telecommunication Corporation (NRTC) securing a higher score of 85.5 in the technical and financial evaluation, the contract was instead awarded to M/s SCO, which had obtained a lower score of 76.8.

The Committee further observed that the project, initially launched in the financial year 2012-13, has undergone four revisions to date, resulting in an overall cost escalation to Rs.8.800 billion. Additionally, the Committee noted with concern that a significant number of cameras installed under the project are currently non-functional, leading to inadequate security surveillance across the city.

In light of the foregoing, the Committee decided to request the Chief Secretary, Government of Balochistan, to conduct a comprehensive inquiry into the matter under the following Terms of Reference (ToRs):

1. To investigate the violation of Rule 69(4)(b) of the B-PPRA Rules, 2014, which stipulates that *“the firm attaining the highest combined weighted technical and financial score shall be selected for award of contract.”*
2. To examine the reasons behind the four successive revisions of the project, which have resulted in an overall cost escalation to Rs.8.800 billion to date.
3. To identify any instances of administrative negligence, procedural lapses, or financial irregularities.
4. To evaluate the technical deficiencies contributing to the largely non-functional state of the surveillance system.

The Committee directed that the inquiry report, along with all relevant documentation and recommendations, be submitted to the PAC within one month of the issuance of the letter dated 30<sup>th</sup> October, 2025, duly signed and sealed by the Chairman, PAC. **Hence, Para deferred with following actionable points: -**

1. The Chief Secretary, Government of Balochistan shall conduct inquiry into the matter.
2. Complete the inquiry within one month.
3. Submit the inquiry report to the PAC for further consideration and final decision into the matter.

\*\*\*\*\*

**Para # 24.1.11 Irregular payment of mobilization advance - Rs. 230.335 million**

According to the FD's Notification dated April 30, 1992, "The Grant of mobilization advance requires concurrence of FD in each case and an irrevocable bank guarantee is required to be obtained from the contractor." And according to a decision on agenda point 3 in the minutes of meeting of project steering committee held on February 21, 2019, "M/s The United Insurance Company was to be replaced with another insurance company for Performance Security and Mobilization Advance because GoB was in litigation with said insurance company as its performance was below standard."

The Project Director Quetta Safe City, Quetta awarded the works "Quetta Safe City, Quetta" and "Consultancy Services for third party monitoring and legal matters for QSC" to M/s Special Communication Organization (SCO) and M/s Htech Solutions (Pvt.) Ltd. respectively at a total cost of Rs. 2,303.350 million. An advance payment of Rs. 230.335 million was made to the contractors in the first running bill without concurrence of the FD, GoB in disregard of the above notification. Further, PD accepted Performance security from M/s The United Insurance Company in violation of Project Steering Committee decision.

<b>Rs. in million</b>				
#	Name of work	Name of contractor	Tender amount	Amount of bill
1.	Quetta Safe city Project	M/s SCO (Special Communication Organization)	2,280.00	228.00
2.	Consultancy Services for third party monitoring and legal matters for QSC	M/s Htech Solutions (Pvt.) Ltd.	23.350	2.335
<b>Total</b>			<b>2,303.35</b>	<b>230.335</b>

Payment of mobilization advance without the concurrence of the FD occurred due to weak financial management and resulted in irregularity.

The matter was reported to the department on July 29, 2021, but no reply was received.

In the DAC meeting held on August 26, 2022, the management apprised that approval of FD, GoB was obtained before the payment of mobilization advance. It was further added that bank guarantee was also obtained from M/s SCO. Audit did not accept the reply as no approval was shown to Audit for verification. Further, performance bond was obtained from M/s United Insurance Company in violation of the Project Steering Committee's decision. DAC directed the management to produce the approval of FD, up-to-date status of recovery of mobilization advance and justification for accepting performance security bond from M/s United Insurance Co.

No further progress was intimated till the finalization of this report.

Audit recommends that matter be justified and responsibility be fixed against the officials at fault under intimation to Audit.

#### **PAC DIRECTIVES DATED 29<sup>th</sup> OCTOBER, 2025**

On the basis of discussion held Committee directed the department as under:

1. Provide approval/concurrence of the Finance Department for payment of mobilization advance to the Audit team for verification purpose.
2. Recover the mobilization advance from the contractor and provide proof thereof to the Audit team for verification purpose.

The Committee's directives shall be complied with within 15 days. **Hence, Para deferred.**

\*\*\*\*\*

#### **Para # 24.1.12 Non/less deduction of Governmental taxes – Rs. 19.520 million**

According to BSTS Act, 2015 and Stamp Act, 1899, the government levied sales tax on services @ 6% and 15% on contract and other services respectively; and stamp duty @ 0.25% of cost of contract.

The Project Director, Quetta Safe City, Quetta during the financial year 2019-20, incurred expenditure without/less deduction of government taxes amounting to Rs. 19.520 million, as detailed below:

Rs. in million

#	Financial year	BSTS	Stamp Duty	Total
1.	2019-20	13.820	5.700	19.520

Non/less deduction of government taxes occurred due to poor financial management and resulted in revenue loss to the Government.

The matter was reported to the department on July 29, 2021 but no reply was received.

In DAC meeting held on August 22, 2022, the management apprised that BSTS was not deducted from the bills of advance payment, rather it was deducted from the bills later on submitted by the contractor. Likewise, stamp duty had been paid to the Treasury office. DAC directed the department to produce evidence of recoveries made to Audit.

No further progress was intimated till the finalization of this report.

Audit recommends that recovery be effected from the concerned under intimation to Audit.

#### **PAC DIRECTIVES DATED 29<sup>th</sup> OCTOBER, 2025**

The department stated that the outstanding BSTS and Stamp Duty had been deducted from the contractors and deposited into the Government treasury. The Committee directed the department to provide the complete record of the recovery of 100% BSTS and Stamp Duty to the Audit for verification, under intimation to the PAC. **Hence, Para deferred.**

\*\*\*\*\*

**Information Department**  
**(Director General Public Relation (DGPR))**

*(Meeting held on 29<sup>th</sup> October, 2025)*

### **INTRODUCTION**

The Information Department, Government of Balochistan, acts as the official bridge between the government and the public, managing public relations, media, and communication. It aims to foster transparency, promote government initiatives, and, with the new Information Commission, upholds citizens' rights to information. Key roles include managing public relations via the Directorate of Public Relations (DPR) and overseeing information policy, including the Balochistan Right to Information Act 2021.

