

VOL-II (1992-93)



REPORT
OF THE
PUBLIC ACCOUNTS COMMITTEE
ON THE ACCOUNTS OF THE FEDERATION
FOR THE YEAR
1992-93

NATIONAL ASSEMBLY SECRETARIAT
ISLAMABAD

اليوم نختم على افواههم و تكلمنا ايديهم
و تشهد ارجلهم بما كانوا يكسبون

“This day We seal up
their mouths,
and their hands
speak out to Us and their feet
bear witness
as to what they used to earn.”

(Sura Yasin, Al-Quran)

TABLE OF CONTENTS

	<u>Page Nos</u>
01. Composition of Special Committee # II.....	(iii)
02. Executive Summary	(iv)
03. Excess Budget Statement for the Year 1992-1993	(x)

Reports of the Ministries/Divisions

04. Cabinet Division	(01)
05. M/O Commerce	(16)
06. M/O Communications	(31)
07. Council of Islamic Ideology	(42)
08. M/O Culture, Tourism, Sports, Minorities Affairs & Youth Affairs.....	(43)
09. M/O Defence	(65)
10. M/O Defence Production	(106)
11. Economic Affairs Division	(127)
12. M/O Education	(132)
13. Election Commission of Pakistan	(142)
14. M/O Environment	(143)
15. Establishment Division	(149)
16. Federal Board of Revenue	(154)
17. Finance Division	(196)
18. M/O Food, Agriculture & Livestock	(221)
19. M/O Foreign Affairs	(241)
20. M/O Health	(252)
21. M/O Housing & Works	(260)
22. M/O Industries & Production	(267)
23. M/O Information Technology & Telecommunication	(299)
24. M/O Information & Broadcasting	(305)
25. M/O Interior	(325)
26. M/O Kashmir Affairs and Northern Areas (KANA)	(329)
27. M/O Labour Manpower & Overseas Pakistanis	(337)
28. M/O Law, Justice & Parliamentary Affairs	(353)
29. M/O Local Government & Rural Development	(356)
30. M/O Narcotics Control	(359)
31. National Assembly Secretariat	(370)
32. Pakistan Atomic Energy Commission	(372)
33. M/O Petroleum & Natural Resources	(374)
34. M/O Planning & Development.....	(384)
35. M/O Population Welfare	(387)
36. M/O Ports & Shipping	(390)
37. M/O Postal Services	(394)
38. President's Secretariat	(400)
39. Prime Minister's Secretariat	(402)
40. Prime Minister's Inspection Commission	(403)
41. M/O Railways	(405)
42. M/O Religious Affairs	(417)
43. M/O Science and Technology	(421)
44. Senate Secretariat	(430)
45. M/O Social Welfare & Special Education	(432)
46. M/O States and Frontier Regions	(442)

47.	Statistics Division	(453)
48.	Wafaqi Mohtasib Secretariat	(456)
49.	M/O Water & Power.....	(457)
50.	M/O Women Development	(478)

PREFACE

Under the Constitution of the Islamic Republic of Pakistan, the disbursement from the Federal Consolidated Fund requires approval by National Assembly of Pakistan. While authorizing huge sums of the tax payer's money, the Assembly has a right to reassure itself that the moneys so granted were steered to the intended purpose and were spent prudently and in accordance with Rules & Regulations. The National Assembly oversees expenditure through its committee on Public Accounts, on the basis of Appropriation Accounts, Finance Accounts and Audit Reports prepared by the Controller General of Accounts and Auditor-General of Pakistan. The said reports are laid in the National Assembly as required under Article 171 of the Constitution.

The PAC examines, with reference to the facts of each case, the circumstances leading to any excess expenditure and makes appropriate recommendations. The PAC also constitutes Sub Committees and Inter-departmental Committees for the scrutiny of some important issues. The current PAC was faced with the gigantic task of examining the backlog of Audit paras relating to previous 12 years and constituted three Sub-Committees for their examination. The PAC has completed 10 years of backlog till date.

The reports of the Sub-Committees are submitted separately, as volumes, to the main report of the Public Accounts Committee.

Major issues and Committee's general recommendations, on each Ministry/Division, have been highlighted, separately in the respective sections for having a quick glance on their performance.

The drafting and preparation of this Report and the Sub-Committees Reports has been made possible due to the concerted efforts of the Honourable Conveners/Members of the Sub-Committees and officers/staff of the Public Accounts Committee of the National Assembly Secretariat, headed by Mr. Moosa Raza Effendi, Additional Secretary and under the guidance of Ms. Najma Siddiqui, Joint Secretary PAC. This is indeed an extra ordinary achievement which deserves highest praise for all concerned.

The National Assembly Secretariat is graciously appreciative of the guidance and motivation received from Chairman, Public Accounts Committee, Ch. Nisar Ali Khan and other Members of the Committee, in doing justice to this difficult and taxing assignment.

It is hoped that suggestions and recommendations of the Committee would encourage and assist the Government in smartening up the system and procedure for constructive financial management.

Karamat Hussain Niazi
Secretary
National Assembly Secretariat

Islamabad, the September 30, 2011

COMPOSITION OF SPECIAL COMMITTEE # II

- | | | |
|----|-------------------------------------|----------|
| 1. | Mr. Zahid Hamid, MNA | Convener |
| 2. | Mr. Aftab Shahban Mirani, MNA | Member |
| 3. | Mrs. Rukhsana Bangash, MNA | Member |
| 4. | Mr. Bahadur Ahmed Khan Siher, MNA | Member |
| 5. | Mr. Noor Alam Khan, MNA | Member |
| 6. | Sardar Ali Muhammad Khan Mahar, MNA | Member |

Executive Summary

It is a fundamental principle of any Parliamentary System that each Federal, Provincial and District Government must be held responsible to the legislature (by whose authority it governs) and through the legislature to the citizens at large. This includes accountability of the Government's use of taxpayer's money. In Pakistan, as in many other parliamentary democracies legislative oversight over public finance is exercised through a high powered Committee of the House i.e. the Public Accounts Committee. The accounts of the Federation are prepared and made by the Controller General of Accounts and audited by the Auditor General of Pakistan, as provided in Article 170 of the Constitution.

Under Article 171, the Auditor General of Pakistan submits Annual Audit Reports to the President who causes them to be laid before the National Assembly. These reports are then referred to the Public Accounts Committee in order to examine whether the moneys shown in the accounts as having been disbursed were legally available for, and applicable to, the service or purpose to which they have been applied or charged and that the expenditure conforms to the authority which governs it and that every re-appropriation has been made in accordance with the provisions made in this behalf under rules framed by the Competent Authority/Ministry of Finance. (Rule 203 of the Rules of Procedure and Conduct of Business in the National Assembly, 2007).

In its role as the custodian/ameen of public funds , the PAC while considering the Audit Reports in the presence of the concerned Principal Accounting Officers/ Secretaries of the concerned Ministries/Head of Departments, inter-alia examines whether the funds have been utilized efficiently , effectively and economically . Such examination includes review of financial transactions from regulatory, propriety and procedural points of view, comprehensive analysis, review of performance of government and semi-government organizations, review of future plans of public entities , accounting documents and special studies of various activities, etc.

PAC REPORTS

1. The present Public Accounts Committee constituted on April 14th, 2008 is the 13th PAC of the National Assembly. One of its unique, special features is that it is chaired by the Leader of the Opposition in the National Assembly, Ch. Nisar Ali Khan.

2. The present PAC inherited a backlog of 12 years' Audit Reports containing more than 24,000 audit paras. By constituting a number of Special Committees which have been meeting regularly and often, the PAC has achieved remarkable success not only by completing consideration of 9 years' Audit Reports thus far but by effecting recovery of huge amount of public moneys which were the subject of the audit paras. Total verified recovery uptil end June, 2011 as a result of the reactivation of the PAC's (primarily at the federal level) is a colossal amount of Rs. 114 billion.

3. PAC constituted three Special Committees under the Convenership of MS Yasmeen Rahman, M.N.A , (Monitoring and Implementation Committee/Special Committee # 1) Mr. Zahid Hamid M.N.A. (Special Committee # II) & Mr. Riaz Hussain Prizada M.N.A. Special Committee # III).

4. Special Committee –II of the PAC headed by Mr. Zahid Hamid M.N.A. examined Audit Reports for the years 1990-91, 1992-93 & 2001-02. The first meeting of the Committee for the financial year 1992-93 was held on 1st June 2010 and since then it has held meetings for 45 days during the year. Due to heavy work load the Committee even met as early as at 9-30.a.m. and often twice a day.

5. In the course of examination of the Appropriation Accounts for the year 1992-93, the Special Committee reviewed 190 grants. The Committees found that Excesses and Savings were a regular feature. There was a liberal resort to supplementary grants, which in certain cases were obtained, towards the close of the financial year, while the original allocation was not yet fully utilized. Excesses occurred even after receipt of supplementary allocations. In many cases Supplementary Grants were not fully utilized, resulting in blockage of funds.

6. The Special Committee repeatedly expressed concern over the state of financial management systems. While examining Appropriation Accounts the Special Committee observed that in most cases the Principal Accounting Officers (PAOs) simply did not have the requisite procedures/systems in place to ensure proper management of budgetary allocations. The result was that requirement for budgetary allocations were not only inaccurately estimated but

internal controls and monitoring of expenditure was extremely weak. This was the major cause of the large number of savings and excesses in budgetary grants.

7. In a country where it is difficult to mobilize funds for the urgent development projects, proper budgeting is essential, indeed imperative. Scarce resources must be allocated judiciously and spent wisely and well, just as excess over allocation must be justified in detail, so too unsurrendered savings must be properly explained as depriving another development project of much need funds is a national loss. The Committee therefore impressed upon the PAO's the need to improve financial management systems in their respective Ministries to avoid unjustified excesses / savings in future.

8. Such financial management systems should include effective internal controls/ audit procedures. In some Ministries/Divisions/Departments and their Subordinate offices, the Committee noticed that the officers dealing with their accounts were neither trained nor had any experience of handling such assignments, resulting in weak internal budgetary controls. The Committee was informed by the Auditor General of Pakistan that on the directive of previous PAC, Chief Finance & Accounts Officers are appointed for internal budgetary control in Ministries/Divisions. The Committee emphasized the need to ensure proper training of these officers.

9. In some cases the Committee observed variations in the figures of various components of the grant, although total amount of expenditure shown by the Office of Accountant General of Pakistan Revenue (AGPR) and Administrative Departments concerned were in agreement. The Committee advised the Controller General of Accounts (CGA) and all concerned to look into the matter and take corrective measures.

10. In certain cases the Committee found the need for great scrutiny by PAOs of statement of accounts showing the income and expenditure of state corporations, trading and manufacturing schemes, concerns and projects together with the balance-sheets and statements of profit and loss accounts which are required to be prepared under the provisions of the statutory rules regulating the financing of a particular corporation, trading or manufacturing scheme.

11. Many significant issues surfaced during the Committee deliberations on the Audit Paras contained in the Report of the Auditor General. A brief report containing a summary of each

Audit Para, replies by the PAO and the directives issued by the PAC as a result of discussion on the para was issued for the necessary action by the PAOs at the culmination of each PAC meeting which is appended to the report. Some significant issues have been brought to the attention of the Honorable Members in the succeeding Paras relating to the year 1992-93. **A total of 1466 Audit Paras were taken up by the Committee in its various meetings.s**

12. Efforts rendered by the PAC Wing headed by Mr. Moosa Raza Effendi, Additional Secretary and comprised of Senior Officers, Najma Siddiqui, Joint Secretary & Mr. M. Tariq Bhatti, Secretary to the Special Committee are really commendable and therefore appreciated. Hard work put in by Mr. S. Shaukat Raza, S.O. (PAC), Mr. Muhammad Channar, Data Processing Supervisor and Mr. Nisar Ahmed, Office Assistant also deserves appreciation.

RECOMMENDATIONS

After detailed deliberations the Public Accounts Committee finally submits the Report to the National Assembly of Pakistan with the following recommendations:

- a) Excess Budget Statements for the year 1990-91 may be regularized as per provision of the Constitution.
- b) Recommendations, directives and suggestions given by the Committee on the Audit Paras mentioned in the report may be accepted by the concerned Ministries / Divisions/Departments of the Federal government in letter and spirit.
- c) Amounts recoverable pointed out by the Committee may be realized by the Ministries/Divisions/Departments under intimation to the National Assembly Secretariat and the Audit.

Ch. Nisar Ali Khan
(Chairman)

Zahid Hamid MNA
(Convener)