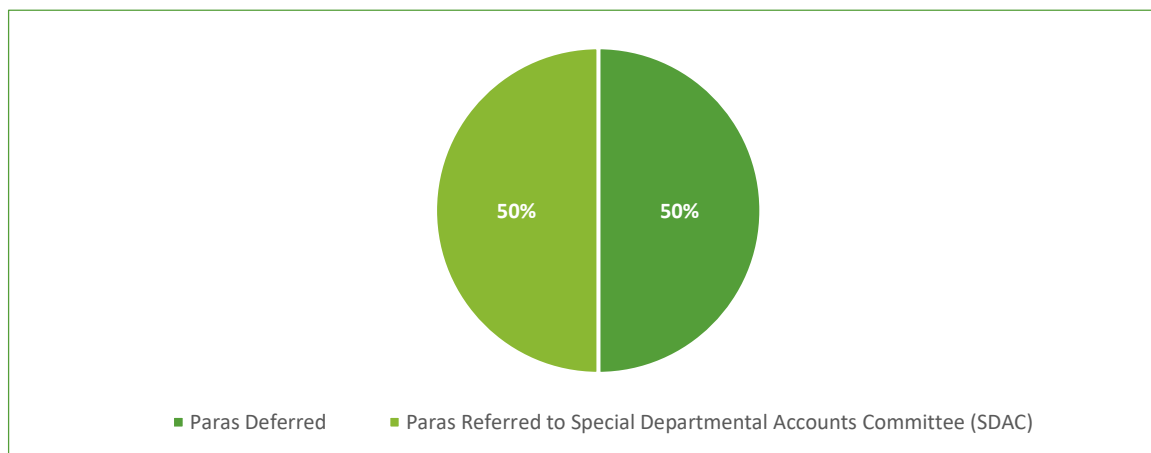
### **CLASSIFICATION OF AUDIT OBSERVATIONS**

#	Particulars	No. of Paras
1.	Irregular Expenditure	01
2.	Evasion of Taxes & Duties	01
<b>Total Paras</b>		<b>02</b>

### **BREAKUP OF PAC DIRECTIVES**

#	Particulars	No. of Paras
1.	Paras Deferred	01
2.	Paras Referred to Special Departmental Accounts Committee (SDAC)	01
<b>Total Paras</b>		<b>02</b>

### **BREAKUP OF PAC DIRECTIVES AT A GLANCE**



**EXAMINATION OF AUDIT REPORT 2022-23****Para # 24.1.13 Non-deduction of BSTS - Rs. 56.518 million**

According to BSTS Act, 2015, sales tax on services are @ 6% and 15% on contract and other services respectively.

The Director General Public Relation, Quetta incurred expenditure amounting to Rs. 424.754 on account of advertisement during the financial years 2018-19 and 2019-21, but failed to deduct BSTS@15% amounting to Rs. 56.518 million, as detailed below:

<b>Rs. in million</b>				
<b>#</b>	<b>Description (Advertisement)</b>	<b>Financial year</b>	<b>Expenditure</b>	<b>BSTS 15%</b>
1.	Regular	2018-19	367.221	47.898
2.	Autonomous Bodies	2019-20	29.439	4.214
3.	Autonomous Bodies	2020-21	28.094	4.415
<b>Total</b>			<b>424.754</b>	<b>56.518</b>

Non-deduction of BSTS occurred due to poor financial management and resulted in revenue loss to the Government.

The matter was reported to the department on June 10, 2021 and November 08, 2022 but no reply was received.

The PAO was requested in June 2021, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that recovery of BSTS be effected under intimation to Audit.

**PAC DIRECTIVES DATED 29<sup>th</sup> OCTOBER, 2025**

Based on the discussion, the Committee directed the Department to provide copies of Notification No. BRA/Com-I/2018/001 dated April 16, 2018, and Balochistan Revenue Authority Letter No. BRA/OPS/23-24/745 dated November 2, 2023, to the Audit Department for verification purpose.

In light of the above-mentioned notification and letter, the Audit Office shall examine the Department's justification for the non-deduction of BSTS amounting to Rs.56.518 million on advertisement services. If the Department's justification is not upheld, 100% of the BSTS shall be recovered and deposited into the Government Treasury, under intimation to PAC). **Hence, Para deferred.**

\*\*\*\*\*

**Para # 24.1.14 Irregular retention of money – Rs. 23.29 million**

According to Rule 290 of TRs Vol.-I, "No money shall be drawn from the treasury unless it is required for immediate disbursement. It is not permissible to draw money from the treasury in anticipation of demands or to prevent the lapse of budget grant." Further, according to Finance Department's Notification dated August 23, 2008, "No account in the Commercial Bank can be opened for public money, without the prior permission of the Finance Department."

The Director General Public Relations, Quetta, irregularly retained an amount of Rs. 23.290 million at the end of financial years 2019-21 in bank account maintained at National Bank, City Branch Quetta, as detailed below:

		<b>Rs. in million</b>
#	Financial year	Amount
1.	2019-20	9.770
2.	2020-21	13.52
<b>Total</b>		<b>23.29</b>

Non-surrendering of savings occurred due to weak financial controls and resulted in irregular retention of public money.

The matter was reported to the department on November 08, 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that retained money be deposited in the consolidated fund at the earliest under intimation to Audit.

**PAC DIRECTIVES DATED 29<sup>th</sup> OCTOBER, 2025**

Based on the discussion held, the Committee referred the Para to the Special Departmental Accounts Committee (SDAC) to be convened on a priority basis. The minutes of the SDAC are to be submitted to the PAC for consideration and final decision. **Hence, the Para is deferred.**

\*\*\*\*\*

## Transport Department

(Meeting held on 4<sup>th</sup> December, 2025)

### INTRODUCTION

The Transport Department, Government of the Balochistan was established in 2006. It manages provincial transportation infrastructure, enforcing regulations for fit vehicles and issuing permits to qualified operators. Key initiatives include modernizing public transport with eco-friendly green and pink bus services to provide safe, affordable, and gender-segregated commuting, particularly in Quetta.

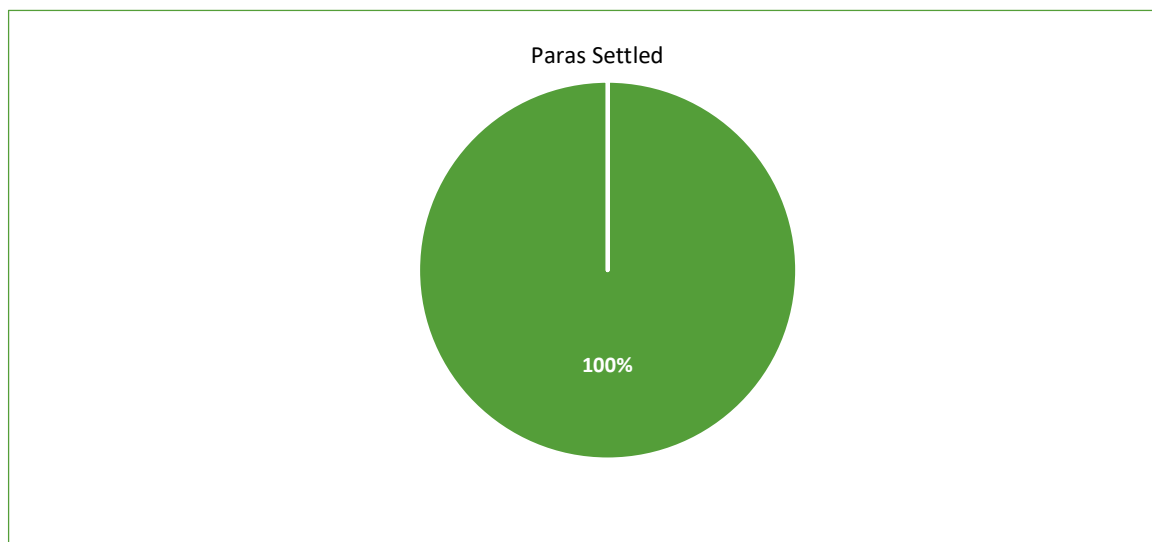
### CLASSIFICATION OF AUDIT OBSERVATIONS

#	Particulars	No. of Paras
1.	Irregular Expenditure	01
2.	Recoverable	02
<b>Total Paras</b>		<b>03</b>

### BREAKUP OF PAC DIRECTIVES

#	Particulars	No. of Paras
1.	Paras Settled	03
<b>Total Paras</b>		<b>03</b>

### BREAKUP OF PAC DIRECTIVES AT A GLANCE



**EXAMINATION OF AUDIT REPORT 2022-23****Para # 24.1.15 Procurement of green buses without feasibility study - Rs. 117.050 million**

According to Rule 23 of GFR, Vol.-I, “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 be 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.”

The Secretary, Transport Department, Quetta procured 8 buses as a pilot project for Quetta City at a cost of Rs. 117.050 million during the financial year 2020-21.

Those buses remained non-operational since July 2022, as the procurement was made without conducting the following necessary preliminary studies:

- Feasibility study: buses with length of 8 to 12 meters were procured which was not suitable for small and congested roads of Quetta city;
- Study of Traffic Engineering;
- Study of Quetta city for prioritization of routes in terms of maximum ridership followed by selection of sites for bus-stand/shelters and depot/terminal;
- Calculation of headway time; and
- Subsidy disbursement mechanism and setting terms with the stakeholders such as local transporters.

Procurement without feasibility study occurred due to lack of planning and resulted in wastage of public money.

The matter was reported to the department in July, 2022 to which the department replied that the buses were procured with the approval of the Chief Minister and through proper process of tender.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that the matter be inquired and responsibility be fixed on the person(s) at fault under intimation to Audit.

**PAC DIRECTIVES DATED 4<sup>th</sup> DECEMBER, 2025**

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As the green buses are on-road since 2024, have been successfully operating and are contributing to socio-economic development of the masses of Quetta city, therefore, Committee decided to **settle the Para.**

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**Para # 24.1.16 Less realization of tax receipts - Rs. 25.965 million**

Finance Department, GoB, “Fixed revenue targets of Rs. 66 million for Secretary, Provincial Transport Authority Quetta for the financial year 2020-21 under Receipt Head of Account B02812 - Receipts under the vehicle route permit.”

The Secretary, Provincial Transport Authority, Quetta realized a sum amounting to Rs. 40.035 million during the financial year 2020-21 on account of route permit fees against a target of Rs. 66 million resulting in less realization of revenue receipts amounting to Rs. 25.965 million.

Less realization of revenue receipts occurred due to weak financial controls and resulted in loss to the Government.

The matter was reported to the department in July 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that matter be justified besides taking corrective measures for improvement of tax collection under intimation to Audit.

**PAC DIRECTIVES DATED 4<sup>th</sup> DECEMBER, 2025**

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On the basis of discussion held, the Committee directed as under:

1. In future, the Finance Department, Government of Balochistan, shall set revenue targets in consultation with the Transport Department, based on actual data of previous years, including fare rates, number of passengers, operating hours of buses, routes, and other relevant information.
2. Once rational and realistic targets are set, it shall be the responsibility of the Transport Department to achieve them, and such targets shall help avoid blame-shifting between departments.

3. The Principal Accounting Officer (PAO), Transport Department, shall ensure renewal of the agreement/license and road permits with the concerned contractor every three years.

**Hence, Para settled.**

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**Para # 24.1.17 Non-realization of route permit fees - Rs. 9.433 million**

As per Section 69 of Motor Vehicle Ordinance 1965, “the Government of Balochistan, Transport Department has fixed tax rates for getting route permit. The applicant is required to request for renewal of route permit one month before the expiry of route permit, in case of delay a penalty of Rs. 100/- and Rs. 300/- per month for stage carriage and Rs. 200/- and Rs. 300/- per month for contract carriage shall be charged.”

The following offices of Transport Department during the financial year 2020-21, failed to collect route permit fees from owners of buses, mini buses, trucks, trailers, taxis, pickups, and rickshaws, resultantly, the government sustained a loss amounting to Rs. 9.433 million, as detailed below:

#	Name of Work	AIR Para No.	Type of Vehicle	Rs. in million
				Outstanding Amount
1.	Secretary, Provincial Transport Authority	2, 3, 5	Trucks, Trollies, Buses, Mini Buses and Taxis, Pickups, Trucks/Loaders and Rickshaws	9.433

Non-realization of road permit fees occurred due to weak administration and resulted in loss to the government.

The matter was reported to the department in July 2022, but no reply was received.

The PAO was requested in December 2022, followed by reminders to convene a DAC meeting, but no meeting was held till the finalization of this report.

Audit recommends that the matter be justified besides taking corrective measures for improvement of tax collection under intimation to Audit.

**PAC DIRECTIVES DATED 4<sup>th</sup> DECEMBER, 2025**

**Committee settled the Para** with direction that, in future, the transport department shall ensure the collection of route permit fee from the vehicle owners as required under section 69 of the Motor Vehicle Ordinance, 1965.

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## **THEMATIC AUDIT**

### **Thematic Audit Framework and Its Implementation in Pakistan**

Thematic Audit was introduced by the Auditor General of Pakistan (AGP) in Audit Year 2021-22 as a strategic shift in audit approach following extensive consultations with key stakeholders, including the Public Accounts Committee (PAC), federal and provincial governments, and auditee entities. This shift emerged from the recognized need for the audit reports of the AGP to provide more comprehensive commentary on activities of strategic importance, thereby moving beyond traditional transaction-based reporting toward a broader framework of issue-based and thematic audits.

The concept of Thematic Audit is viewed from two dimensions. The first dimension emphasizes the identification and discussion of thematic issues across a sector, entity, or government. The second dimension focuses on the examination of specific activities, programs, or projects executed by auditee organizations for the achievement of their strategic objectives and goals. To ensure a smooth transition toward thematic or issue-based audits, this approach is being implemented in a phased manner beginning with the Audit Reports 2021-22 of the Auditor General of Pakistan.

In continuation of this institutional transition, the Office of the Director General Audit Balochistan, during Audit Year 2022-23, conducted Thematic Audits of the Excise & Taxation Department and the Planning & Development Department. The thematic audit of the Excise & Taxation Department focused on the “Assessment of strategy and tools adopted by the Excise and Taxation Department to increase revenue”, while the thematic audit of the Planning & Development Department focused on the “Comparison of planning, execution and completion of PSDP schemes.” In this portion of the report, the audit observations raised as a result of these Thematic Audits, along with the directives of the Committee thereon, are included. This initiative further reinforces the commitment to evolving the audit function toward a more strategic, sector-focused, and impact-oriented audit regime.

## **Excise and Taxation Department (Thematic Audit)**

*(Meeting held on 30<sup>th</sup> October, 2025)*

### **Assessment of strategy and tools adopted by the Excise and Taxation Department to increase revenue**

#### **Para # 25.2.1 Non-existence of online tax collection system - Rs. 113.00 million**

As per approved PC-I, 2013-14, PSDP No. 462, Project ID: Z2013.0037, Project of online tax collection system for Excise and Taxation Department in Quetta and Lasbela was started in 2014-15 and was projected to be completed within 2 years.”