**REPORT OF THE
PUBLIC ACCOUNTS COMMITTEE
ON THE ACCOUNTS OF THE FEDERATION
PAKISTAN
FOR THE YEAR 1992-93**

EXCESS BUDGET STATEMENT

DETAILS OF EXCESS EXPENDITURE

FOR THE YEAR 1992-93

EXCESS BUDGET STATEMENT FOR THE YEAR 1992-93

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
01.	Cabinet Division 30-06-2010	i). Grant # 03- Inter Provincial Coordination Division (OTC)	4,695,000	1,520,000	6,215,000	6,217,597	2,597	The Committee recommended the excess for regularization.
		ii). Grant # 04- Emergency Relief and Repatriation (OTC)	15,172,000	1,468,009,000	1,483,181,000	1,517,073,455	33,892,455	The Committee recommended the excess for regularization.
02.	Central Board of Revenue 21-07-2010 10-03-2011	Grant # 50 – Taxes on Income and Corporation Tax. (OTC)	460,560,000	10,121,000	470,681,000	474,395,801	3,714,801	The Committee recommended regularization of the grant with observation that the entire amount should be surrendered in time.
03.	M/O Communications 28-07-2010 25-02-2011 17-05-2011 06-06-2011	Grant # 23 – Other Expenditure of Communications. (OTC)	560,620,000	37,006,000	597,626,000	695,980,760	98,354,760	The Committee directed AGPR to refer the grant to the Ministry of Ports and Shipping for discussion in the next meeting with that Ministry.
04.	M/o Culture and Sports , Tourism 30-06-2010 28-10-2010 08-03-2011 10-03-2011	i). Grant #24 –Culture and Sports Division. (OTC)	16,307,000	3,068,000	19,375,000	20,476,601	1,101,601	The Committee recommended the excess for regularization.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
		ii). Grant #28 –Tourism Division. (OTC)	39,019,000	22,527,000	61,546,000	64,462,135	2,916,135	The Committee recommended regularization of the grant with the direction that surrender should not exceed actual saving in future.
05.	M/O Defence 13-07-2010	i). Grant # 29-Defence Division (OTC)	162,623,000	1,814,000	16,437,000	170,903,608	6,466,608	The Committee directed the PAO to provide the requisite record to Audit and discuss it in the DAC. The Committee recommended the grant for settlement subject to verification by Audit.
		ii). Grant # 30-Aviation Division (OTC)	319,980,000	246,932,000	566,912,000	1,108,200,468	541,288,468	The Committee observed that huge excess had occurred notwithstanding the supplementary grant, which needed to be explained. The Committee directed the PAO to provide the requisite record to Audit for discussion in the DAC meeting. Report should be put up to the Committee within one month.
		iii). Grant # 35- Defence Services	82,036,960,000	5,303,169,000	87,340,129,000	87,437,542,000	97,413,000	The Committee recommended regularization of the grant.
		iv). Grant # 151- Development Expenditure of Aviation Division (OTC)	1,966,000	-----	1,966,000	4,011,816	2,045,816	The Committee directed the PAO to provide the requisite record to Audit and recommended regularization of the grant subject to the verification by Audit.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
		v).Grant # 187-Capital Outlay on Aviation Division (OTC)	1,740,000	-----	1,740,000	2,249,310	509,310	The Committee directed the PAO to provide requisite documentation to Audit. The Committee recommended regularization of the grant subject to verification by Audit.
06.	Economics Affairs Division 08-06-2010 12-07-2010 19-10-2010	Grant # 190- External Development loans and Advances by the Federal Government (Charged).	1,430,631,000	-----	1,430,631,000	3,415,104,640	1,984,473,640	The Committee recommended regularization of the grant with the observation that EAD must improve its aid coordination and monitoring systems.
07.	M/O Education 29-06-2010 20-10-2010	Grant #. 38- Federal Government Educational Institutions in the Capital and Federal Areas. (OTC)	256,195,000	2,350,000	258,545,000	268,401,077	9,856,077	The Committee recommended regularization of the grant with the direction that better financial management be ensured in future.
08.	Establishment Division 07-07-2010 03-11-2010 01-02-2011	Grant # 146- Development Expenditure of Establishment Division. (OTC)	6,412,000	-----	6,412,000	6,633,400	221,400	The Committee recommended the excess for regularization.
09.	Civil Secretariat (FATA) 27-10-2010	i). Grant # 125. Federally Administered Tribal Areas. (OTC).	206,086,000	-----	206,086,000	206,891,034	805,034	The Committee recommended regularization of the grant.
		ii). Grant # 126- Other Expenditure of Federally Administered Tribal Areas. (OTC).	703,743,000	-----	703,743,000	749,950,187	46,207,187	The Committee recommended regularization of the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
		iii). Grant # 176- Development Expenditure of Federally Administered Tribal Areas. (OTC).	688,297,000	-----	688,297,000	695,223,445	6,926,445	The Committee recommended regularization of the grant.
09.	Finance Division 29-07-2010 02-03-2011	i). Grant # 39- Finance Division (OTC)	119,261,000	26,560,000	145,821,000	210,407,581	64,586,581	The Committee recommended regularization of the grant with the observation that the amount of Rs. 7,703,630 should have been surrendered in time.
		ii). Grant # 42- National Savings (OTC)	118,667,000	7,501,000	126,168,000	127,153,916	985,916	The Committee observed that where pay and allowance are involved it is possible to anticipate and ask for full amount of supplementary grant in order to avoid excess and recommended the grant for regularization.
		iii). Grant # 43- Other Expenditure of Finance Division (OTC)	1,707,694,000	89,317,000	1,797,011,000	4,435,492,729	2,638,481,729	The Committee recommended regularization of the grant with the observation that the Division should have surrendered the 60% of the total grant including the supplementary grant in time.
		iv). Grant #.142- Other Loans and Advances by the Federal Government.	3,519,114,000	695,437,000	4,214,551,000	4,263,693,339	49,142,339	The Committee recommended regularization of the grant with the observation that the entire amount should have been fully surrendered.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
		v). Grant #.190- External Development Loans and Advances by the Federal Government. (Charged).	1,430,631,000	-----	1,430,631,000	3,415,104,640	1,984,473,640	The Committee recommended regularization of the grant.
		vi). AUDIT (Charged).	454,431,000	-----	454,431,000	501,191,767	46,760,767	The Committee recommended regularization of the grant.
10.	M/O Food, Agriculture & Livestock 09-06-2010 14-07-2010 07-10-2010 09-12-2010 28-12-2010 27-01-2011	Grant # 55- Agriculture Research Division.	159,861,000	2,525,000	162,386,000	162,400,020	14,020	The Committee settled the grant with the direction to improve the procedure and take necessary steps for further to stop the said practice.
11.	M/O Foreign Affairs 12-07-2010 19-10-2010 28-12-2010 02-02-2010	Grant # 65 – Foreign Affairs. (OTC)	1,094,932,000	66,696,000	1,161,628,000	1,237,662,192	76,034,192	The Committee recommended regularization of the grant with the direction to the Ministry that the accounts had been badly estimated in the past and in future excess must be surrendered in time. The Ministry was further directed to take effective measures to avoid such excess or saving in future.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
12.	M/O Health 29-06-2010	i). Grant # 68- Medical Services. (OTC).	639,800,000	20,552,000	660,352,000	676,561,090	16,209,090	The Committee observed that the second supplementary grant of Rs. 36,000,000 was obtained as late as 17-4-1993, when savings under various heads would have been apparent. Even then the entire savings were not surrendered in time, which reflected poor financial management and resulted in unnecessary blockage of scarce resources. The Committee recommended regularization of the grant, subject to satisfaction of Audit regarding details of savings to be provided by the Ministry and with the direction that the Ministry must improve its financial monitoring / management systems.
		iii). Grant # 160- Development Expenditure of Health Division. (OTC).	306,382,000	-----	306,382,000	427,104,892	121,532,892	The Committee recommended regularization of the grant subject to verification of relevant record by Audit.
13.	M/O Housing & Works 28-06-2010 03-11-2010 28-12-2010	Grant # 75- Civil Works (OTC).	493,036,000	109,000	493,145,000	525,324,194	32,179,194	The Committee recommended regularization of the grant.
14	M/O Information & Broadcasting	i). Grant no. 83- Ministry of Information and Broadcasting.	30,589,000	8,794,000	39,383,000	45,273,204	5,890,204	The Committee recommended regularization of the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
		ii). Grant # 84- Directorate of Publications, Newsreels and Documents.	28,013,000	-----	28,013,000	29,753,037	1,740,037	The Committee recommended the regularization of the grant as the excess as basically due to the revision of pay scales.
		iii). Grant # 85- Press Information Department (OTC).	32,015,000	59,378,000	91,393,000	95,103,633	3,710,633	The Committee observed that on the one hand huge supplementary grant was obtained (nearly twice the amount of the original grant) and excess expenditure incurred and on the other hand surrender was made, increasing the excess. This reflected poor financial management. The Committee recommended regularization of the grant with the observation that the PAO should make all efforts to ensure that resort is not made to supplementary grants in future, especially where expenditures can be foreseen and budgeted accordingly.
		iv). Grant no. 88- Other Expenditure of Ministry of Information and Broadcasting. (OTC).	455,663,000	8,137,000	463,800,000	464,077,000	277,000	The Committee recommended the regularization of the grant with the observation that even nominal excess / saving should be avoided in future.
15.	M/O Interior 08-06-2010 12-07-2010 19-10-2010	i). Grant # 90- Islamabad (OTC).	258,710,000	6,356,000	265,066,000	284,716,284	19,650,284	The Committee recommended regularization of the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
	21-12-2010 08-03-2011	ii). Grant # 91- Passport Organization (OTC).	47,056,000	-----	47,056,000	49,546,206	2,490,206	The Committee recommended regularization of the grant.
		iii). Grant # 92- Civil Armed Forces (OTC).	1,780,742,000	50,622,000	1,831,364,000	1,952,277,010	120,913,010	The Committee recommended regularization of the grant.
		iv). Grant # 93- Pakistan Coast Guards (OTC).	88,737,000	1,491,000	90,228,000	91,832,279	1,604,279	The Committee recommended regularization of the grant.
		v). Grant # 95- Registration Organization (OTC).	160,733,000	-----	160,733,000	166,544,367	5,811,367	The Committee recommended regularization of the grant.
		vi). Grant # 96- Civil Defence (OTC).	16,698,000	350,000	17,048,000	17,723,835	675,835	The Committee recommended regularization of the grant.
		vii). Grant # 97- Federal Investigation Agency (OTC).	82,421,000	3,000	82,424,000	90,642,706	8,218,706	The Committee recommended regularization of the grant.
		16.	M/O Kashmir Affairs and Northern Areas 08-07-2010 04-11-2010 28-12-2010	i). Grant # 131- Northern Areas (OTC).	279,772,000	405,000	280,177,000	322,017,722
i). Grant # 132- Federal Government Educational Institutions in Northern Areas (OTC).	112,221,000			-----	112,221,000	141,469,551	29,248,551	On the presentation of the three grants by the AGPR, the Sub-Committee recommended the

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
		ii). Grant # 133- Other expenditure of Kashmir Affairs and Northern Affairs Division (OTC).	1,736,299,000	273,700,000	2,009,999,000	2,022,727,226	12,728,226	savings/excesses of the three grants for regularization.
		iii). Grant # 139- Capital Outlay on purchases by Kashmir Affairs and Northern Affairs Division (OTC).	49,567,000	-----	49,567,000	56,325,451	6,758,451	
17.	M/O Labour, Manpower and Overseas Pakistanis Division 28-07-2010 07-10-2010 23-02-2011	Grant #104. – Other Expenditure of Labour Division. (OTC)	1,822,089,000	-----	1,822,089,000	2,208,419,913	386,330,913	The Committee recommended regularization of the grant with the direction that the initial budgetary allocation should be obtained after proper calculation and realistic assessment of requirements and thereafter-due care should be taken for avoiding excess expenditure or unsundered savings in future.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
18.	Planning and Development Division 29-06-2010 05-10-2010 09-12-2010	Grant# 173- Development Expenditure of Planning and Development Division. (OTC).	67,860,000	12,505,000	80,365,000	148,240,385	67,875,385	The Committee recommended regularization of the grant with the observation that better coordination with donor agencies can result in improvement in budgetary management.
19.	M/o Petroleum and Natural Resources 14-07-2010 06-10-2010 09-12-2010	Grant # 111 – Other Expenditure of Ministry of Petroleum and Natural Resources (OTC).	175,302,000	305,886,000	481,188,000	481,642,593	454,593	The Committee directed the PAO that it should be noted for future that excess /saving should be surrendered by the 15 th of May. With these observations the Committee recommended regularization of the grant.
20.	M/O Science and Technology 28-06-2010	Grant # 121 – Other Expenditure of Ministry of Science and Technology (OTC).	359,596,000	92,949,000	452,545,000	453,855,000	1,310,000	The Committee recommended the excess for regularization.
21.	M/O States and Frontier Regions 08-07-2010 27-10-2010 21-12-2010 01-02-2011 01-03-2011	i). Grant # 123 – Frontier Regions (OTC).	385,798,000	-----	385,798,000	447,085,606	61,287,606	On the presentation of the grants by the AGPR, the Sub-Committee recommended regularization the savings/excesses of the Grants.
		ii). Grant # 128 – Other Expenditure of States and Frontier Regions Division (OTC).	82,951,000	-----	82,951,000	82,953,041	2,041	
22.	M/o Social Welfare and Special Education 07-07-2010	i). Grant # 72 – Other Expenditure Special Education. (OTC)	3,814,000	-----	3,814,000	4,331,605	517,605	The Committee recommended regularization of the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplement- ary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
	28-12-2010 02-02-2011	ii). Grant # 161. Development Expenditure of Social Welfare. (OTC)	11,664,000	1,366,000	13,030,000	31,949,538	18,919,538	The Committee referred the grant back to the DAC with the direction to be submit a report to the Committee within one month.
23.	Wafaqi Mohtasib Secretariat 27-07-2010	Grant: Wafaqi Mohtasib (Charged)	27,395,000	5,300,000	32,695,000	33,025,481	330,481	The Committee recommended regularization of the grant with the observation that supplementary grant should have been obtained for such expenditure.
24.	M/O Water and Power 28-07-2010 23-02-2011 06-06-2011	i). Grant # 134 – Ministry of Water and Power (OTC).	44,989,000	4,500,000	49,489,000	49,564,146	75,146	The Committee recommended the two grants for regularization.
		ii). Grant # 178 – Development Expenditure of Ministry of Water and Power (OTC).	799,191,000	199,000	799,390,000	994,036.010	194,646,010	

CABINET DIVISION

1. OVERVIEW

Appropriation Accounts / Audit Reports / Audit Report Public Sector Enterprises for the year 1992-93 pertaining to the Cabinet Division were taken up for examination by the sub-Committee of the PAC on February 17th, 2009, under the convenership of Khwaja Muhammad Asif, M.N.A and on June 30th 2010, November 4th, 2010, January 1st, 2011 & March 9th, 2011, under the convenership of Mr. Zahid Hamid Khan, M.N.A in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Eleven (11) grants and forty (40) Paras were reported by AGPR / Audit. Ten (10) Paras of Audit Report on Public Sector Enterprises were presented by Audit
- 1.2** On presentation of the grants, the Committee recommended the savings/excesses of the grants for regularization.
- 1.3** While discussing the Audit Report on Cabinet Division, the Committee recommended seven (07) Audit Paras for settlement and on the recommendation of the DAC, recommended twenty-nine (29) Audit Paras for settlement.
- 1.4** The Committee endorsed the recommendations of the DAC on twelve (12) Paras of Audit Report on Public Sector Enterprises for settlement.

2. APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1992-93)

i. Grant # 01-Cabinet **(Saving Rs 12,192,449)**

AGPR pointed out the saving of 12,192,449 (47% of the total). An amount of Rs. 12,186,000 (43.45%) was surrendered leaving net saving of Rs. 6,449(0.02%).

ii. Grant # 02-Cabinet Division **(saving Rs.84,506,687)**

AGPR pointed out the saving of 84,506,687 (76% of the total). An amount of Rs. 73,138,133 (17.10%) was surrendered leaving net saving of Rs. 11,368,554 (2.65%).

iii. Grant # 03- Inter Provincial Coordination Division **(Excess Rs. 2,597)**

AGPR pointed out the grant closed with an excess of 2, 5970 (04% of the total).

iv. Grant # 04- Emergency relief and repatriation **(Excess Rs. 33,892,455)**

AGPR pointed out the grant closed with an excess of Rest. 33,892,455 (2.28% of the total).An amount of Rs. 16,020 was surrendered increasing net excess to Rs. 33,908,475 (2.28%) A supplementary grant of Rs. 41, 081,075 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account, the excess shall be converted into saving of Rs. 7,172,600 (0.47%).

v. Grant # 05- Land reforms **(Saving Rs. 558,215)**

AGPR pointed out the grant closed with an saving of Rs. 558,215 (5.51% of the total). An amount of Rs. 518,300 (5.11%) was surrendered leaving net saving of Rs. 39,915 (0.39%).

vi. **Grant # 06- other expenditure of Cabinet Division**
(Saving Rs. 2,546,000)

AGPR pointed out the grant closed with an saving of 2,546,000 (1.00% of the total).

vii. **Grant # 15- Stationery and printing**
(Saving Rs. 23,931,738)

AGPR pointed out the grant closed with an saving of 23,931,738 (25.53% of the total). An amount of Rs. 27,035,722 (28.84%) was surrendered resulting into an excess of Rs. 3,103,984 (3.31%).

viii. **Grant # 140- capital outlay on land reforms**
(Saving Rs. 6,134,000)

AGPR pointed out the grant closed with a saving of 6,134,000 (85.96% of the total)t. An amount of Rs. 4,709,000 (65.98%) was surrendered leaving net saving of Rs. 1,425,000 (19.96%).

ix. **Grant # 145- Development expenditure of Cabinet Division**
(Saving Rs. 85,592)

AGPR pointed out the grant closed with an saving of 85,592 (0.45% of the total).

x. **Grant # 182- Capital outlay on works of Cabinet Division**
(Saving Rs. 69,240,000)

AGPR pointed out the grant closed with an saving of 69,240,000 (12.48 % of the total).

xi. **Grant # 183- Capital outlay on new Federal Capital**
(Saving/Excess Nil)

AGPR pointed out the grant the budget was utilized in full.