The Excise and taxation department lagged behind in launching online tax system in the province as compared to other provinces. Expenditure amounting to Rs. 113.000 million had been incurred by the department for the digitalization during 2015-18, but no material progress had so far been made. The other province

had worked remarkably well on OTCS such as online verification of registered vehicles, Biometric transfer of vehicles, online self-assessment of property tax, online verification of PT10 challans, E-payment of taxes, online professional tax assessment, mobile application of ETD etc., which had not only brought transparency in their work but also boosted their revenue receipts.

Non-existence of online tax collection system was due to poor strategic management which resulted in lack of transparency.

#### **PAC DIRECTIVES DATED 30<sup>th</sup> OCTOBER, 2025**

On the significant failures in the execution of the online tax collection system project for the Excise and Taxation Department in Quetta and Lasbela.

The Committee issued a stern directive holding the Excise and Taxation Department, Balochistan, accountable for the persistent failure and lack of progress on the online tax collection system project. The Committee charged the Secretary, Excise and Taxation Department, the Director General, the Project Management Unit, and the contracted third party, holding them responsible for their involvement during the 2015-2018 timeframe.

The Committee, acknowledging the lack of progress despite substantial expenditure of Rs.113.000 million, instructed the department to immediately contact the

vendor/contractor regarding the unfinished software component of the project. The vendor/contractor must be instructed to complete the software as per the agreement, or return the full payment to the government.

Additionally, the Committee gave a strict 15-day deadline to the department to comply with the directives; failure to satisfy the Committee at the subsequent meeting would result in the matter being referred to the National Accountability Bureau (NAB) and Anti-Corruption Establishment, Balochistan, with First Information Reports (FIRs) lodged against those responsible. **Hence, Para deferred.**

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**Para # 25.2.2      Less registration of motor cars in Balochistan**

According to the Balochistan Government Rules of Business, 2012 (45-c, d), “Excise and Taxation Department is responsible for collection, generation and management of registrations of motor vehicles in the province.”

The ETD failed to encourage general public to register vehicles in Balochistan as there were only 22,278 motor cars registered in Balochistan that also included Government vehicles, as detailed in Annexure 25.1 of the Audit Report. The general public lacked confidence in Excise and Taxation department Balochistan and hesitated to register motor cars in Balochistan rather preferred registration of vehicles in other provinces and capital territory due to following reasons:

No online verification of registered vehicles;

Issues of authenticity of documents of vehicles;

Poor facilitation services offered by ETD to vehicle owners;

Poor resale value of motor cars registered in Balochistan;

Complex process of motor car registration; and

Hassling and suspecting car owners outside of Balochistan by police and customs officials.

Lesser number of registered cars/vehicles in Balochistan was due to inefficient management which resulted in less-realization of revenue.

**PAC DIRECTIVES DATED 30<sup>th</sup> OCTOBER, 2025**

Based on the satisfactory reply by the department, the Committee **settled the Para.**

\*\*\*\*\*

**Para # 25.2.3      Less-collection of professional tax - Rs. 31.640 million**

As per the Balochistan Finance Act, 2019, Act No. II of 2019, “Professional tax is levied on different professionals at different rates and is collected by Excise and Taxation department Balochistan.”

The Excise and Taxation department failed to achieve revenue targets given on account of Professional tax. The given revenue target was Rs. 40.900 million whereas, the achieved revenue was Rs. 9.259 million which resulted in less-realization of Rs. 31.640 million. Upon inquiry, it was found that the department was unable to achieve the given target as the department was only collecting tax from government employees at source. Collection of professional tax from other sources such as Contractors (Goods suppliers), Law and Income tax practitioners, Private sector individual employees, medical practitioners, Private hospitals, Petrol pumps and CNG stations etc., was not being taken care of.

Less-collection of Professional tax was due to professional incompetence and resulted in revenue loss to the Government.

**PAC DIRECTIVES DATED 30<sup>th</sup> OCTOBER, 2025**

The Committee directed the department to initiate corrective measures to meet tax collection targets. The department is instructed to gather data on professionals from whom tax is to be realized and ensure the completion of the tax collection target. **Hence, deferred the Para.**

\*\*\*\*\*

**Para # 25.2.4      Non-existence of mechanism to identify motor vehicle tax defaulters**

According to the Balochistan Government Rules of Business, 2012 (45-c, d), “Excise and Taxation Department is responsible for collection, generation and management of registrations of motor vehicles in the province.”

Excise and Taxation department had no mechanism to identify the motor vehicle tax defaulters. The department had no reliable data regarding the number of vehicle owners, who had not paid motor vehicle tax, as there was no centralized data or online database for identification. Moreover, teams were not deployed in field to identify defaulters. In other provinces, token stickers were issued to vehicle owners on payment

of tax. The stickers were displayed on windshields of vehicles enabling checking teams to identify defaulters.

Non-existence of mechanism to identify motor vehicle tax defaulters was due to lack of proper planning which resulted in non-realization of anticipated tax revenues.

### **PAC DIRECTIVES DATED 30<sup>th</sup> OCTOBER, 2025**

The Committee ***settled the Para.***

\*\*\*\*\*

#### **Para # 25.2.5 Non-collection of property tax from residential units**

As per the Balochistan Urban Immovable Property Tax Act, 1958, “One residential house having constructed area of 2500 square feet owned and self-occupied for his residential purpose by every citizen is exempted and exceeding 2500 sqft area shall be taxable.”

The Excise and Taxation department was required to issue property exemption certificates to property owners of residential units, after assessment of property. During Audit it was observed that the department was neither collecting property tax from residential units nor was any assessment made to find out the actual covered area. The department also failed to identify whether the residential units were self-occupied or rented out. Sample taken out of record of the 9 sub-ordinate offices revealed that the department was not collecting property tax from nearly 97% of the residential units; whereas, exemption certificates were very few in number, as detailed in Annexure 25.2.

Non-collection of property tax from residential units occurred due to poor management and resulted in non-realization of anticipated tax revenue.

### **PAC DIRECTIVES DATED 30<sup>th</sup> OCTOBER, 2025**

The Committee directed the department to provide all necessary records to the Audit Department for verification within a one-month timeframe. ***As a result, deferred the para.***

\*\*\*\*\*

#### **Para # 25.2.6 Neglecting potential sectors of receipts and heavy reliance on vends - Rs. 873.710 million**

As per Article 37 (h) of the Constitution of Islamic Republic of Pakistan, 1973. “The State shall prevent the consumption of alcoholic liquor otherwise than for medicinal

and, in the case of non-Muslim, religious purpose.” Finance Department, Government of Balochistan in consultation with Excise & Taxation Department, Balochistan “Fixed revenue target of Rs. 873.100 million for Excise and Taxation department Balochistan for the financial year 2021-22 under Receipt Head of Accounts B02600-BO2628-Receipts under the Provincial Excise.”