DIRECTIVE

On presentation of the above eleven grants by the AGPR, the Sub-Committee recommended the savings/excesses of the Grants for regularization.

3. AUDIT REPORT ON CABINET DIVISION FOR THE YEAR 1992-93

Para 4 (Page-5-ARPSE)

Irregular Expenditure of Rs. 1,421,184/- due to non-existence of sanctioned posts

Audit pointed out that Sheikh Zayed Hospital, Lahore under Ministry of Health Islamabad incurred an expenditure of Rs. 1,241,184/- on account of pay and allowances of the employees of its Maintenance Wing in the absence of any sanctioned posts which was irregular.

It was contended by the department that the hospital being an autonomous body the Chairman of Hospital was competent to employ such establishment. The reply was not acceptable as in the absence of the sanctioned posts by competent authority the appointment was not regular. The matter was reported to the Ministry in October, 1993 but no reply was received.

The PAO informed the Sub-Committee that in 1986 after commissioning of Sheikh Zayed Hospital, Lahore, 42 members of the project staff were absorbed on regular basis. In view of the Audit objection, the matter was placed before the Board of Governors/ Board of Trustees in their meeting held on 21-09-1995. The Board discussed the issue and accorded approval for the absorption of project staff along with creation of posts.

DIRECTIVE

After hearing the PAO the Sub-Committee recommended the above Audit Para for settlement.

- i. **Para 1 (Page-15-AR)**
Unauthorized expenditure of Rs. 72,528 on account of repair of machinery
- ii. **Para 2 (Page-15-AR)**
Recovery of Rs. 140 on account of excess consumption of petrol in the entitled cars
- iii. **Para 4 (Page-138-AR)**
Irregular expenditure of Rs. 1,421,184/- due to non-existence of sanctioned posts
- iv. **Para 5 (Page-138-AR)**
Un-authorized Re-employment of sanitation officer

DIRECTIVE

On the recommendation of the DAC, the Sub-Committee recommended the above audit Paras for settlement.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON CABINET DIVISION FOR THE YEAR 1992-93

Printing Corporation of Pakistan

4.1 Para No.6 (Page-19-ARPSE-92-93) Audit Comments

Audit pointed out that General Provident Fund amounting to Rs. 6.126 million of the Corporation has not been invested by the management as on June 30, 1983 which was required to be invested under section 227 of the Companies Ordinance 1984. This point was also highlighted in the para-8 of ARPSE Vol. VIII for 1991-92 but no corrective action was taken by the management, which needs justification.

The PAO informed the Committee that the an amount of Rs 1.806 million is payable as G.P. Fund subscription as on 30-6-2008 where as an amount of Rs 1.904 million is available with PCP against the aforementioned liability. As there is no short fall so.

The Sub-Committee deferred the Para for its next meeting.

On 4th November, 2010 Audit pointed out that General Provident Fund amounting to Rs.6.126 million of the Corporation had not been invested by the Management as on June 30, 1993 which was required to be invested under section 227 of the Companies Ordinance 1984. This point was also highlighted in the para-8, of ARPSE Vol-III for 1991-92 but no corrective action was taken by the Management, which needs justification.

DIRECTIVE

The Committee directed the PAO that the decision taken in 1990-91 stands good and a detailed report on the issue has to be submitted to the Monitoring and Implementation Committee of the PAC for further action.

(The said report was not received hence it has not to be submitted to the Monitoring and Implementation Committee of the PAC for further action.)

4.2 **Para 10 (Page-19-ARPSE-92-93)** **Audit Comments**

Audit pointed out that loans advances, deposits prepayment and other receivable showing as nominal decrease from Rs. 16.504 million at the end of previous year 1991-92 to Rs. 15.811 million at the end of year 1992-93. The balance of this account needs to be minimized.

The PAO informed the Committee that efforts are being made to minimize the balance of loans, advances, deposits and prepayments. The loans were given after fulfilling all the codal formalities. The installments of recovery are being made every month regularly out of officers/officials monthly salaries. The advances of Rs 3.687 million paid to supplier for goods was adjusted against the material received in presses. Hence, the balances on this account varies every year.

The Sub-Committee deferred the Para for its next meeting.

In a meeting held on 4th November, 2010 Audit pointed out that loans advances, deposits prepayment and other receivables showing as nominal

decrease from 16.506 million at the end of previous year 1991-92 to Rs. 15.811 million at the end of year 1992-93. The balance of this account needs to be minimized.

The PAO informed the Committee that this Para related to two parts are:-

- i. Employees
- ii. Suppliers

The PAO further informed that loans outstanding to employees and suppliers were reduced to Rs. 6.23 million and the Corporation had planned to recover the rest of the outstanding.

DIRECTIVE

The Committee directed the PAO to provide the relevant record of recovery to Audit, which would submit its report to the Monitoring and Implementation Committee of the PAC for further action.

(The said report was not received hence it has now to be submitted to the Monitoring and Implementation Committee of the PAC for further action.)

4.3 **Para 12 (Page-12-ARPSE-92-93)** **Audit Comments**

Audit pointed out that paid up capital and capital reserve of the corporation amounting to Rs 122,595 million as on June 30, 1993 against which accumulated losses were to the extent of Rs 176,576 million which has eroded the entire paid up capital and reserve. Effective steps need to be taken to improve the liquidity position of the Corporation.

The PAO informed the Committee that the figures of paid up capital and accumulated loss pointed out by the Audit are in accordance with the audited accounts of PCP and correct. The reasons for losses of PCP are its expenses, which are higher than its revenue. Due to heavy losses the CCOP had decided in its meeting held on 20-10-04 to Privatize PCP.

DIRECTIVE

The sub-Committee deferred the Para for its next meeting which would now be considered by the Monitoring and Implementation Committee of the PAC for further action.

5. AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-X) FOR THE YEAR 1992-93

Government Stationery, Forms & Publication Depot, Islamabad

- i. **Para 4 (Page 17-ARPSE-91-93)**
Non-submission of Accounts
- ii. **Para 17 (Page 24-ARPSE-91-93)**
Audit Comments
- iii. **Para 18 (Page 24-ARPSE-91-93)**
Audit Comments
- iv. **Para 19 (Page 25-ARPSE-91-93)**
Audit Comments

Deputy Controller Stationery and Forms, Karachi

- v. **Para 20 (Page 26-ARPSE-91-93)**
Audit Comments
- vi. **Para 21 (Page 26-ARPSE-91-93)**
Audit Comments
- vii. **Para 22 (Page 26-ARPSE-91-93)**
Audit Comments
- viii. **Para 23 (Page 26-ARPSE-91-93)**
Audit Comments
- ix. **Para 24 (Page 27-ARPSE-91-93)**
Audit Comments
- x. **Para 25 (Page 28-ARPSE-91-93)**
Audit Comments

DIRECTIVE

On recommendation of the DAC, the Sub-Committee recommended the above audit Paras for settlement.

6. AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-X ON THE ACCOUNTS OF CABINET DIVISION FOR THE AUDIT YEAR 1992-93.

STATIONERY FORMS & PUBLICATIONS DEPOT, KARACHI.

- i. PARA-4 ARPSE 1992-93 – Vol- X
- ii. PARA-17 ARPSE 1992-93 – Vol-X
- iii. PARA-18 ARPSE 1992-93 – Vol-X
- iv. PARA-19 ARPSE 1992-93 – Vol-X

DEPUTY CONTROLLER STATIONERY AND FORMS, KARACHI

- v. PARA-20 ARPSE 1992-93 – Vol-X
- vi. PARA-21 ARPSE 1992-93 – Vol- X
- vii. PARA-22 ARPSE 1992-93 – Vol-X
- viii. PARA-23 ARPSE 1992-93 – Vol-X

FEDERAL PUBLICATION BRANCH

- ix. PARA-24 ARPSE 1992-93 – Vol-X
- x. PARA-25 ARPSE 1992-93 – Vol-X

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned ten (10) Audit Paras.

7. AUDIT REPORT OF CAPITAL DEVELOPMENT AUTHORITY ON THE ACCOUNTS OF CABINET DIVISION FOR THE AUDIT YEAR 1992-93

Audit stated that in the PAC meeting held on 17-07-2009, formal directives had not been received and no working papers showing compliance status had been submitted by the Authority. Therefore, the Committee may issue suitable directive for further pursuance on the Audit Report pertaining to Capital Development Authority.

In a meeting held on 4th November, 2010 the Committee directed the PAO to discuss the above-mentioned Audit Report pertaining to Capital Development

Authority in the DAC meeting and submit recommendations to the Monitoring and Implementation Committee of the PAC for further action.

8. AUDIT REPORT ON CABINET DIVISION FOR THE YEAR 1992-93

8.1 Para No. A.1.2 (Page-38-AR)
Overpayment of Rs 57,090/-

Audit pointed that a formation made payment of Rs. 7,500,333 against the amount of Rs 7,443,243 due to the firm in terms of their agreement. This resulted in an over payment of Rs 57, 090

The Matter pertains to recovery of Rs 57,090 from M/s Interhom on account of over-payment of cost of store procured. The amount has been brought into the notice of other Division/ Office of Capital Development Authority where the firm is executing work which will be recovered in due course and the progress will be intimated to Audit accordingly.

8.2 Para No. A.II. 1 (Page-39-AR)
Undue payment of Rs. 1,907,184/-

Audit pointed that a formation paid compensation for acquisition of built up property for excessive areas than the areas actually declared in the award list by manipulating and preparing duplicate assessment proformas. Consequently an undue payment of Rs 1,907,184 had been made and no payment of compensation of excessive area of acquired B.U.P was made to any affectee. The duplicating Performa was prepared when all the formalities required for change of area was full filled as per laid down procedure. The change was allowed under the order of D.C CDA being competent to do this as per CDA Ordinance 1960. The para may, therefore, be dropped.

8.3 **Para No. A.II. 3 (Page-40-AR)**
Overpayment of Rs. 135, 465/-

Audit pointed that a division paid quantities of cutting/filling of earth in excess of those provided on the basis of X-Sections in the technically sanctioned estimates. This resulted in an overpayment of Rs. 135, 465 to the contractor in March, 1992.

The contention of Audit seems not to be based on facts as the variation in some items after execution of work could not be avoided. The actual position of site could not be compared with the quantities taken at the time of preparation of estimate.

The Payment was made according to actual work done at site and no overpayment was made as observed by Audit. The factual position has been verified by Audit from original record and the Para has been settled by Audit vide letter dated 25.06.1995

8.4 **Para No. A.IV. 1 (Page-44-AR)**
Overpayment of Rs. 48,844/-

Audit pointed that a formation failed to apply deduction factor for voids in the stack measurements of grade stone ballast according to the spirit of item No 40 Page 2184 Book of Analysis of Rates (Pak. P.W.D Schedule of Rates 1973). This resulted in an overpayment of Rs 48, 844 to a contractor in June 1992.

In this regard it is explained that deduction of 33% voids is never mentioned in the nomenclature of the item, but payment of loose quantity is made after deduction of compacted quantity.

Accordingly the contractor was paid 67% of loose quantity and the recovery/adjustment of 33% voids stands made as observed by Audit. As No overpayment as evident forms above is involved made, hence para may please be dropped.

8.5 **Para No. A.V. 1 (Page-45-AR)**
Fraudulent payment fo Rs 111,199/-

Audit pointed that a formation made payment of Rs 111,199 on account of compensation of built up properties which were actually not existing as established by an inquiry conducted by the Deputy Commissioner of the Authority.

In this connection it is stated that neither any inquiry was conducted by D.C., CDA nor any compensation was made to certain ousters for built up properties which were declared fictitious/bogus.

However, it is clarified that payment of compensation worked out against House No. 133 and 1063 of village Siri Saral comes out as per Acquaintance Roll amounting to R.149995/05. Compensation against house No. 122 amounting to Rs. 39737/49 has not been paid to the concerned affectee due to non-completion of codal formalities as required in compliance with the order of Lahore High Court Rawalpindi Bench Rawalpindi.

8.6 **Para No. B.II. 1 (Page-46 & 47-AR)**
Un-authorized payment and non recovery of Rs. 237,655

Audit pointed that division made payment on account of removal of dumped earth/rubble etc accumulated during construction of Minister's residences instead of getting it removed by the original contractor of Pak. PWD responsible for the clearance of site in terms of clause 8 of special terms and conditions of his agreement. This resulted in an un-authorized payment and no recovery of Rs. 237, 655 from the contractors of Pak. PWD in December 1992.

Para relates to the work construction of Ministers Residence in Sector F-5/2, IBD awarded to M/s Imran Abbasi & Co. In this connection it is pointed out that during the construction of the work under reference where various Agencies were involved in execution of the project. Building work was being carried out by Pak. PWD whereas the work relating to providing External services to the

Bungalows was entrusted to CDA. In the process of construction of Bungalows and laying of services to these houses and no particular Agency owned this responsibility of removing the debris to overcome the problem.

A joint meeting of all the agencies who were involved at this particular site was held under the chairmanship of Joint Secretary (Planning) on 23rd February 1991. After a detailed discussion it was finally decided that CDA would take the work of clearing the debris & the cost of clearance will be shared equally by the concerned agency.

8.7 **Para No. C.I. (Page-47 & 48-AR)**
Loss to the authority Rs. 9,381,621

Audit pointed that a formation declared award for compensation of built up property of a village on 9th February 1988. Payment of compensation could not be made in time by the department due to fraudulent inclusion of certain built up properties therein in collaboration with the employees of the Authority. Oustees lodged a suit for delay. Consequently the formation had to pay an additional amount of Rs 9,381,621 on this account causing loss to the Authority.

The Extra payment made by the Authority on account of interest for delayed payment was much less as compared to the amount false/fraudulent claims of built up property in case no inquiry had been conducted by the Authority. It was, therefore, necessary to hold the inquiry and the delay in payment pending the result of the inquiry was, therefore, inevitable. No loss has, therefore, been incurred by the Authority on account of the delay caused by the inquiry. However, investigations are being initiated to fix the responsibility for the inclusion of fictitious names in the claim of built up property and taking necessary action against those found responsible.

DIRECTIVE

After hearing the PAO the Sub-Committee recommended the above 07 Audit Paras for settlement.

- i. **Para A.1.1 (Page-38-AR-92-93)**
Overpayment of Rs 132,000/
- ii. **Para A.1.3 (Page-39-AR-92-93)**
Overpayment of Rs 27,000/
- iii. **Para A.II.2 (Page-39-AR-92-93)**
Overpayment of Rs 260,306/
- iv. **Para A.II.4 (Page-40-AR-92-93)**
Overpayment of Rs 119,054/
- v. **Para A.II.5 (Page-40-41-AR-92-93)**
Overpayment of Rs 117,800 /
- vi. **Para A.II.6 (Page-41-AR-92-93)**
Overpayment of Rs 97,864/
- vii. **Para A.II.7 (Page-41-AR-92-93)**
Overpayment of Rs 85,392/
- viii. **Para A.II.8 (Page-41-42-AR-92-93)**
Overpayment of Rs 41,195/
- ix. **Para A.II.9 (Page-42-AR-92-93)**
Overpayment of Rs. 30,934/-
- x. **Para A.II.10 (Page-42-43- AR-92-93)**
Overpayment of Rs. 28,802/-
- xi. **Para A.II.11 (Page-43- AR-92-93)**
Overpayment of Rs. 21,096/-
- xii. **Para A.III.1 (Page-43- AR-92-93)**
Overpayment of Rs. 51661/-
- xiii. **Para A.III.2Page-44 AR-92-93)**
Overpayment of Rs. 318,853/-
- xiv. **Para A.IV.2-Page-44 AR-92-93)**
Overpayment of Rs. 43,678-
- xv. **Para B.I.1-Page-45-46 AR-92-93)**
Non-recovery of Rs. 889,663/-
- xvi. **Para B.I.2-Page-46 AR-92-93)**
Non-recovery of Rs. 121,690/-
- xvii. **Para B.II.2-Page-47 AR-92-93)**
Non-recovery of Rs. 222,171/-
- xviii. **Para C.2-Page-48 AR-92-93)**
Loss of Rs. 407,683/-
- xix. **Para B.C.3-Page-48 AR-92-93)**
Loss of Rs. 333,723/-
- xx. **Para C.4-Page-49AR-92-93)**
Loss of Rs. 279,175/-

- xxi. **Para C.5-Page-49 AR-92-93)**
Loss of Rs. 233,000/-
- xxii. **Para C.6-Page-50 AR-92-93)**
Loss of Rs. 204,205/-
- xxiii. **Para D.1 –Page-50 AR-92-93)**
Un-Authorized Payment of Rs. 4,815,183/-
- xxiv. **Para D.2-Page-51 AR -92-93)**
Un-Authorized /Irregular Expenditure of Rs. 950, 000/-
- xxv. **Para D.3 –Page-51 AR-92-93)**
Non Imposition of Penalty Rs 549, 419/-
- xxvi. **Para D.4 –Page-51 AR-92-93)**
Un-Necessary Blocked of Money Rs. 3,363,660/-
- xxvii. **Para D.5 –Page-52 AR-92-93)**
Non Imposition of Penalty Rs 82,120/-
- xxviii. **Para D.6 –Page-52 & 53 AR-92-93)**
Short Recovery of Rs 55,893/-
- xxix. **Para D.8 –Page-53 AR-92-93)**
Outstanding Inspection Report and Audit Notes

DIRECTIVE

On recommendation of the DAC, the Sub-Committee recommended the above 29 audit paras for settlement.

MINISTRY OF COMMERCE

1. OVERVIEW

Appropriation Accounts / Audit Reports & Audit Reports Public Sector Enterprises for the year 1992-93 pertaining to the Ministry of Commerce were considered for examination by Special Committee-II of the PAC in the meetings held on June 1st , 2010, July 8th , 2010, November 4th , 2010, December 28th , 2010, January 27th , 2011 & March 9th , 2011 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Three (03) grants and fifty four (54) Paras were reported by AGPR / Audit
- 1.2** On presentation of the grants, the Committee recommended regularization of the grants with the remarks that every effort must be made to surrender any and all saving in time.
- 1.3** The Committee endorsed the recommendations of the DAC on four (04) Paras of Audit Report.
- 1.4** While discussing Para on sub-judice cases the Committee directed the PAO and MD, RECP to ask the counsel to move formal application in these cases and put up a report to the Monitoring and Implementation Committee of the PAC for further action.
- 1.5** Regarding Para on demurrage amounting to Rs.423,358.00, the Committee expressed its displeasure over the apparent lack of interest shown by the Corporation in dealing with the case. The Committee directed the PAO to pursue the case vigorously and to ensure recovery.

2. **APPROPRIATION ACCOUNTS (CIVIL) VOL-1 1992-93**

i. **GRANT NO.16- MINISTRY OF COMMERCE**

Saving Rs. 222,449,378/-

Auditor General Pakistan Revenues (AGPR) pointed out that after taking into account supplementary grant of Rs.373,760,000 the grant closed with a saving of Rs.237,557,378 (40.44 percent of the total grant). An amount of Rs.15,108,000 was surrendered, leaving net saving of Rs.222,449,378 (37.87%).

The PAO informed the Committee that the Finance Division did not release a sum of Rs. 220,450,000 out of the supplementary grant which was sanctioned for the Export Development Fund against receipts of Export Development Surcharge. The said amount was authorized in the next financial year, 1993-94.

DIRECTIVE

The Committee recommended regularization of the grant with the remarks that while in this case un-surrendered saving was due to non-release by the Finance Division, as a rule every effort must be made to surrender any and all saving in time.

ii. **GRANT NO. 17- EXPORT PROMOTION**

Saving AGPR Rs. 26,915,464 / Deptt. 384,536/-

AGPR pointed out that the grant closed with a saving of Rs.27,169,464 (10.50% of the total grant). An amount of Rs.27,554,000 was surrendered converting the saving to minor excess of Rs.384,536.

The PAO stated that the excess was due to grant of encashment allowance to officers in lieu of LPR and fixation of pay, educational increments and move-over of staff, and adhoc increase in their salaries.

DIRECTIVE

The Committee recommended regularization of the grant.

- iii. **GRANT NO.18- DEVELOPMENT EXPENDITURE OF COMMERCE DIVISION**
Saving Rs. 209,554/-

AGPR informed the Committee that after taking into account supplementary grant of Rs. 1,000,000, the grant closed with a saving of Rs.209,554 (2.18 %).

The PAO informed the Committee that the saving was due to non-utilization of funds for utilities etc.

DIRECTIVE

The Committee recommended regularization of the grant.

3. **AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF COMMERCE FOR THE AUDIT YEAR 1992-93.**

- i. **PARA-1 (PAGE-20) AR 1992-93**
IRREGULAR EXPENDITURE OF Rs. 40,030 ON ACCOUNT OF REPAIRS OF VEHICLE
- ii. **PARA-2 (PARA-20) AR 1992-93**
MISUSE OF GOVERNMENT VEHICLE BY NON ENTITLED OFFICER-RECOVERY OF Rs. 72,820
- iii. **PARA-3 (PAGE-20) AR 1992-93**
NON-RECOVERY OF INTEREST ON PRINCIPAL AMOUNT OF MOTOR CYCLE ADVANCE- RECOVERY WORTH Rs. 9,450

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned three (03) Audit Paras.

4. AUDIT REPORT ON VOL-1 FEDERAL GOVERNMENT (CIVIL) FOR THE YEAR 1992-93

PARA-11-(PAGE 135) A.R

UN-AUTHORIZED PAYMENT OF Rs. 208,777 ON ACCOUNT OF PAY AND ALLOWANCES

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

5. AUDIT REPORT ON PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1992-93

PAKISTAN TOBACCO BOARD

- i. **PARA No.27:**
The Management of Pakistan Tobacco Board
- ii. **PARA No.40:**
The Board earned income of Rs. 11.883 million
- iii. **PARA No.41:**
Cash in current account stood at Rs. 497,902
- iv. **PARA No.42:**
Detail report of external auditors

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned four (04) Audit Paras.

6. AUDIT REPORT ON AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-X (S) FOR THE YEAR 1992-93

1. COTTON EXPORT CORPORATION OF PAKISTAN (PVT) LIMITED.

- i. PARA-28 (PAGE-33): Working results.
- ii. PARA-29 (PAGE-34): Audit Comments.
- iii. PARA-30 (PAGE-34): Audit Comments.

2. COTTON TRADING CORPORATION OF PAKISTAN (PVT) LIMITED.

- iv. PARA-31 (PAGE-35): Audit Comments.
- v. PARA-32 (PAGE-35): Audit Comments.

3. EXPORT CREDITS GUARANTEE SCHEME.

- vi. PARA-33 (PAGE-36): Working results

4. NATIONAL INSURANCE COMPANY LIMITED.

- vii. PARA-34 (PAGE-38): Working results.
- viii. PARA-35 (PAGE-38): Audit Comments.
- ix. PARA-36 (PAGE-38): Audit Comments.
- x. PARA-37 (PAGE-39): Audit Comments.

5. PAKISTAN RE-INSURANCE COMPANY LIMITED.

- xi. PARA-38 (PAGE-40): Working results.
- xii. PARA-39 (PAGE-41): Audit Comments.

6. RICE EXPORT CORPORATION OF PAKISTAN (PVT) LIMITED.

- xiii. PARA-43 (PAGE-43): Working results.
- xiv. PARA-44 (PAGE-44): Audit Comments.
- xv. PARA-45 (PAGE-44): Audit Comments.
- xvi. PARA-46 (PAGE-45): Audit Comments.
- xvii. PARA-47 (PAGE-45): Audit Comments.
- xviii. PARA-48 (PAGE-45): Audit Comments.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned eighteen (18) Audit Paras.

RICE EXPORT CORPORATION OF PAKISTAN (PVT) LIMITED

6.1 **PARA NO.49-PAGE NO.46-ARPSE-1992-93-Vol-X** **LOSS OF RS. 28.31 MILLION DUE TO NON-RECOVERY FROM THE** **HANDLING AGENT**

Audit pointed out that the Rice Export Corporation of Pakistan (RECP) awarded a contract to M/s. Continental Cargo Service in November 1982 for handling of rice crop for the year 1982-83. On expiry of the contract, the handling agent was required to submit the balance quantity of rice and gunny bags stock but failed to do so. The value of retained rice and gunny bags worked out by the Management was Rs.28.31 billion. The Management filed a suit in December 1988 against the agent for the recovery of this amount but the suit had been dismissed. RECP appeal was now pending in the High Court of Sindh.

The PAO informed the Committee that RECP was pursuing the case. The Deputy Attorney General of Pakistan was appearing on behalf of RECP in the High Court.

On 4th November 2010, the Committee took serious notice of the fact that RECP had mishandled the case to the extent that it had been dismissed for which the PAO should fix responsibility. The Committee recommended the para for settlement with the observation that RECP should pursue the appeal more vigorously and provide fullest assistance to its counsel / Deputy Attorney General of Pakistan, as required.

GENERAL DIRECTIVE

The Committee directed the PAO and MD, RECP to ask the counsel handling RECP cases to move formal application seeking early hearing of the cases.

6.2 **PARA-50 (PAGE-47)**
EXTRAORDINARY TRANSFER OF NEW JUTE BAGS INTO UNSERVICEABLE BAGS VALUING RS.16.386 MILLION

Audit pointed out that RECP transferred a huge quantity of new jute bags valuing Rs.16.386 million to unserviceable bags account because of damage during the year 1989-90 as compared to Rs.4.278 million in the previous year.

The Management explained that extraordinary transfers were due to (i) preparation of export consignments and their storage in open yard; (ii) rejection of bags by the inspection agencies; (iii) non-lifting of prepared stocks of rice by G.C.C. buyers; (iv) cancellation and changes of packing during the course of preparation; (v) packing of Pearl Basmati rice in new bags and then shifting to packing plant, (vi) damage of bags due to rains at ports as well in others areas and (vii) excess printing of shipping marks on the bags and preparation of stocks in excess.

The PAO informed the Committee that since godowns were full to capacity, the contractors stored the goods in open yard. The PAO further stated that the Corporation was pursuing the case against the contractor who was required to store rice properly, but had neglected to do so.

DIRECTIVE

The Committee directed the PAO to carry out an inquiry to fix responsibility and take action against the officials in the Corporation who were responsible for this extra ordinary loss. Report in this regard should be submitted to the Committee within one month.

On 27th January, 2011 M.D, RECP informed the Committee that despite vigorous efforts o relevant record could not be traced and TCP was therefore placing the case before meeting of Board of Directors to write off the loss.

The Committee directed the PAO and MD, RECP to place full facts of the case before the Board.

6.3 **PARA-51 (PAGE-47)**

FIRE IN BINI-SHELL GODOWNS AT QASIM RICE GODOWN, PIPRI: LOSS RS. 14.045 MILLION

Audit pointed out that a fire occurred at Qasim Rice godown of RECP in March, 1991. The Bini-shell Godown No.H-I collapsed and the entire quantity of jute bags were damaged /burnt. The matter was reported to the police the same day. The Management also requested police authorities in June 1991 for registration of a case against the handling agent for the fire resulting in considerable loss to the Corporation, but no action had been taken by the police authorities for the reason that the cause of fire was a short circuit in the godown. An inquiry was conducted and on the recommendation of the inquiry committee, some officers were charge-sheeted and a Deputy General Manager and a Manager were dismissed.

The Management had earlier intimated that they had lodged a claim with M/s. Fazilat Enterprises handling agent for recovery of Rs 14.045 million. However in this case the management's action was inadequate because:-

- (a) no insurance claim was lodged by the Management .
- (b) no safeguards were provided to protect RECP's interest in the shape of a Bank guarantee/performance Bond from the contractor.

The PAO stated that an inquiry had been held, which determined that fire took place due to electric short-circuit. He acknowledged that the stocks / godowns were not insured at that time. However this was now being done.

DIRECTIVE

The Committee took serious notice of the fact that stocks had not been insured. It directed the PAO to provide a detailed report within one month on the

reasons for this lapse, especially whether this was Corporation's policy or a mistake in this particular case, in which case disciplinary action should be initiated against the persons responsible.

6.4 **PARA-52 (PAGE-49)**
LOSS OF RS.3.702 MILLION DUE TO NON-RECOVERY OF STOCK LOSSES FROM A HANDLING AGENT

Audit pointed that the Rice Export Corporation of Pakistan appointed a contractor for handling the rice crop 1982-83 at TPX godown. After expiry of the contract in October, 1985, the handling agent was requested to transfer the stock to another agent. The first handling agent neither transferred/submitted the accounts of outstanding stock/stores nor deposited the cost of outstanding stock/stores. Hence, the Corporation sustained a loss of Rs 3.702 million due to non-recovery of stock losses. A suit was also filed against the agent in the High Court in 1989.

The Management in its reply of September 1992, stated that the delay in filing the suit in the High Court was due to some labour dispute between two handling agents and their accounts were to be reconciled with the Accounts Division. The Management also stated that the security deposit had been increased for each area and the deduction of retention money @ 2% from the running bills of the agent had also been introduced w.e.f. 1983-84. The deduction has been increased to 2.5% from 1991-92.

The PAO informed the Committee that the suit against the handling Agent M/s. International Export Traders was decided against the Corporation. Appeal was pending in the High Court of Sindh.

DIRECTIVE

The Committee expressed its serious displeasure on the poor handling of the case by RECP management as evident from the fact that the Corporation's suit

had been dismissed. The Committee asked for a copy of the Appeal pending in the High Court and directed the PAO to pursue the cases vigorously and seek assistance of the Attorney General of Pakistan if necessary. The PAO should also fix responsibility and take action against officials for mishandling/mismanagement of the stocks and report back to the Committee within one month.

6.5 **PARA-53 (PAGE NO.49)**
EXPECTED LOSS OF RS.3.363 MILLION DUE TO NON-RECOVERY OF RAILWAY DEMURRAGES FROM THE HANDLING AGENTS

Audit stated that in RECP, an amount of Rs. 3.363 million was lying outstanding against various handling agents on account of Railway demurrage charges, for the period from 1983-84 to 1988-89. The PAO informed the Committee that security deposits of the agents had been forfeited and recovery suits filed against them for the balance due. Latest position was as follows:-

(a) **M/s. Shehzad Enterprises (1984-85 TPX) (Rs. 221,379)**

The case was in the Supreme Court and suit had been decreed in favour of RECP and appeal had been dismissed by the High Court, but the High Court had stayed the decree till decision of the Supreme Court.

DIRECTIVE

On 27th January, 2011, the Committee directed the PAO to pursue the case vigorously and seek the assistance of the Attorney General of Pakistan if required. Progress report should be submitted to the Monitoring and Implementation Committee of the PAC for further action.

(b). **M/s. Azam Enterprises (1984-85 Lanhdi) (Demurrage amounting to Rs. 423,358.00)**

The PAO informed the Committee that RECP's suit had been decreed and execution proceedings initiated but the last hearing took place in 1999.