Finance Department, Government of Balochistan in consultation with Excise & Taxation Department, Balochistan fixed revenue target of Rs. 873.100 million on vends which was 43% of total revenue target given to Excise and Taxation department. On the other hand, only 13% target was set for property tax, 2% for Professional tax and 0.31% for Trade tax. Heavy reliance on revenue from Vends was astonishing as it was prohibited under the Constitution of Islamic Republic of Pakistan whereas, potential sectors like Property tax, Professional tax, Trade tax etc., were neglected/ignored.

Heavy reliance on vends was due to lack of poor planning which resulted in less realization of revenue receipts from other potential sectors.

#### **PAC DIRECTIVES DATED 30<sup>th</sup> OCTOBER, 2025**

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The Committee *settled the Para.*

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#### **Para # 25.2.7      Non-conducting of trainings and development programs of tax collectors and awareness programs for tax payers**

As per the Organizational Development, Process of training and development, “In order to ensure that employees are equipped with right kind of skills, knowledge and abilities to perform their assigned tasks, trainings and development plays crucial role towards the growth and success of any organization.”

The Excise, Taxation and Anti-Narcotics Department had not arranged training and development programs, seminars, workshops and awareness programs since its inception. Thus, the confidence of the tax payers was not gained. Trainings are necessary for employees to polish their work and learning new methodologies as it helps in optimizing the utilization of human resources and increasing the productivity of the employees. Awareness programs help tax payers better formulate their tax liabilities, gaining knowledge about their rights and duties, besides information of importance of paying payable taxes.

Non-conduct of training and awareness programs for the employees and taxpayers was due to lack of professionalism, which resulted in inefficient tax management.

**PAC DIRECTIVES DATED 30<sup>th</sup> OCTOBER, 2025**

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The Committee *settled the Para.*

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**Para # 25.2.8 Non-adoption of strategy and tools to increase revenue**

“A strategy is a comprehensive plan that includes determining the long-term objectives, adopting the required course of action and allocating the necessary resources. A strategic plan is a document used to communicate with the organization, the organization’s goals, the actions needed to achieve those goals and all of the other critical elements during the planning exercise.”

Thematic audit of ETD for the financial year 2021-22 revealed that in Excise, Taxation and Anti-Narcotics Department neither a strategy was formulated nor the tools were devised to increase the revenue mobilization for achievement of their long-term goals. An effective strategic plan lays down a framework of activities and helps synergize action and activities towards achievements of goals.

Non-formulation of strategy to increase revenue was due to lack of professional approach which resulted in stereotyped working without having set benchmarks and goals.

In the absence of an effective strategy in the ETD, the GoB not only faced setbacks in maximizing tax revenue but also lagged behind the sister provinces in revolutionizing the tax collection system through digitalization, expanding the tax base and enlarging the tax net.

**PAC DIRECTIVES DATED 30<sup>th</sup> OCTOBER, 2025**

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The Committee *settled the Para.*

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## Planning & Development Department (Thematic Audit)

*(Meeting held on 17<sup>th</sup> December, 2025)*

### Comparison of planning, execution and completion of PSDP schemes.

#### Para # 25.5.1 Meager allocation of funds for prioritizing SDGs - Rs.5,452 million

The Federal Support Unit has prioritized SDGs goals in three categories, as tabulated below in order of country's requirements, which serves as a guiding document for provinces to identify targets and goals accordingly.

#	Priority I	Priority II	Priority III
1.	Zero Hunger	No poverty	Responsible Consumption and Production
2.	Good Health	Gender Equality	Climate Action
3.	Quality Education	Industry and Infrastructure	Life below Water
4.	Clean Water and Sanitation	Reduced Inequalities	Life on Land
5.	Affordable and Clean Energy	Sustainable Cities and Communities	
6.	Decent Work and Economic Growth	Partnerships for the Goals	
7.	Peace, Justice and Strong Institutions		

Review of original PSDP estimates for the financial year 2021-22, revealed that Government of Balochistan did not prioritize goals before planning the development schemes. No program to cope up with hunger and reduce poverty in the province was initiated by the P&D Department. Further, a meager allocation of funds amounting to Rs. 5,452 million was allocated out of Rs. 189,196 million to various sectors such as Planning and Development, Human Resource Development, Women development, Environment and Climate changes, Excise and Taxation, Population Welfare and Social Welfare in violation of instructions of Federal Support Unit, Pakistan, as detailed below:

#	Name of Sector/ Department	Allocation in PSDP 2021-22	% of allocation	Priority categorization as per Federal Support Unit
1.	Hunger	0	0	I
2.	Population Welfare	100	5	II
3.	Women Development	620.07	33	II
4.	Environment	217.118	11	III

Rs. in million

#	Name of Sector/ Department	Allocation in PSDP 2021-22	% of allocation	Priority categorization as per Federal Support Unit
5.	Labour and Manpower	384.669	20	I
6.	Excise and Taxation	60	3	I
7.	Planning and Development	3,082.205	163	I
8.	Social Welfare	988.180	52	II
<b>Total</b>		<b>5,452.242</b>		

**Source abstract of GoB, PSDP 2021-22.**

Furthermore, no new scheme was included in PSDP 2021-22 in respect of Population Welfare, Planning and Development and Excise and Taxation Department, GoB.

The SDGs could not be prioritized by the P&D department due to poor planning which may adversely affect sustainable development.

### **PAC DIRECTIVES DATED 17<sup>th</sup> DECEMBER, 2025**

The Committee emphasized the importance of the Sustainable Development Goals (SDGs) and, noting that Pakistan is a signatory to all 17 SDGs adopted by the United Nations. In the light of foregoing discussion, **Committee settled the Para** directing that the following instructions be strictly observed in future:

1. Budget allocations shall be prioritized in alignment with the SDGs.
2. The P&D Department shall develop and implement a structured, measurable framework to link every development scheme under the PSDP with the relevant SDG goals and targets at the planning and budgeting stage.
3. The ACS/Secretary P&D shall ensure mandatory compliance with this framework in all subsequent development planning cycles.
4. The Department shall maintain a systematic record of progress against each SDG.

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### **Para # 25.5.2      Insufficient release of funds in respect of new PSDP schemes - Rs.23,953.330 million**

According to Section 16 (2) BPFM Act 2020, “No development project shall be considered for inclusion in demands for grants unless it is provided with a budget allocation of at-least thirty-three percent of its total cost for the coming year.”

PSDP for the financial year 2021-22 revealed that allocations for different new projects were less than the prescribed limit provided in the BPFM Act, 2020. Cost of those projects was Rs. 127,149.90 million, while the allocation was kept at Rs. 23,953.330 million, which was only 18% of the total cost. With the current pace of allocation, projects would be completed in five years instead of three years, as detailed below:

<b>Rs. in million</b>				
#	No. of Schemes	Estimated Cost of the Projects	Allocation for the year 2021-22	%
1.	326	127,149.90	23,953.3	18%

Insufficient allocation of funds, in violation of BPFM Act, was due to poor planning by the department which will result in time and cost overrun.

### **PAC DIRECTIVES DATED 17<sup>th</sup> DECEMBER, 2025**

On the basis of discussion held Committee directed as under:

1. The P&D Department shall provide the current physical and financial progress of 326 PSDP schemes to the Audit Office for verification purpose under intimation to PAC.
2. The Finance department shall rigorously implement the decisions taken in the DAC meeting held on 2<sup>nd</sup> November, 2022 under intimation to PAC and Audit.
3. The Planning & Development Department and the Finance Department shall establish immediate and formalized coordination to jointly and effectively address and overcome the identified financial and administrative shortcomings in development spending. This essential collaborative effort must be fully compliant with the provisions of the Public Finance Management Act to ensure efficient resource utilization and timely achievement of stated critical development targets.

***Hence, Para deferred.***

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### **Para # 25.5.3 No physical progress despite expenditure of Rs.2,534.807 million**

According to Para 5.02 of Manual for Development Projects, 2021, “The monitoring of the development projects or programs should be done internally by the PD and sponsoring/executing agency. The sponsoring/executing agency may also hire third-

party consultants for monitoring of the project. Planning Commission's Monitoring Wing will do monitoring of selective projects. The PC-III proforma along with PW-002 and PW-003 proformas is used for monitoring implementation progress." Further, according to Para 6.13 and 6.16 of Manual for Development Projects, 2021, "Evaluation can be applied for different purposes as well as to a specific activity, project, or programme. It is not restricted to the completion stage only, but involves periodic investigations at many stages. Four different types of project evaluations are: ex-ante evaluation, ongoing evaluation, final evaluation, and ex-post evaluation.

PSDP for the financial year 2021-22 revealed that the following projects were reflected in the PSDP during financial year 2019-20 and an expenditure of Rs. 2,534.807 million was incurred till June 30, 2022. For the works from S. No.1 to 4 only land compensation, payment to QESCO, PTCL and SSGC had been made for the last two years but neither land had been acquired from the owners nor was physical work started. Progress of work at S. No. 5 was very slow despite the fact that 73% expenditure was incurred. It clearly showed that no mechanism was devised to watch the physical and financial progress of the schemes by the P&D Department.

**Rs. in million**

#	Project ID	Name of Scheme	Cost	Exp:	%	Description
1.	Z2019.1556	Widening and Improvement of Prince Road (Quetta Package).	781.712	656.723	84%	Land Acquisition, PTCL, QESCO and SSGC
2.	Z2019.1557	Widening and Improvement of Patel Road Quetta (Quetta Package).	201.142	148.415	74%	
3.	Z2019.1559	Widening of Samungli Road From Koyla Phatak To Khezai Chowk Quetta (Quetta Package).	1,723.633	370	21%	
4.	Z2019.1553	Widening And Improvement of Brewery Road from Joint Road To Start Of Existing Bridge (Quetta Package).	1,113.102	726	65%	
5.	Z2019.1554	Improvement of Sirki Road Quetta (Quetta Package).	870.477	633.669	73%	Rs. 15.964 M Land acquisition
<b>Total</b>			<b>4,690.066</b>	<b>2,534.807</b>		

Incurrence of expenditure against the schemes which had not yet been started was due to inefficient planning which resulted in blockage of public money.

**PAC DIRECTIVES DATED 17<sup>th</sup> DECEMBER, 2025**

The Committee sought clarification regarding the absence of the concerned Project Directors and Deputy Project Directors, to which the Department responded that they had been transferred to other projects. The Department further informed the Committee that, due to certain operational and practical issues, four (04) out of five (05) projects, highlighted in the Para, were closed without initiation, and the allocated funds were reallocated to other projects.

The Director General (Audit) apprised the Committee that, in this regard, the Department had made substantial payments for land acquisition and to Pakistan Telecommunication Limited (PTCL), Quetta Electric Supply Company (QESCO), and Sui Southern Gas Company (SSGC) for project initiation; however, neither was the land acquired nor was any physical work commenced.

In view of the above, the Committee decided to *defer the Para* and to reconvene the meeting after seven (07) days, with the following directives to the Department: –

1. The Department shall furnish to the Audit Office, under intimation to the PAC, complete records of the Quetta Development Package, including details of all projects, their physical and financial progress, expenditure incurred to date on each project, scheduled completion timelines, and the status of projects indicating those completed and those still in progress, for verification purposes.
2. The Department shall ensure that the Project Directors and Deputy Project Directors of the five schemes referred to in the Para are present at the forthcoming meeting.

In future, the P&D Department shall establish a robust and effective mechanism to closely monitor the physical and financial progress of these high-value schemes throughout the financial year, in order to address and rectify the deficiencies previously observed.

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**Para # 25.5.4 Irregular inclusion of multi-departmental development schemes - Rs.62,729 million**

According to Para 3.3.5.11 of APPM, “Lump sum provision in the budget must not be made unless in exceptional circumstances. For example, the use of ‘Others’ expenditure heads should be avoided, in favor of more clearly defined heads”.

During review of original as well as revised PSDP / budget estimates, it was observed that various schemes costing Rs. 62,729 million were found included in the PSDP under sector “Multi Departmental” against which Rs. 11,954 million was expended upto June 30, 2021 and an amount of Rs. 14,860 million was allocated for the financial year 2021-22. Further, detail object in the SAP system for the object schemes were “A05270-to Others” which was against the rules.

The irregularity was caused due to weak internal and financial controls which may result in mis-utilization of development funds.

### **PAC DIRECTIVES DATED 17<sup>th</sup> DECEMBER, 2025**

The Committee ***settled the Para.***

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#### **Para # 25.5.5 Cost and time overrun of the projects due to improper planning - Rs.15,327.366 million**

According to Para 2.37 of Manual for Development Projects, 2021, The Planning Commission proforma I (PC-I) is the primary project document, and its preparation is a key step in project preparation and processing. The sponsoring agency is expected to spend adequate time and resources in preparing this document to avoid complications during project implementation resulting in delays in project completion and cost overruns”.

While checking SAP Data with reference to PSDP Schemes for the financial year 2021-22 and Balochistan Development Authority accounts, it was observed that 135 development schemes, started between the financial years 2003 to 2019, were ongoing either due to less/non-allocation against those schemes or inclusion of new schemes every year in the annual development program. The schemes reflected in the annual development program for the year 2003 could not be completed even after 20 years. It clearly showed that no strategic plan was devised by the department to utilize the government resources appropriately, as detailed below:

<b>Rs. in million</b>						
<b>#</b>	<b>F.Y</b>	<b>No. of schemes</b>	<b>Cost</b>	<b>Expenditure up to June 30, 2021</b>	<b>Allocation for the 2021-22</b>	<b>%</b>
1.	2003-14	94	91.353	55.299	15.685	61%
2.	2004-19	28	10,899.398	6,248.977	0	57%
3.	2004-19	13	4,336.615	2,819.017	0	65%

Rs. in million

#	F.Y	No. of schemes	Cost	Expenditure up to June 30, 2021	Allocation for the 2021-22	%
	<b>Total</b>	<b>135</b>	<b>15,327.366</b>	<b>9,123.293</b>	<b>15.685</b>	

Non-completion of PSDP schemes after lapse of 20 years was due to lack of strategic planning which resulted in time and cost overrun.