DIRECTIVE

On 27th January, 2011 the Committee expressed its displeasure over the apparent lack of interest shown by the Corporation in dealing with the case. The Committee directed the PAO to pursue the case vigorously and to ensure recovery. Progress report should be submitted to the Committee within one month.

(c) **M/s. European Asian Agencies (1984-85 ORG) (Demurrage amounting to Rs. 2, 325,593)**

The PAO informed the Committee that the case was decided against the department and the appeal was pending before the High Court. Last date of hearing was 6th May, 2010.

On query of the Committee the PAO acknowledged that a number of cases had been instituted against the Corporation.. The MD RECP stated that majority of the cases had been decided in favor of the Corporation.

DIRECTIVE

The PAC directed the PAO and MD RECP to pursue the case vigorously seek help from the Attorney General of Pakistan if required and submit progress report to the Monitoring and Implementation Committee of the PAC for further action.

(d) **M/s. Bahri Enterprises (1988-89) ORG & Landhi Demurrage amount Rs. 18,461.80)**

The PAO informed the Committee that RECP's suit had been decreed on 14th May, 2009 by the High Court Sindh. Next date of hearing was fixed for 11th August, 2010.

DIRECTIVE

The Committee directed the PAO to pursue the case vigorously in the Court in coordination with the Attorney General of Pakistan and report progress to the Committee within one month.

RICE EXPORT CORPORATION OF PAKISTAN (PVT) LIMITED

- i. **PARA-54 (PAGE-50)**
LOSS OF RS. 3.040 MILLION IN A PURCHASE DEAL OF WOODEN DUNNAGE

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

DOABA RICE MILLS LIMITED

- ii. **PARA-27 (ii) (PAGE-22)**
NON-SUBMISSION OF ACCOUNS
- iii. **PARA-55 (PAGE-52)**
Audit Comments.
- iv. **PARA-56 (PAGE-52)**
Audit Comments.
- v. **PARA-57 (PAGE-52)**
Audit Comments.
- vi. **PARA-58 (PAGE-53)**
Audit Comments.
- vii. **PARA-59 (PAGE-53)**
Audit Comments.
- viii. **PARA-60 (PAGE-54)**
Audit Comments.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned seven (07) Audit Paras

PAKISTAN NATIONAL PRODUCE COMPANY LIMITED

- i. **PARA-27 (iii) (PAGE-32)**
NON-SUBMISSION OF ACCOUNS
- ii. **PARA-61 (PAGE-55)**
Audit Comments
- iii. **PARA-62 (PAGE-56)**
Audit Comments
- iv. **PARA-63 (PAGE-57)**
Audit Comments
- v. **PARA-64 (PAGE-57)**
Audit Comments
- vi. **PARA-65 (PAGE-57)**
Audit Comments

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned six (06) Audit Paras

STATE LIFE INSURANCE CORPORATION OF PAKISTAN

- i. **PARA-66 (PAGE-58)**
Working results
- ii. **PARA-67 (PAGE-59)**
Audit Comments

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned two (02) Audit Paras

6.6 **PARA-68 (PAGE NO. 60) (ARPSE-1992-93-Vol-X)** **VIOLATION OF UNDER-WRITING RULES; LOSS OF RS. 103,600**

The Audit pointed out that in State Life Insurance Corporation of Pakistan, Zonal office, an insurance policy of Rs. 100,000 was issued on December 31, 1983 in favour of Vishin Das Alias Balchand who was 44 years of age. The policy holder died on March 13, 1985 due to hypertensive stroke as per hospital report.

According to under-writing requirements applicable as of Dec.31, 1983 for civilians, if the age of insured is 44 years, the policy should have been issued under Medical Scheme but this policy was issued under Non-Medical Scheme resulting in early death claim. The Corporation had no alternative but to pay the amount of Rs 103,600 as death claim which is a clear loss to the Corporation due to negligence of an under-writer. Had the medical examination been carried out before the sale of policy, the Corporation would have not suffered the loss of Rs 103,600.

The Chairman, State Life Insurance Corporation of Pakistan informed the Committee that the inquiry report held Mr. Ajmal Khan, Mr. Latif Mirza and Saeed Khan responsible for this negligence and the Corporation is following up the case for recovery.

DIRECTIVE

The Committee directed the PAO to take action against the person responsible and effect recovery as soon as possible. Report should be submitted to the Committee within one month.

On 27th January, 2011 the Chairman, State Life Insurance Corporation of Pakistan informed the Committee that as per directive of the Committee, the Corporation had written a letter that in future this attitude would not be tolerated and a proper system / guideline should be followed and at present it was very difficult to get hold of anyone to pay up.

The PAO requested that the recommendations of the DAC may be considered for settlement of the para.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement.

TRADING CORPORATION OF PAKISTAN LIMITED

- i. **PARA-69 (PAGE-61)**
Working results
- ii. **PARA-70 (PAGE-62)**
Audit Comments
- iii. **PARA-71 (PAGE-62)**
Audit Comments
- iv. **PARA-72 (PAGE-62)**
Audit Comments
- v. **PARA-73 (PAGE-62)**
Audit Comments
- vi. **PARA-74 (PAGE-62)**
Audit Comments

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned six (06) Audit Paras

MINISTRY OF COMMUNICATIONS

1. OVERVIEW

Appropriation Accounts for the year 1992-93 pertaining to the Ministry of Communications were taken up for examination by Special Committee-II of the PAC in the meetings held on July 28th, 2010, February 25th, 2011 & May 17th, 2011 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Four (04) grants and eighty-eight (88) Paras were reported by AGPR / Audit.
- 1.2** On presentation of Grant No.19, the Special Committee appreciated the positive attitude of the PAO and observed that financial principles should be observed in future.
- 1.3** While discussing Para No. A.V.1-AR-1992-93, the Committee directed the PAO to personally look into each individual case whether there was any justification for the works carried out.
- 1.4** The Committee observed on Para No. A-XI.1-AR-1992-93A that despite decisions of DAC of 2001 and the subsequent decision of 2009, the PC-I was not approved. The Committee directed the PAO to refer the case to Planning Commission for regularization on tendering procedure, convene a DAC meeting again and submit a report to the Committee.
- 1.5** The Committee endorsed the recommendation of the DAC for settlement of the eighty-three (83) Audit Paras.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.19-MINISTRY OF COMMUNICATIONS.

Excess Rs.1,240,920/-

AGPR stated that after accounting for supplementary grant of Rs. 86,000, the grant closed with a saving of Rs.271,729 (1.41% of the total grant). An amount of Rs.1,512,649 (7.85%) was surrendered, resulting in an excess of Rs.1,240,920 (6.44%).

The PAO acknowledged that excessive surrender of funds was due to bad accounting.

DIRECTIVE

The Committee appreciated the positive attitude of the PAO and directed that proper financial management systems should be put in place to ensure that such lapses do not recur. It recommended regularization of the grant.

ii. GRANT NO.147-DEVELOPMENT EXPENDITURE OF MINISTRY OF COMMUNICATIONS.

A.G.P.R. and PAO pointed out that in the above-mentioned grant the budgetary provisions had been fully utilized.

DIRECTIVE

The Committee recommended regularization of the above-mentioned grant as the budgetary provisions had been fully utilized.

iii. GRANT NO.186-CAPITAL OUTLAY ON COMMUNICATION WORKS

Saving Rs. 9,983,642/-

Audit stated that the grant closed with a saving of Rs.9,983,642 (38.51% of the total grant).

The PAO explained the Committee that the allocation of Rs.25.920 million was made to the Special Communications Organization, which was now under the Ministry of Information Technology.

DIRECTIVE

The Committee directed AGPR to refer the grant to the Ministry of Information Technology and Telecommunications for discussion in the next meeting with that Ministry.

iv. **GRANT NO.23-OTHER EXPENDITURE OF MINISTRY OF COMMUNICATIONS**
Saving Rs. 1, 442,079 /-

AGPR stated that grant closed with a saving of Rs. 1,442,079.

PAO explained that the saving was due to non release of funds.

DIRECTIVE

The Committee recommended the grant for regularization

3. **AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF COMMUNICATIONS (National Highway Authority) FOR THE AUDIT YEAR 1992-93.**

3.1 **PARA NO. A.IV.3-AR-1992-93**
Excess Payment of Rs. 1.031 million

Audit stated that a contractor of NHA who had abandoned work on a particular reach was allotted another work on adjacent reach without calling tenders. Moreover, while making payment to the contractor, rates for item of embankment and Triple Surface Treatment (TST) were allowed as per the first agreement for certain quantities, but at a higher rate for other quantities by issuing variation orders. This resulted in excess payment of Rs. 1,031,220.

The Chairman, NHA informed the Committee that the contractor had completed the original work, but the scope of the work was enhanced by 78% for which the contractor was awarded higher rates after negotiations for the excess quantities, through Variation Orders.

The Committee expressed its displeasure that the additional work had been awarded to the same contractor without fresh tendering. It directed the Chairman, NHA that instructions should be issued to ensure that such malpractice is not repeated in future. The Committee referred the para to DAC to examine the case in detail and to present its report within one month.

In another meeting held on 25th February, 2011 the PAO informed the Committee that DAC meeting on the subject could not take place and would be convened shortly.

DIRECTIVE

The Committee expressed dissatisfaction over the delay in compliance with its directive and directed the Audit to convene a DAC meeting and submit a report to the Committee within two weeks.

3.2 **PARA NO. A.V.1-AR-1992-93** **Overpayment of Rs. 5.650 million**

Audit stated that a formation of NHA measured and paid the item of Tack Coat and Wearing Course in RD 205+00 to 208+600 in December, 1991 but the same reaches were scarified in February, 1992 and the item of “Aggregate Base” and Triple Surface Treatment (T.S.T.) was paid to another contractor. The fictitious measurements of an already completed work resulted in overpayment of Rs. 5,649,688.

The PAO informed the Committee that as per decision of the DAC NHA/ had been directed to provide relevant record to Audit for verification of estimates/ drawings/approval of competent authority.

DIRECTIVE

The Committee directed the Chairman, NHA to produce the relevant record to Audit and recommended the para for settlement subject to verification / satisfaction of Audit.

3.3 **PARA NO. A-XI.1-AR-1992-93** **Unauthorized Payments of Rs. 651.216 million**

Audit stated that NHA had put to tender a work with estimated cost of Rs. 589 million and allotted to the contractor on 29th April, 1993. Right from the very start the amount of the contract was enhanced by about 109.74% because of the revision of the scheme to Rs. 1,235 million. This reflected on the poor planning, designing and estimation by the Consultant/ Authority. The variations are still unapproved by the competent authority.

The PAO/Chairman NHA informed the Committee that originally the work was tendered for Rs. 589 million, but later it was decided by the government in agreement with the World Bank to improve the road to international standards. As re-tendering would have resulted in higher rates (apart from escalation claims and legal complications) rates of the contractor were, therefore, negotiated by the Consultants and brought down which was in the interest of the government. The Variation Order prepared was duly approved by the competent authority of NHA.

In 2006 and 2009 the DAC had recommended the Para for settlement subject to approval of revised PC-1 of the project. In its last meeting on 20/21-07-2010, the DAC had desired that the matter be placed before the PAC for constituting an Inter-Departmental Committee to look into the whole case.

The Committee directed the PAO to examine in detail the reasons for revision of the work, the delay in processing of the revised PC-1 and award of work without tendering. Report should be submitted to the Committee within one month.

When the Para was taken up again on 25th February, 2011 Audit stated that details including approval of PC-I and tendering procedure have not been received as per decision of the Committee. Audit further said that this was originally a maintenance programme which was later on converted into a development programme without observing the codal formalities. The contract amount increased by 109% as against the admissible percentage of 15%.

The PAO explained that this was an umbrella project of the World Bank under which 22 different projects had to be under taken. He further stated that the overall cost of the project was within the umbrella cost. An officer of the Planning Commission is also a member of BOD which approved this project.

DIRECTIVE

The Committee observed that despite decisions of DAC of 2006 and 2009, revised PC-I had not been prepared. The Committee directed the PAO to refer the case to Planning Commission for decision regarding revised PC-1 and approval /regularization of tendering procedure. Report, after discussion in the DAC, should be submitted to the Committee within one month.

3.4 **PARA NO. B-II.2-AR-1992-93**
Non-Recovery of Rs. 0.976 million

Audit stated that a formation of NHA failed to deduct 3% income tax on the value of work done in contravention of provision of rules as well as contract. This resulted in non-recovery of Rs. 676,153.

Chairman, NHA informed the Committee that recovery had been made and deposited in the government treasury.

DIRECTIVE

The Committee directed Chairman, NHA to provide the relevant record to Audit. The para was recommended for settlement subject to verification by Audit.

3.5 **PARA NO. B-III.1-AR-1992-93**
Loss of Rs. 6.00 million

Audit stated that NHA had awarded a contract to the second lowest bidder, higher by Rs. 7.4 million than the lowest bid, on the condition that Rs 6.00 million would be retained from his dues for non-removal of certain defects noticed in the execution of a previously awarded work “Lahore-Sahawal Section” under the Third Highway Project. However, the recovery of dues on this account as agreed upon was not made, resulting in loss of Rs. 6.00 million.

The PAO informed the Committee that 6.00 million had been recovered by NHA.

DIRECTIVE

The Committee recommended the para for settlement subject to verification of the recovery record by Audit.