### **PAC DIRECTIVES DATED 17<sup>th</sup> DECEMBER, 2025**

On the basis of discussion held, Committee directed as under:

1. An important exception is granted for genuinely ongoing schemes with a verifiable completion rate of 80% or more; these schemes shall remain uncapped and be prioritized for timely completion.
2. Provide the Audit Office, under intimation to the PAC, with comprehensive details of all schemes classified under capped and uncapped categories, including the current physical and financial progress of each scheme and the tentative completion dates of ongoing projects, for verification purposes.
3. Immediately hold a high-level meeting to cap all development schemes that have been pending for over twenty (20) years or show no visible physical progress, tying up substantial public funds.

Hence, ***Committee settled the Para contingent upon strict and immediate compliance with aforementioned directives.***

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#### **Para # 25.5.6 Non-allocation of sufficient funds to ongoing schemes**

According to Para 3.51 of Manual for Development Projects, 2021, "In accordance with Section 17 (2) of PFM Act, 2019, no development project shall be considered for inclusion in demands for grants unless it is provided with a budget allocation for all coming years which fully reflects the proposed project cost for each year of project life. Such yearly allocations will be protected every year. Each Ministry/Division will ensure appropriate provision for budget allocation for first year and for subsequent years as per approved phasing of PC-Is. New project will be proposed only if the indicative budget ceiling permits cushion after providing budget allocation, minimum as per approved annual phasing, for ongoing projects".

Review of original PSDP / budget estimates for the financial year 2021-22 revealed that 41% of total allocation of PSDP was kept for 2,286 new development schemes with a total cost of Rs. 76,651 million. The existing/ongoing 1,525 schemes were provided with only 59% of total PSDP with a total cost of Rs. 112,544 million.

Due to non-allocation of sufficient funds, the ongoing schemes could not be completed within specified time and resulted in time as well as cost overrun of the projects. A brief comparison of funds allocation to new v/s ongoing schemes in annual PSDP of various years are described below:

Financial Years	New Schemes	Amount Allocated	%	Ongoing Schemes	Rs. in million	
					Amount Allocated	%
2019-20	1,796	64,612.579	60%	665	43,502.264	40%
2021-22	2,286	76,651.162	41%	1,525	112,544.815	59%
2022-23	3,445	59,831.558	29%	3,367	146,602.347	71%

**Source: PSDP / Budget Books of GoB for the financial years 2019-20, 2021-22 and 2022-23.**

Non-allocation of funds to ongoing schemes was due to poor financial management which will result in time and cost overrun of the schemes.

#### **PAC DIRECTIVES DATED 17<sup>th</sup> DECEMBER, 2025**

The Committee decided to ***club the observation with Para 25.5.5.***

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#### **Para # 25.5.7      Non-allocation of funds for abandoned PSDP schemes costing - Rs.128,875.980 million**

As per Para 1.35 (b) Manual for Development Projects, “preference is accorded to ongoing projects for their early completion.” Further, according to Section 16(2) of BPFM Act 2020, “No development project shall be considered for inclusion in demands for grants unless it is provided with a budget allocation of at-least thirty-three percent of its total cost for the coming year.”

PSDP for the financial year 2021-22 revealed that allocation for (247) different projects remained “Nil” and those projects were kept under title “Schemes to be reassessed for socio-economic viability (Annexure I, II and III) in the PSDP. The executing department

had incurred an expenditure of Rs. 76,846.960 million on those projects during the financial years 2003-04 to 2018-19. The expenditure against those projects till June 30, 2021, on an average, remained more than 60% of estimated cost; whereas, expenditure against some projects was more than 80%, as detailed in Annexure 25.3.

Likewise, during the financial years 2013 to 2021, the Government approved various PSDP schemes amounting to Rs. 110,547 million. However, the FD, GoB did not allocate any funds for those PSDP schemes, as detailed below:

<b>Rs. in million</b>			
<b>#</b>	<b>Financial Year</b>	<b>No. of PSDP schemes</b>	<b>Approved cost</b>
1.	2013	2	4,100
2.	2014	1	36.680
3.	2015	1	50
4.	2016	2	21
5.	2017	3	225.390
6.	2018	1	1,162.040
7.	2019	28	6,932.939
8.	2020	134	9,376.608
9.	2021	693	88,643.337
<b>Subtotal</b>		<b>865</b>	<b>110,547.994</b>

Abandoning schemes without completion was caused due to weak financial management which will result in cost and time overrun.

#### **PAC DIRECTIVES DATED 17<sup>th</sup> DECEMBER, 2025**

The Committee resolved to *defer the Audit Para* with direction to provide the following information to Audit Office for verification purpose under intimation to PAC: -

1. A detailed report on the actions taken and decisions made by the competent authority in response to the recommendations of the Divisional Monitoring Teams and District Inspection Teams following the September 2020 Cabinet meeting.

2. Scheme-wise information for all 247 projects, clearly indicating their current physical and financial status, recommended action (closure, continuation, or revision), and additional financial requirements.

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**Para # 25.5.8 Irregular re-appropriation of development funds for new schemes - Rs.5,195 million**

According to Second Schedule of the Balochistan Delegation Financial Powers and Re-appropriation Rules 2019, “No expenditure on a project shall be incurred unless it is reflected in the PSDP and is a part of the Development Budget of the respective financial year. Therefore, the Finance Department is not authorized to re-appropriate the funds for the scheme which is not reflected in the PSDP. Further, as per S.No.9 (c) of, ibid Rules, “no re-appropriation will be made from one grant to another”.

While checking SAP Data with reference to PSDP Schemes for the financial year 2021-22, it was observed that an amount of Rs. 5,592 million was released to various executing agencies through re-appropriations from the schemes reflected in original PSDP to new schemes included in revised PSDP, as detailed below:

	<b>Rs. in million</b>			
<b>Number of Schemes</b>	<b>Original Budget</b>	<b>Supplementary Budget</b>	<b>Progressive Releases</b>	<b>Progressive Expenditure</b>
1,333	0	5,592	5,302	5,195

Above mentioned allocation by way of re-appropriation was irregular because no re-appropriation from ongoing PSDP schemes was admissible to new unapproved schemes. Such irregular re-appropriation was one of the most significant reasons which resulted in delay and cost escalation in development schemes and ultimate loss to the Government.

Re-appropriation of funds from ongoing PSDP schemes to unapproved schemes was due to weak financial management and improper budgeting which resulted in delay in implementation of already approved schemes.

**PAC DIRECTIVES DATED 17<sup>th</sup> DECEMBER, 2025**

The Committee noted with serious concern that Rs.5,592 million was re-appropriated in the revised PSDP from approved, ongoing schemes to new, unapproved schemes. The department’s claim that these funds came from “savings” was found to be unconvincing and unsupported, and did not justify the clear violation of key financial

rules. Such weak financial management was considered likely to have led to delays and potential cost increases in already approved development projects.

In view of the above, the Committee directed the Finance Department, GoB, to submit a detailed report clearly indicating the source schemes from which funds were reduced and the recipient schemes to which the funds were re-appropriated, along with the justification and administrative approval for the irregular re-appropriation of Rs.5,592 million, out of which Rs.5,195 million had been spent. The requisite information shall be furnished to the Audit Office within one month, with a copy to the PAC.

Furthermore, in the next meeting, the Finance/P&D Department shall apprise the Committee of the corrective measures taken to prevent recurrence of such serious financial irregularities and identify the officers responsible. **Hence, Para deferred.**

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**Para # 25.5.9 Huge expenditure at the close of financial year to avoid lapse of funds - Rs.53,160 million**

As per Rule 96 of GFR, Vol.-I, “It is contrary to the interest of the state that money should be spent hastily or in an ill-considered manner merely because it is available or that lapse of grant could be avoided.”

Development expenditure for the financial year 2020-21 revealed that an amount of Rs. 53,160 million equal to 45% of total annual expenditure was incurred at the close of financial year, which raised a doubt on authenticity of expenditure and also resulted in advance payments to the contractors, as detailed below:

<b>Rs. in million</b>			
<b>#</b>	<b>Months</b>	<b>Expenditure</b>	<b>Percentage</b>
1.	July	100	0.09%
2.	August	2,530	2.14%
3.	September	6,410	5.44%
4.	October	4,510	3.82%
5.	November	1,180	1%
6.	December	4,540	3.85%
7.	January	5,990	5.08%
8.	February	8,350	7.08%
9.	March	9,130	7.74%
10.	April	12,640	10.72%
11.	May	9,350	7.93%
12.	June	53,160	45.10%
<b>Total</b>		<b>117,890</b>	<b>100%</b>

Rush of expenditure at the close of financial year occurred due to lack of proper planning which resulted in ineffective utilization of public funds.

#### **PAC DIRECTIVES DATED 17<sup>th</sup> DECEMBER, 2025**

The Committee expressed serious concern over the rush of expenditure amounting to Rs.53,160 million in the month of June 2021, which constituted about 45% of the total expenditure for the financial year 2020–21. While the Committee acknowledged the P&D Department's explanation regarding timely release of funds and holding of quarterly review meetings, it observed that such heavy spending at the end of the year reflects weak financial management, poor monitoring, and inadequate planning by the implementing departments. The practice of relying on contractors to speed up work in anticipation of year-end funding is financially unsound and points to a systemic weakness in project implementation.

In view of the above, the Committee *settled the Para subject to* compliance with the following directions:

1. The Planning & Development Department and the Finance Department shall immediately put in place a proper system to divide the allocated funds for all development schemes on a mandatory quarterly basis.
2. The release of funds for each subsequent quarter shall be strictly linked with the actual physical progress of the schemes, so as to ensure smooth utilization of funds throughout the year and to avoid the harmful practice of year-end rush spending.
3. A detailed report explaining the adopted strategy and the mechanism put in place for enforcing this quarterly financial discipline shall be submitted to the Audit Department, with a copy to the PAC Secretariat.

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**ADVANCE ENDORSEMENT AND APPROVAL OF THE HOUSE REQUIRED FOR FINAL DECISION.**

In light of the examination of the Audit Report on the Accounts of the Government of Balochistan for the Financial Years 2021-22 (Audit Year 2022-23), the Public Accounts Committee (PAC) has discussed a total of 252 Audit Paras, 05 Public Financial Management Issues and 34 Appropriation Accounts. The breakup of PAC directives on each category of audit observations is summarized as under:

#	Particulars	Paras	PFM* Issues	Appropriation Accounts
1.	Settled	42	01	15
2.	Settled Subject to Condition(s)	13	-	01
3.	Deferred	175	04	18
4.	Referred to Special Departmental Accounts Committee (SDAC)	22	-	-
<b>Total</b>		<b>252</b>	<b>05</b>	<b>34</b>

**\*Public Financial Management Issues.**

Items categorized as settled subject to conditions, deferred, or referred to SDAC are not finalized and will be revisited by the PAC to assess compliance and determine appropriate action.

The PAC recognizes that its decisions are dynamic, subject to change based on departmental responses, additional evidence, or satisfactory compliance. As PAC decisions require adoption by the Provincial Assembly of Balochistan for final effect, repeated approvals for subsequent revisions may cause delays.

Therefore, the PAC seeks advance endorsement and approval of the Provincial Assembly of Balochistan for any future changes, settlements, or revisions to its decisions/directives arising during follow-up proceedings.

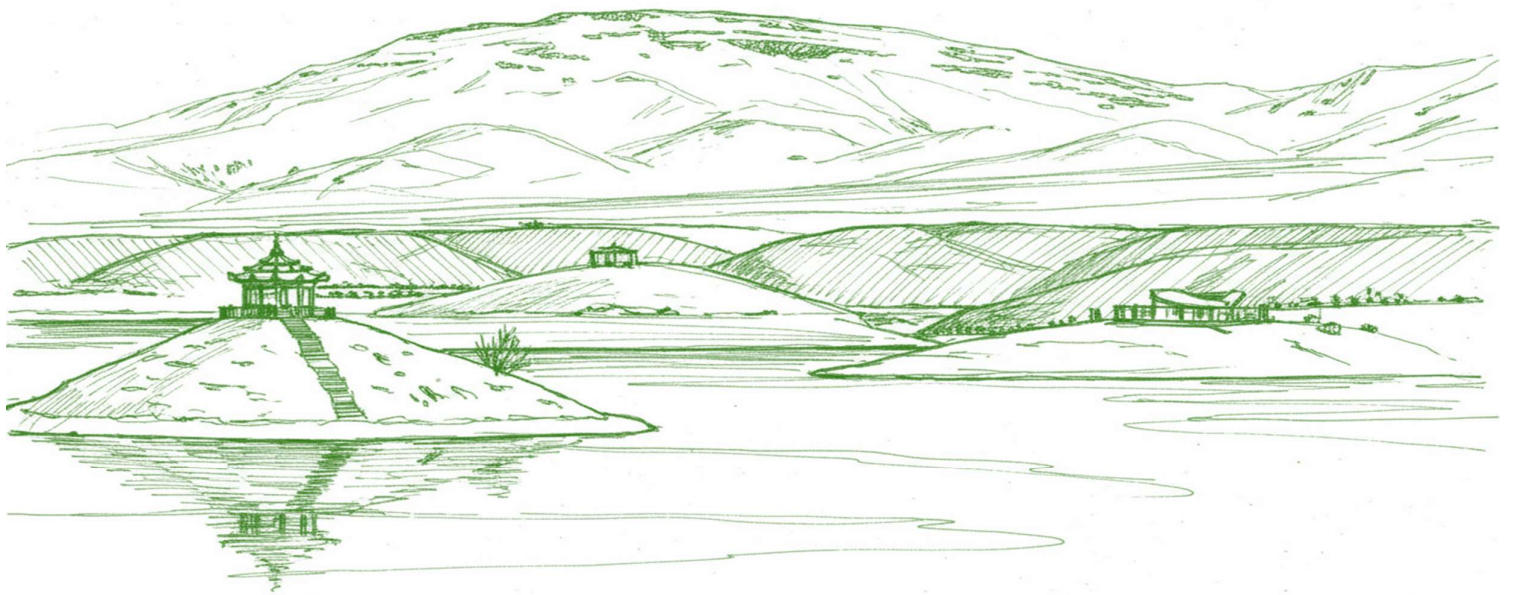
This will enable effective oversight, timely decision-making, and reduction of procedural delays while maintaining transparency and institutional authority.

***The End.***

**Disclaimer Statement:**

- *Errors and omissions excepted (E&OE). We tried our best to compile this report, but small mistakes may still exist.*





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