- i. **PARA NO. A.I.1-AR- 1992-93**
Fraudulent Payment of Rs 8,237,027/-
- ii. **PARA NO. A.II.1-AR- 1992-93**
Overpayment of Rs 4,420,100
- iii. **PARA NO. A.II.2-AR- 1992-93**
Excess Payment of Rs 1,439,176
- iv. **PARA NO. A.II.3-PAGE NO. 61-AR- 1992-93**
Overpayment of Rs. 968,121
- v. **PARA NO. A.II.4-AR- 1992-93**
Excess Payment of Rs. 680,846
- vi. **PARA NO. A.II.5-AR- 1992-93**
Excess Payment of Rs. 666,511

- vii. **PARA NO. A.II.6-AR- 1992-93**
Overpayment of Rs. 589,551/-
- viii. **PARA NO. A.II.7-AR- 1992-93**
Overpayment of Rs. 575,630
- ix. **PARA NO. A.II.8-PAGE NO. 63-AR- 1992-93**
Overpayment of Rs. 475,698
- x. **PARA NO. A.II.9--PAGE NO. 63-64-AR- 1992-93**
Overpayment of Rs 337,199/-
- xi. **PARA NO. A.II.10-PAGE NO. 64-AR- 1992-93**
Excess Payment of Rs 219,746/-
- xii. **PARA NO. A.II.11-PAGE NO. 64-AR- 1992-93**
Overpayment of Rs. 189,504
- xiii. **PARA NO. A.II.12-AR- 1992-93**
Overpayment of Rs. 151,300
- xiv. **PARA NO. A.II.13-PAGE NO. 65-AR- 1992-93**
Overpayment of Rs. 138,936
- xv. **PARA NO. A.II.14-PAGE NO. 65-AR- 1992-93**
Overpayment of Rs. 115,600
- xvi. **PARA NO. A.II.15-PAGE NO. 65-66-AR- 1992-93**
Overpayment of Rs 133,907
- xvii. **PARA NO. A.II.16-AR- 1992-93**
Overpayment of Rs 92,820
- xviii. **PARA NO. A.II.17-PAGE NO. 66-AR- 1992-93**
Overpayment of Rs. 64,440
- xix. **PARA NO. A.II.18-AR- 1992-93**
Excess/Overpayment of Rs. 62,454
- xx. **PARA NO. A.II.19-AR- 1992-93**
Overpayment of Rs. 51,486
- xxi. **PARA NO. A.II.20-PAGE NO. 67-68-AR- 1992-93**
Excess Payment of Rs 47,667
- xxii. **PARA NO. A.II.21-PAGE NO. 67-68-AR- 1992-93**
Overpayment of Rs 45,212
- xxiii. **PARA NO. A.II.22-PAGE NO. 67-68-AR- 1992-93**
Excess Payment of Rs. 43,513
- xxiv. **PARA NO.A.II.23-PAGE NO. 68-AR- 1992-93**
Excess Payment of Rs 27,544
- xxv. **PARA NO. A.III.1-AR- 1992-93**
Overpayment of Rs. 9,162,612
- xxvi. **PARA NO. A.III.2-AR- 1992-93**
Excess Payment of Rs 12.710 million
- xxvii. **PARA NO. A.III.3-AR- 1992-93**
Overpayment of Rs. 7,068,652
- xxviii. **PARA NO. A.III.4-AR- 1992-93**
Double Payment of Rs. 6.829 million

- xxix. **PARA NO. A.III.5-PAGE NO. 70-71-AR-1992-93**
Overpayment of Rs. 5,158,814
- xxx. **PARA NO. A.III.6-AR- 1992-93**
Overpayment of Rs. 1,830,128
- xxxi. **PARA NO. A.III.7-PAGE NO. 71-72-AR-1992-93**
Overpayment of Rs. 809,011
- xxxii. **PARA NO. A.III.8-AR-1992-93**
Overpayment of Rs. 0.600 million
- xxxiii. **PARA NO. A.III.9-PAGE NO. 72-AR-1992-93**
Overpayment of Rs. 405,998
- xxxiv. **PARA NO. A.III.10-PAGE NO. 72-73-AR-1992-93**
Overpayment of Rs. 405,062
- xxxv. **PARA NO. A.III.11-PAGE NO. 73-AR-1992-93**
Excess Payment of Rs 278,841
- xxxvi. **PARA NO. A.III.12-PAGE NO. 73-74-AR-1992-93**
Overpayment of Rs 242,800
- xxxvii. **PARA NO. A.III.13-PAGE NO. 72-73-AR-1992-93**
Double Payment of Rs. 226,910
- xxxviii. **PARA NO. A.III.14-PAGE NO. 74-AR-1992-93**
Excess Payment of Rs. 165,751
- xxxix. **PARA NO. A.III.15-PAGE NO. 74-75-AR-1992-93**
Excess Payment of Rs. 122,400
- xl. **PARA NO. A.III.16-PAGE NO. 75-AR-1992-93**
Excess Payment of Rs. 68,994
- xli. **PARA NO. A.III.17-PAGE NO. 75-AR-1992-93**
Overpayment of Rs. 43,898
- xl. **PARA NO. A.III.18-PAGE NO. 76-AR-1992-93**
Overpayment of Rs. 38,552
- xl. **PARA NO. A.III.19-AR-1992-93**
Excess Payment of Rs 36,969
- xliv. **PARA NO. A.IV.1-AR-1992-93**
Overpayment of Rs. 2,774,395
- xl. **PARA NO. A.IV.2-AR-1992-93**
Overpayment of Rs. 1,819,712
- xlvi. **PARA NO. A.IV.4-AR-1992-93**
Overpayment of Rs 737,682
- xlvii. **PARA NO. A.IV.5-AR-1992-93**
Overpayment of Rs. 702,066
- xlviii. **PARA NO. A.IV.6-AR-1992-93**
Excess Payment of Rs. 264,087
- xl. **PARA NO. A.IV.7-AR-1992-93**
Overpayment of Rs. 91,059
- l. **PARA NO. A.IV.8-AR-1992-93**
Overpayment of Rs. 75,000

- li. **PARA NO. A.IV.9-AR-1992-93**
Overpayment of Rs 69,936
- lii. **PARA NO. A.IV.10-AR-1992-93**
Overpayment of Rs. 44,938
- liii. **PARA NO. A.V.2-AR-1992-93**
Overpayment of Rs. 327,356
- liv. **PARA NO. A-V.3-AR-1992-93**
Overpayment of Rs. 312,779
- lv. **PARA NO. A-V.4-AR-1992-93**
Double Payment of Rs. 199,500
- lvi. **PARA NO. A-V.5-AR-1992-93**
Excess Payment of Rs. 113,790
- lvii. **PARA NO. A-V.6-AR-1992-93**
Overpayment of Rs. 88,890/-
- lviii. **PARA NO. A-V.7-AR-1992-93**
Overpayment of Rs. 87,712
- lix. **PARA NO. A-V.8-AR-1992-93**
Overpayment of Rs 53,756
- lx. **PARA NO. A-V.9-AR-1992-93**
Overpayment of Rs. 42,515
- lxi. **PARA NO. A-V.10-AR-1992-93**
Overpayment of Rs. 16.033
- lxii. **PARA NO. A-VI.1-AR-1992-93**
Overpayment of Rs. 467,301
- lxiii. **PARA NO. A-VII.1-AR-1992-93**
Overpayment of Rs. 0.416 million
- lxiv. **PARA NO. A-VII.2-AR-1992-93**
Overpayment of Rs. 220,559
- lxv. **PARA NO. A-VIII.1-AR-1992-93**
Overpayment of Rs. 89,885
- lxvi. **PARA NO. A-IX.1-AR-1992-93**
Fictitious Payment of Rs.1.535 million
- lxvii. **PARA NO. A-X.1-AR-1992-93**
Overpayment of Rs. 168,700
- lxviii. **PARA NO. A-XI.2-AR-1992-93**
Undue financial aid of Rs. 3,542,600
- lxix. **PARA NO. A-XI.3-AR-1992-93**
Unauthorized Payments of Rs. 1,279,000
- lxx. **PARA NO. A-XI.4-AR-1992-93**
Unauthorized Payments of Rs. 96,000
- lxxi. **PARA NO. B-I.1-AR-1992-93**
Non-Recovery of Rs. 1,271,869
- lxxii. **PARA NO. B-I.2-AR-1992-93**
Loss of Rs. 1.154 million

- lxxiii. PARA NO. B-I.3-AR-1992-93**
Non-adjustment of advance and non-submission of the vouched accounts
- lxxiv. PARA NO. B-I.4-AR-1992-93**
Non-recovery / Adjustment of Advance of Rs.363,540
- lxxv. PARA NO. B-I.5-AR-1992-93**
Non-Recovery of Rs. 309,150
- lxxvi. PARA NO. B-II.1-AR-1992-93**
Less Deduction of Rs. 1,040,456
- lxxvii. PARA NO. B-II.3-AR-1992-93**
Non-Recovery of Rs. 0.170 million
- lxxviii. PARA NO. B-IV.1-AR-1992-93**
Non-Recovery of Rs. 40,800
- lxxix. PARA NO. B-V.1-AR-1992-93**
Non-Recovery of Rs. 1,032,851
- lxxx. PARA NO. C-I.1-AR-1992-93**
Loss of Rs. 830,800
- lxxxii. PARA NO. D-I.1-AR-1992-93**
Non-submission of vouched account of Rs. 381.924 million
- lxxxiii. PARA NO. D.2-AR-1992-93**
Undue Payment of Rs.1,017,234
- lxxxiii. PARA NO. D.3-AR-1992-93**
Unauthorized Payment of Rs. 112,489

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned seventy-nine (79) Audit Paras.

COUNCIL OF ISLAMIC IDEOLOGY

1. OVERVIEW

Appropriation Accounts for the year 1992-93 pertaining to the Council of Islamic Ideology were taken up for examination by Special Committee-II of the PAC in the meeting held on July 7th, 2010 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 One (01) grant was reported by AGPR on Council of Islamic Ideology.
- 1.2 On presentation of the grant, the Special Committee recommended regularization of the grant.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.117- COUNCIL OF ISLAMIC IDEOLOGY. Saving Rs. 102,473/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 102,473/- (1.21 % of the total grant).

The PAO informed the Committee that the minor saving in the grant was due to vacant posts, non-approval of honorarium by Finance Division and lower than anticipated expenditure in transportation, utilities and communication.

DIRECTIVE

The Committee recommended regularization of the grant.

MINISTRY OF CULTURE, SPORTS, TOURISM, YOUTH AFFAIRS & MINORITIES AFFAIRS

1. OVERVIEW

Appropriation Accounts / Audit Reports & Audit Reports Public Sector Enterprises for the year 1992-93 pertaining to the Ministry of Culture, Sports, Tourism Youth Affairs & Minorities Affairs, were considered for examination by Special Committee-II of the PAC in the meetings held on June 30th, 2010, October 28th, 2010 & March 10th, 2011 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Five (05) grants and three forty six (46) Paras were reported by AGPR / Audit. Three Performance Audit Report on Construction of National Hockey Stadium at Lahore, on Pakistan Sports Board (PSB) & on Ministry of Youth Affairs containing 14 Paras were presented by Audit.
- 1.2** On presentation of the grants, the Special Committee recommended regularization of the grants with the observation that efforts should be made to surrender the entire savings by the prescribed date.
- 1.3** While discussing Para No.99-ARPSE on Tourism, the Committee directed the PAO to send the latest audited accounts of the Corporation to Audit. DAC may be held again and recommendations should be submitted to the Committee.
- 1.4** While discussing Para No.10- Audit Report, Ministry of Sports, the Committee directed the PAO to see if book-adjustment with the Ministry of Finance was possible if not then proceed for settlement of this as admissible under the Rules.
- 1.5** While discussing Para No. 2.1 (b) of the Performance Audit Report on Construction of National Hockey Stadium at Lahore, the Committee expressed great concern on the delay of five years in laying Astroturf and observed that five

years was a very long time, It should have been done much earlier which would have benefited the hockey players at that time.

- 1.6 Regarding Performance Audit Report on Ministry Of Youth Affairs, the Committee expressed the opinion that the objective should be to turn Youth Policy into an advantageous (productive) rather than a liability.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.27- YOUTH AFFAIRS DIVISION.

Saving Rs.57,690/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 159,024 which works out to 2.62 % of the total grant. An amount of Rs. 101,334 was surrendered leaving a net saving of Rs. 57,690.

When the grant was taken up on 28th October, 2010, the PAO informed the Committee that the saving was mainly due to late receipt of telephone and utility bills etc.

DIRECTIVE

The Committee recommended regularization of the grant.

ii. GRANT NO.28- TOURISM DIVISION.

Excess AGPR Fig. Rs. 3,170,835/-, Deptt Fig. Rs.125,825/-

A.G.P.R. pointed out that after accounting for total supplementary grant of Rs. 25,572,000 the grant closed with a saving of Rs. 128,875. An amount of Rs. 254,700 was surrendered converting the saving into an excess of Rs. 125,825.

The PAO informed the Committee that major portion of (Rs. 22,000,000) of the supplementary grant was for publicity of awareness program for promotion of tourism.

DIRECTIVE

The Committee recommended regularization of the grant with the direction that surrender should not exceed actual saving in future.

iii. **GRANT NO.148- DEVELOPMENT EXPENDITURE OF CULTURE AND SPORTS**
Saving Rs.3,300,657/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 103,300,657 (63.58% of the total grant). An amount of Rs. 100,000,000 was surrendered leaving a net saving of Rs. 3,300,657. AGPR further stated that the record has been verified, however, non utilization of Rs. 100 million is required to be explained by the PAO.

The PAO admitted that after going through what ever record is available no worth while justification could be found for non utilization of this amount. He further stated that there was a lump sum allocation of Rs. 120 million which had been made for PSDP projects and this was mainly for Archeological schemes. The PAO admitted that PC-I should have been revised and got approved from the appropriate form. He further stated that this amount has been surrendered by 15th May.

DIRECTIVE

The recommended the grant for regularization.

iv. **GRANT NO.149- DEVELOPMENT EXPENDITURE OF YOUTH AFFAIRS DIVISION**
Saving Rs. 2,689,824/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 5,918,824 (31.00% of the total grant). An amount of Rs. 3,229,000 was surrendered leaving a net saving of Rs. 2,689,824.

The PAO apologized for not providing the relevant record and assured that the relevant record would be provided to Audit in time. The PAO requested the Committee that the grants should again be referred to the DAC for reconciliation.

The Committee accepted the request made by the PAO and directed to provide the relevant record to Audit in time. The Committee deferred the above-mentioned two (02) grants i.e. grant No. 27 & 149 for a DAC, as the departmental briefs / working papers had not been received by the Audit department

On 28th October, 2010, the PAO informed the Committee that the relevant record would be provided to Audit.

DIRECTIVE

The Committee directed the PAO to provide the relevant record to Audit. The Committee recommended regularization of the grant subject to verification by Audit.

v. **GRANT NO.150- DEVELOPMENT EXPENDITURE OF TOURISM DIVISION**

Excess AGPR Fig. Rs. 5,600,000/-, Deptt Fig. Rs.5,600,000/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 33,544,000 (16.56% of the total grant). An amount of Rs. 27,944,000 was surrendered leaving a net saving of Rs. 5,600,000 (2.76%).

The PAO informed the Committee that the saving was due to refund by PTDC, to which releases were made at the end of the year.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that efforts should be made to surrender the entire savings by the prescribed date.

3. AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE ACCOUNTS OF MINISTRY OF TOURISM FOR THE AUDIT YEAR 1992-93.

3.1 i) PARA-99 (PAGE-80-81) ARPSE-1992-93

Audit pointed out that the Pakistan Tourism Development Corporation is an unquoted public limited company engaged in the promotion and development of tourism in Pakistan. The Company's activities also include operation and management of hotels obtained under long-term lease agreement from Associated Hotels of Pakistan.

The Corporation sustained an operating loss of Rs. 20.733 million during the year 1992-93 as against a loss of Rs. 28.867 million sustained during the previous year (Accumulated loss as on 30-06-2007 was Rs. 147.371 million). The operational activities of the PTDC can not therefore be considered as satisfactory. Necessary steps are required to be taken to improve the operational activities of the Corporation to make it a viable concern.

The PAO briefed the Committee that the working of the Corporation had improved. Some of the Corporation's big hotels in large cities e.g. Faletti's, Dean's, Flashman's and Cecil had been privatized. PTDC still owned 42 motels all over Pakistan mostly in remote areas which were functioning for promotional purposes and 26 motels were still on the privatization list. The Ministry would present a report on future plans of the Corporation within one month.

The Committee directed the PAO to present a copy of the PTDC's future plans to the Committee as soon as possible. The Ministry was also directed to send the latest audited accounts of the Corporation to Audit. DAC may be held again and recommendations should be submitted to the Committee within one month.

When the matter was taken up again on 28th October, 2010, the PAO briefed the Committee that the matter was sub-judice and two appeals were filled which are pending in the Supreme Court.

DIRECTIVE

The Committee directed the PAO to send the latest audited accounts of the Corporation to Audit. DAC may be held again and recommendations should be submitted to the Committee within one month.

ii. PARA-101 (PAGE-81) ARPSE-1992-93

Audit pointed out that the Corporation has transferred / leasehold of land, adjacent to National Park Rawalpindi at book value of Rs. 816,191 for consideration of shares of Rs. 1.800 million in Tourist Village Limited (TVL). As the shares have still not been received from TVL, necessary adjustment relating to such sale have not been made in the accounts. This point was also highlighted in the previous Audit Comments but without any fruitful results.

The PAO briefed the Committee that in 1977 PTDC took 4.5 acres of land on lease in Ayub National Park in order to open a Tourist Village. As PTDC wanted collaboration with some company, on advertisement two companies applied viz Tourist Village Limited (TVL) and Potential Engineers. In 1982 negotiations were started with TVL and an agreement was signed in 1983 in order to form a joint company with 8 Directors, 2 Directors from PTDC and 6 Directors from its TVL. TVL did not start work till 1996 when PTDC came to know that shares and the land had been transferred to NDFC and the land had been sub-leased to Mr. Zafar Khan. The case was referred to NAB and filed in the accountability Court, but later had been dismissed on the basis of NRO.

The PAO informed that the Ministry will submit a full report to the Committee and to Audit regarding the case.

The Committee directed the PAO to provide complete details regarding the case, including decisions of various courts to Audit and to the Committee, within one month.

When the para came up again on 28th October, 2010, the Audit requested the Committee that the above Audit Report Public Sector Enterprises on the accounts of Ministry of Tourism for the Audit Year 1992-93 may be linked with Audit Report for the year 2008-09.

DIRECTIVE

Accepting the request of the Audit, the Committee linked Audit Report Public Sector Enterprises on the accounts of Ministry of Tourism for the Audit Year 1992-93 with Audit Report for the year 2008-09 which is being discussed in the main PAC.

MALAM JABBA RESORT LIMITED

- i. **PARA-93 (PAGE-77) ARPSE 1992-93**
MALAM JABBA RESORT LIMITED IS AN UNQUOTED PUBLIC LIMITED COMPANY
- ii. **PARA-94 (PAGE-77) ARPSE 1992-93**
RECEIPTS FROM GOVERNMENT OF PAKISTAN ON ACCOUNT OF FUNDS AGAINST EQUITY AGGREGATED TO Rs.6,480 MILLION AS ON JUNE 30, 1993
- iii. **PARA-95 (PAGE-77) ARPSE 1992-93**
BUILDING AND MACHINERY COSTING Rs. 87.675 MILLION WERE SUBJECTED TO DEPRECIATION DURING THE YEAR 1992-93
- iv. **PARA-96 (PAGE-77) ARPSE 1992-93**
CASHING AMOUNT TO Rs.9,000 MILLION WAS KEPT IN 3 MONTHS SHORT NOTICE TERM DEPOSIT ACCOUNT DURING THE YEAR 1992-93
- v. **PARA-97 (PAGE-77) ARPSE 1992-93**
A SUM OF Rs.100,000 WAS PAID AS ADVANCE TO A CONTRACTOR FOR CERTAIN WORK AT SITE.

PAKISTAN TOURISM DEVELOPMENT CORPORATION:

- vi. **PARA-100 (PAGE-81) ARPSE 1992-93**
NO PROVISION HAS BEEN MADE IN THE ACCOUNTS RECEIVABLE OF Rs.2.168 MILLION DUE FROM PTDC MOTELS SOUTH (Pvt.) Ltd
- vii. **PARA-102 (PAGE-81) ARPSE 1992-93**
THE CORPORATION HAS LONG TERM INVESTMENT OF Rs.19.548 MILLION IN FOUR UNLISTED SUBSIDIARIES AND THREE OTHER COMPANIES
- viii. **PARA-103 (PAGE-81) ARPSE 1992-93**
ADMINISTRATIVE EXPENSES FOR THE YEAR 1992-93 AMOUNTING TO Rs.36.876 MILLION INCLUDE AN AMOUNT OF Rs. 0.663 MILLION ON ACCOUNT OF DOUBTFUL DEBTS

PTDC ASSOCIATED HOTELS OF PAKISTAN LIMITED

- ix. **PARA-107 (PAGE-83) ARPSE 1992-93**
OUT OF THE TOTAL BANK BALANCE OF Rs.1.754 MILLION HELD AT THE CLOSE OF THE YEAR 1992-93
- x. **PARA-104 ARPSE 1992-93**
THE BALANCE OF CASH AT BANK AND IN HAND WAS Rs.144.436 MILLION AS ON JUNE 30, 1993 AS AGAINST Rs. 21.211 MILLION AS ON JUNE 30, 1992 REGISTERING AN INCREASE OF 581% OVER THE BALANCE OF THE PROCEEDING YEAR
- xi. **PARA-105 ARPSE 1992-93**
THE COMPANY WAS INCORPORATION AS A PUBLIC LIMITED COMPANY UNDER THE REPEALED COMPANIES ACT, 1913 (NOW COMPANIES ORDINANCE, 1984)
- xii. **PARA-106 ARPSE 1992-93**
FIXED ASSETS VALUING Rs.3.887 MILLION WERE HELD BY THE COMPANY AT THE CLOSE OF THE YEAR 1992-93

PTDC PAKISTAN TOURS (PRIVATE) LIMITED

- xiii. **PARA-108 ARPSE 1992-93**
THE COMPANY IS RUNNING INTO CONTINUOUS LOSSES THE ACCUMULATED LOSSES HAVE RISEN TO THE EXTENT OF Rs.5.314 MILLION AS AT JUNE 30, 1993
- xiv. **PARA-109 ARPSE 1992-93**
OUT OF THE TOTAL DEBTS OF Rs.4.053 MILLION DEBTS AMOUNTING TO Rs. 3.722 MILLION HAVE BEEN DECLARED BAD AND DOUBTFUL OF RECOVERY AS AT JUNE 30, 1993

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above mentioned fourteen (14) Audit Paras, with the direction that the Ministry should improve its financial systems in future.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-X ON THE ACCOUNTS OF MINISTRY OF TOURISM FOR THE AUDIT YEAR 1992-93

PAKISTAN INSTITUTE OF TOURISM AND HOTEL MANAGEMENT

i. PARA-98 (PAGE-78) ARPSE-1992-93 Vol-X

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the Audit Para.

5. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF TOURISM FOR THE AUDIT YEAR 1992-93

i. PARA-1 (PAGE-70) AR 1992-93: UN-AUTHORIZED PAYMENT OF Rs.544,166/-

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the Audit Para.

6. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF CULTURE FOR THE AUDIT YEAR 1992-93

6.1 PARA-5 (PAGE-24) AR-1992-93 MISUSE OF PAKISTAN NATIONAL COUNCIL OF ARTS VEHICLE BY EX-MINISTER Rs. 108,424/-

Audit pointed out that the Minister for Culture was provided with vehicle No.IDB-7724 of Pakistan National Council of Arts in addition to the staff car

provided by the Cabinet Division. The vehicle covered a distance of 54212 k.m. unathorizedly which requires recovery of Rs. 108,424 calculated @ Rs. per K.M (the rate in vogue).

The PAO explained that the vehicle was provided to the Minister in his capacity as Chairman of the Board of Governors of the Pakistan National Council of Arts, but was used by his PS for general official work and not by the Minister personally. The matter was discussed in the DAC meeting and It was decided that they the log book and various other documents should be checked to verify the factual position. However, requisite record was not traceable.

The Committee observed that some documentation relating to use of the car should be available, if not the log book. The Committee referred the Para back to DAC and directed that a proper inquiry should be conducted and report on action taken should be submitted to the Committee within one month.

When the para came up again on 28th October, 2010, the PAO Culture informed the Committee that the vehicle (Suzuki Van) was provided to the Minister in his capacity as Chairman of the Board of Governors of the Pakistan National Council of Arts, but was used by his PS for general official work and not by the Minister personally.

The PAO further informed that on the directives of the PAC an Inquiry was conducted and a report was given to Audit.

DIRECTIVE

The Committee recommended the para for settlement.

7. .AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE ACCOUNTS OF MINISTRY OF CULTURE DIVISION FOR THE AUDIT YEAR 1992-93.

- i. **PARA NO. 89-ARPSE-1992-93**
THE NAFDEC IS A PUBLIC LIMITED COMPANY REGISTERED UNDER THE COMPANIES ACT, 1913
- ii. **PARA NO. 90-ARPSE-1992-93**
THE CORPORATION BLOCKED FUNDS TO THE EXTENT OF Rs. 0.270 MILLION ON ACCOUNT OF RENTAL FILMS ON 30.06.1993
- iii. **PARA NO. 91-ARPSE-1992-93**
CASH IN-TRANSIT STOOD AT Rs. 0.344 MILLION AS AT JUNE 30, 1993 AS AGAINST Rs. 0.326 MILLION AS AT JUNE 30, 1992
- iv. **PARA NO. 92-ARPSE-1992-93**
DEBTS TO THE TUNE OF Rs. 0.022 MILLION HAVE BEEN CONSIDERED AS DOUBTFUL OF RECOVERY AND PROVISION TO THIS EFFECT HAS BEEN MADE IN THE ACCOUNTS.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned four (04) Audit Paras.

8. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF SPORTS FOR THE AUDIT YEAR 1992-93

- 8.1 **PARA-6 (PAGE-25) AR 1992-93**
RECOVERY OF Rs. 55,350/- FROM THE OFFICERS ON ACCOUNT OF IRREGULAR / INADMISSIBLE PAYMENT OF ENTERTAINMENT ALLOWANCE TO THEM

Audit pointed out that in the Pakistan Sports Board had paid an amount of Rs. 55,350 on account of entertainment allowance to some non-entitled officers of BPS 17 to 19. Payment of the allowance to these officers was treated as irregular / inadmissible, as only officers of BPS-20 and above are entitled to such allowance.

The PAO Sports stated that this entertainment allowance had been allowed to the employees in accordance with the Pakistan Sports Board (PSB) Rules. However, after the Audit objection the Ministry discontinued payment of this

allowance and in 2009 had requested the Ministry of Finance for regularization, as per decision of the DAC.

The Committee directed the Finance Division to expedite its decision on the request for regularization. Report in this regard should be submitted to the Committee in the next meeting.

On 28th October, 2010, the DAC recommended the following Audit Para for settlement by the Special Committee:-

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above mentioned Audit Para, with the direction that the Ministry should ensure that such lapses do not recur.

8.2 **PARA-7 (PAGE-25) AR 1992-93**
RECOVERY OF Rs. 404,964/- FROM THE EMPLOYEES ON ACCOUNT OF UNAUTHORIZED DRAWAL OF HOUSE RENT ALLOWANCE

Audit pointed out that Pakistan Sports Board had allowed 45% House Rent Allowance to its employees on the running pay instead of initial pay in the National Pay Scales introduced by the Finance Division and adopted by the Board.

An overpayment of Rs. 404,964/- was made during 1988-92. The irregularity was brought to the notice of the Division in November, 1992, but no reply was furnished regarding recovery of overpayment and withdrawal of irregular grant. Overpayment made prior to 1988-89 should also be worked out

The PAO stated that in accordance with the decision of the DAC, reference / reminder had been sent to Finance Division for regularization.

As in the case of the previous Para the Committee directed the Finance Division to expedite decision on the request for regularization. Report should be put up to the Committee in its next meeting.

When the para came up again on 28th October, 2010, the DAC recommended the following Audit Para for settlement by the Special Committee:-

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above mentioned Audit Para, with the direction that the Ministry should ensure that such lapses do not recur.

8.3 **PARA-8 (PAGE-25) AR 1992-93**
WASTEFUL EXPENDITURE OF Rs. 3,471,430/- INCURRED ON RELEASES TO A FOUNDATION

Audit pointed out that the Pakistan Sports Board had released an amount of Rs. 3,471,430/- to “Adventure Foundation” during 1982-91 in order to contribute in their sports activities at national and International level. However, for the last nine years no contribution of the organization was observed. Instead large amounts were kept by the Foundation in fixed deposits. Moreover, no such organization was enlisted in clause 2(1) of the Sports Development Ordinance, 1962. Thus the expenditure had been wasted.

The PAO stated that the Adventure Foundation had been granted affiliation by the Executive Committee of Pakistan Sports Board in 1983. It had also been enlisted under the Sports Development Ordinance in 1993.

The Member Sports informed the Committee that the “Adventure Foundation of Pakistan” provided training facilities for mountaineering in Abbottabad area and conducted adventure sports activities like hot air ballooning, hiking, rock climbing and establishing training camps in Skardu, Gilgit and Northern Areas.

The PAO Minorities Affairs also informed that the Adventure Foundation holds summer camps and scouts training camps and have their own schedule of programmes each year and whatever grant is given by the Ministry of Sports / Tourism is fully spent by the Adventure Foundation on these activities.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the Para.

8.4 **PARA-10 (PAGE-26) AR 1992-93**
RECOVERY OF Rs. 3,200,000/- FROM PAKISTAN SPORTS BOARD ON
ACCOUNT OF LOAN OBTAINED FROM PAKISTAN LIBYA PUBLISHING
COMPANY (DEFUNCT).

Audit pointed out that the Pakistan Sports Board borrowed a sum of Rs. 3.2 million from the Pakistan Libya Publishing Company (defunct). DDWP of the Culture & Sports Division decided to get the loan written off from the Executive Committee as the lender Company had been wound up and had never pressed its claim. The action of DDWP was irregular and without any legal authority as loans taken can not be written off by the borrower. In fact the money should have been deposited into Government account for any eventual settlement.

The PAO informed the Committee that the Executive Committee of PSB had kept the write-off case pending. The Ministry agreed with the Audit's observation and in accordance with the decision had written to the Finance Division for advice as to removal of the liability from its books.

The Committee recommended the settlement of the Para subject to implementation of the decision of the DAC.

When the matter was taken up again on 28th October, 2010, Representative of Finance Division informed the Committee that it was under consideration and the Finance Division would give a reply hopefully within a week.

The Committee directed the Finance Division to examine the case and make sure that the advice is provided to the Ministry within two weeks. The Ministry would submit a report to the Committee in one month.

On 8th March, 2011, Audit stated that the Finance Division had directed the PSB to deposited Rs. 3.2 million in to the Government treasury for which the department has now requested for a supplementary grant.

The PAO informed the Committee the PSB did not have requisite funds because the board has only an assignment account and was constrained to request for supplementary grant for this purpose.

DIRECTIVE

The Committee directed the PAO to see if book-adjustment with the M/o Finance was possible if not then proceed for settlement of this para as admissible under the rules. A report has to be submitted to the Committee within two weeks.

8.5 **PARA-11 (PAGE-27) AR 1992-93**
LOSS OF Rs. 1,800,013/- CAUSED TO THE ORGANIZATION DUE TO NON-RECOVERY OF MOBILIZATION ADVANCE FROM A CONTRACTOR

Audit pointed out that the Pakistan Sports Board had paid a contractor mobilization advance amounting to Rs. 600,000 in June, 1981 for construction of a Gymnasium at Lahore. The advance was recoverable in nine equal installments starting from October, 1982. Only past recovery was made. The contractor defaulted and meanwhile the insurance bond also expired. The contractor was therefore liable to pay interest @ Rs. 14%. The amount is still outstanding and total recoverable amount including interest up to 30th June, 1992 works out to Rs. 1,800,013.

The PAO briefed the Committee that the work on this project had started in 1975. It was suspended in 1976 due to cost escalation and shortage of funds. Meanwhile, National Sport Trust (NST) was dissolved and merged with PSB in 1980. The PSB restarted the work in 1981 and paid Rs. 600,000 as mobilization advance. A sum of Rs. 200,000 was recovered through running bills. However, the work was again suspended in 1983 because of faulty design. The contractor approached the Wafaqi Mohtasib in 1983. The Federal Ombudsman did not decide the case because of lack of jurisdiction and the contractor had to go to the civil court. In consultation with the PSB an Arbitrator was appointed who, awarded a sum of Rs. 1,041,366/- to the contractor. Appeal against the decree of the civil court was filed in the High Court where the actual amount plus interest was deposited. Finally in accordance with a compromise deed and instructions of the Ministry the amount was paid to the contractor. The DAC had recommended settlement of para subject to verification of record.

The Committee directed the PAO to make the relevant record available to Audit for verification. However, the Committee desired to know what action was taken against the firm responsible for the faulty design of the Gymnasium and what were the circumstance under which compromise had been reached with the contractor whereby instead of recovery further payment was made to him and whether legal advice on the issue was obtained. A report on the action taken should be submitted to the Committee within one month.

When the para came up again on 28th October, 2010, the PAO informed the Committee that the report had been submitted to Audit.

The Committee directed the PAO to provide the decision of the court and the arbitrator who had pinpointed the reasons as to why the PSB was at fault and not the contractor. However, the Committee desired to know what action had been taken against the firm responsible for the faulty design of the Gymnasium. The Committee directed to explain the circumstance under which compromise was

reached with the contractor whereby instead of making recovery further payment was made to him and whether legal advice on the issue was obtained. Report on action taken should be submitted to the Committee within one month.

When the matter was taken up again on 8th March, 2011, Audit stated that some documents had been received only yesterday which need to be verified.

The PAO informed the Committee that all relevant documents had been provided to audit and further stated that no further contract had been awarded to this contractor after 1993.

DIRECTIVE

The Committee observed that the contractor should have been black listed which was not done. The Committee recommended the para for settlement subject to verification of documents by Audit.

- i. **PARA-2 (PAGE-23) AR 1992-93**
IRREGULAR / EXCESSIVE EXPENDITURE OF Rs. 1,755,130/- INCURRED ON MEDICAL CHARGES OF THE EMPLOYEES OF THE SPORTS BOARD
- ii. **PARA-3 (PAGE-23) AR 1992-93**
LOSS OF Rs.16,899,000/- CAUSED DUE TO THE ORGANIZATION ON ACCOUNT OF ESCALATION IN THE COST OF A PROJECT DUE TO DELAY IN COMPLETION.
- iii. **PARA-4 (PAGE-24) AR 1992-93**
IRREGULAR PAYMENT OF Rs. 243,003/- TO THE EMPLOYEES AS HONORARIUM
- iv. **PARA-9 (PAGE-26) AR 1992-93**
LOSS OF Rs.100,000/- CAUSED DUE TO THE ORGANIZATION BY NOT IMPOSING PENALTY DUE TO DELAYED SUPPLY OF ITEMS.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above mentioned four (04) Audit Paras, with the direction that the Ministry should ensure that such lapses do not recur.

9. PERFORMANCE AUDIT REPORT ON CONSTRUCTION OF NATIONAL HOCKEY STADIUM AT LAHORE, MINISTRY OF SPORTS FOR THE YEAR 1992-93

The PAO informed the Committee that the report was discussed in the DAC meeting held on 24th June, 2010. It was decided that the Ministry would substantiate the reply to the Audit observation after obtaining relevant record from DG Sports Board Punjab. The PAO requested that the Ministry may be given one month's time to reconcile facts and figures with the Audit in the DAC.

DIRECTIVE

The Committee observed that Audit had raised some very pertinent questions in the Performance Audit Report to which the Committee would like to have point wise answers. The Committee directed the PAO to discuss the report in a DAC meeting with the Audit and put up recommendation to the Committee within one month failing which the report would be taken up by the Monitoring and Implementation Committee of the PAC for further action.

9.1 PARA NO. 2.1 (b)

Audit stated that analysis of various options for laying synthetic surface was done after entering into an agreement with the sole supplier of the Astroturf, was not prudent. Arbitrary action for disregarding the most modern and economical super turf or poly grass resulted in losing the advantage of having two different types of surfaces within the country for use of players.

The Additional Secretary Sports (Government of Punjab) informed the Committee that the basic objection of the Audit Para was purchase in 1987 from a single source. At that time the Ministry of Sports, Pakistan Hockey Federation and even International Hockey Federation were consulted. They recommended the Astroturf and it was purchased after approval of PC-1. The Champions trophy and world cup was being held.

DIRECTIVE

The Committee expressed great concern on the delay of five years in laying Astroturf and observed that five years was a very long time, It should have been done much earlier which would have benefited the hockey players at that time.

9.2 **PARA NO. 2.1 (e)**

Audit stated that Government taxes on the import of Astroturf and floodlights, including import surcharge and Iqra tax, were deleted in the PC-1, due to poor management, unnecessary payment of Rs. 1.056 million was made to the Pakistan Customs, placing unnecessary burden on the project.

The Additional Secretary Sports (Government of Punjab) informed the Committee that the amount went into government treasury.

DIRECTIVE

The Committee directed the PAO to make sure that PC-1 is made more accurately in future.

- i. **PARA NO. 2.1 (a)**
- ii. **PARA NO. 2.1 (c)**
- iii. **PARA NO. 2.1 (d)**
- iv. **PARA NO. 2.1 (f)**
- v. **PARA NO. 2.1 (g)**

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned five (05) Audit Paras.

10. PERFORMANCE AUDIT REPORT ON THE ACCOUNTS OF PAKISTAN SPORTS BOARD (PSB) OF MINISTRY OF SPORTS FOR THE AUDIT YEAR 1992-93

Audit pointed out that DAC on Performance Audit Report of Pakistan Sports Board (PSB) Ministry of Sports for the Audit Year 1992-93 was not held, therefore, the Committee may issue suitable directive for further pursuance of Performance Audit Report on the accounts of Pakistan Sports Board (PSB) at DAC level.

DIRECTIVE

Accepting the request of the Audit, the Committee directed the PAO to discuss the above-mentioned Performance Audit Report on the accounts of Pakistan Sports Board (PSB) at DAC level which the Committee will take up again in its next meeting and send recommendations to the Committee.

(The report was not received which has now to be presented before the Monitoring and Implementation Committee of the PAC for further action.)

- i. **PARA NO. 8.3.12**
Extension of National Cricket Stadium
- ii. **PARA NO.8.3.17**
Sports Stadium at Sukkar
- iii. **PARA NO.8.3.18**
Sports Stadium at Khairpur
- iv. **PARA NO.8.3.19**
Sports Stadium at Kandkot
- v. **PARA NO.8.3.1.10**
Sports Stadium at Mirpur Khas
- vi. **PARA NO.8.3.1.13**
Sports Stadium at Kohat
- vii. **PARA NO.8.3.1.17**
Indoor Gymnasium Hall Al Liaqat Bagh Rawalpindi

When the matter was taken up again on 8th March, 2011, Audit stated that 29 documents of 3.6 million had been verified and PC-I of only 7 projects

mentioned above need to be verified after which the entire report can be recommended for settlement.

DIRECTIVE

The Committee directed the PAO to get PC-I of these 7 projects revised and approved from the competent authority and send a compliance report to the PAC Secretariat and the audit. In case audit is not satisfied these paras may be brought back for discussion in the Committee. The Committee recommended the para for settlement subject to verification by audit.

11. PERFORMANCE AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF YOUTH AFFAIRS FOR THE AUDIT YEAR 1992-93

Representative of Auditor General requested the Committee that the Audit department be allowed some time to resolve Audit Paras pertaining to the years 1992-93 & 2001-02 again in a DAC. Due to heavy workload of the PAC meetings, Audit could not reconcile the accounts with the Ministry of Youth Affairs.

Accepting the request of the Audit, the Committee directed the PAO to discuss the above-mentioned Performance Audit Report on the accounts of Ministry of Youth Affairs at DAC level which the Committee will take up again in its next meeting.

On 28th October, 2010, the PAO informed the Committee that consequent to bifurcation, action was taken and now the Ministry had a Youth Policy which was approved by the Cabinet and was being implemented.

The PAO further informed that the principals of National Youth Policy are:-

- Reinforce sense of Pride, Awareness and Motivation.

- Promotion National Integration.
- Enabling prospects of income generation for the youth.
- Skill Development
- Entrepreneurships
- Promotion of sports and recreation.

The PAO further informed that the plan of action of National Youth Policy are:-

- Sense of Pride, Awareness and Motivation
- National Integration
- Enabling Employment
- Skill Development and vocational training

The PAO further informed that the plan of action of National Youth Policy are:-

- National Youth Council
- Role of Ministry of Youth Affairs.
- Implementation of the policy at the Provincial and District level.
- Role of NGO's
- National Youth Fund

DIRECTIVE

The Committee expressed the opinion that the objective should be to turn this policy into an advantageous (productive) rather than a liability.

3. AUDIT REPORT ON THE ACCOUNTS OF DEFENCE SERVICES MINISTRY OF DEFENCE PRODUCTION FOR THE AUDIT YEAR 1992-93

3.1 PARA 10.2-PAGE # 81 OF ARDS
UNDUE PURCHASE OF AN AIRCRAFT DECLARED SURPLUS IN EIGHT MONTHS, RS.36.930 MILLION.

Audit stated that a civilian passenger aircraft purchased by Pakistan Army in May, 1991 for Rs. 36.930 million (US \$ 1.5 million) was declared surplus within eight months in January, 1992. Arrangements were being made to sell it to a Commercial airline, proving that the aircraft was actually not required ab-initio.

The PAO informed the Committee that this para had been transferred to the Ministry of Defence.

The Committee directed Audit on 15th July, 2010 to discuss this para in the DAC meeting of Ministry of Defence. Record of the DGDP should also be made available in the DAC meeting. Report should be submitted to the Committee within one month.

On 1st February, 2011 Audit pointed out that government's sanction for transfer of aircraft to PAF on gratis has not been provided yet. Audit further pointed out that since the aircraft had later on crashed down, hence all details of the aircraft should also be provided.

The PAO stated that the aircraft had been purchased by PAF from Pak Army and transferred to Air Force. A letter was issued by M/o Defence on 19-5-1991 and all formalities and paper work had been completed. The PAO further submitted that additional information of the plane crash may be acquired from M/o Defence.

DIRECTIVE

The Committee observed that since it was infact an internal and administrative matter of the Ministry hence all details of the aircraft etc should have been sorted out in the DAC. The Committee directed the PAO to provide government sanction for transfer of aircraft to PAF on gratis and also provide details of history of the aircraft to audit so that audit requirement for the settlement of para is fulfilled.

(The said report was not received hence it has now to be submitted to the Monitoring and Implementation Committee of the PAC for further action.)

3.2 **PARA 10.12-PAGE # 87 OF ARDS** **ACCEPTANCE OF STORES WITH DIFFERENT/UNSUITABLE** **SPECIFICATION US \$ 105,800 (RS. 2.308 MILLION)**

Audit stated that DP (Air) Rawalpindi, concluded a contract with a firm for supply of 31576 quarts of ESSO-2380 brand Aircraft Engine Oil. Instead, the firm supplied Matrix Turbo-30 oil and received payments from the Accounts authority. The change in specification was noticed when laboratory tests were carried out. Resultantly, the oil could not be used by the PAF due to reasons of flight safety. The payment of Rs. 2.308 million to the firm was not accepted in Audit.

DG (Air Commodore) explained that on receipt of stores the consignee unit intimated that during laboratory analysis it was found by the AHQ Directorate of Quality Control Peshawar that engine oil supplied against the subject contract was off-specifications (Matrix Turbo Oil-30 instead of ESSO-2380 5CST).

As the supplier failed to replace the defective stores, a civil suit was filed against it in the Court of Senior Civil Judge Rawalpindi for recovery of \$ 105,800.31 (Rs.2.307 Million). In accordance with direction of the court the oil

would be auctioned to recover some of the amount. The next date of hearing was 12th July, 2010.

The Committee directed the PAO on 15th July, 2010 to conduct an inquiry to determine whether there was a requirement for laboratory test prior to payment and if so to fix responsibility on persons who failed to do so. The inquiry should also file FIR against the defaulting firm for cheating and fraud.

The Committee also directed the PAO to include in his report description of the precautionary measures adopted to ensure that such irregularities do not recur. The said report should be put up to the Committee within one month.

On 1st February, 2011 Audit pointed out that no action had been reported to audit on the previous directive of the PAC. Audit further stated that since payment had been made in US\$ hence and equivalent amount after conversion into Pak Rupees should have been deposited in the government account.

The PAO stated that the oil has been auctioned and an amount of Rs. 0.99 million was outstanding. He further stated that the agent of supplier in Pakistan has since died and no malafide intention has been established as per inquiry report. As it was found in the inquiry report that the oil which had been provided by the American Company was not of required specification hence the department had filed a case of recovery of Rs. 2.3 million and as a result of permission of the court the oil was sold as a raw item and an amount of Rs. 1.3 million has been received from the auction. The PAO requested that Committee to allow the Ministry to proceed for write off of the remaining amount.

The PAO further stated that necessary precautionary measures have been adopted for future in order to check that no oil of wrong specification is purchased for use in the aircrafts.

DIRECTIVE

The Committee observed that the Ministry has done what ever could possibly be done to recover the amount and the inquiry report has also established that no malafide intention was involved hence the PAO should proceed for the next action admissible under the rules. The Committee emphasized the need for introduction of remedial measures which should be taken in order to safeguard recurrence of such instances. The Committee recommended the Para for settlement.

3.3 **PARA 10.14-PAGE # 90 OF ARDS** **AVOIDABLE LOSS DUE TO DELAYED CANCELLATION OF A** **CONTRACT AGREEMENT RS. NON-RECOVERY OF GOVERNMENT** **DUES FROM THE FINAL BILL OF A CONTRACTOR, RS. 1.5888 MILLION**

Audit stated that a contract was concluded with a firm by DGP (Army) for supply of 78250 kgs lead ingot @ Rs. 13.70 per kg. The firm was allowed five extensions, but could not deliver. Resultantly the contract was cancelled and a new one concluded with a firm @ Rs. 34.00 per kg, at the risk and cost of the defaulting firm. The state had to bear an extra expenditure of Rs 1,588,475 on this account.

DG (Air Commodore) stated that CMA (DP) was asked to recover the amount from the defaulting firm but they were unable to make recovery due to non-availability of firm's bills. Consequently, civil suit was filed against the firm on 28 Jan 2000 in the court of Civil Judge, Rawalpindi which was decreed in favour of government. The firm had filed an appeal, in which the next hearing was 21st July, 2010.

The Committee directed the PAO on 15th July, 2010 to pursue the appeal vigorously. If there was no stay, the Department could start execution proceedings immediately.

On 1st February, 2011 Audit pointed out that the latest position of court cases has not been provided to Audit.

The PAO submitted that the next date of hearing of the court cases is 10th February, 2011 and it is expected that recovery would be made after decision of the court.

DIRECTIVE

The Committee recommended the para for settlement subject to verification of Audit.

- i. **Para 7.3.6-Page # 47 of ARDS**
Non-recovery of Government dues from the final bill of a contractor, Rs. 0.128 million
- ii. **Para 10.1-Page # 80 of ARDS**
Incorrect conclusion of contract agreement for the supply of Isuzu Trucks resulting in avoidable extra expenditure of Rs. 46.030 million
- iii. **Para 10.11-Page # 87 of ARDS**
Loss to the State due to acceptance of rates other than the lowest, Rs. 6.587 million
- iv. **Para 10.13-Page # 88 of ARDS**
Procurement of sub-standard electric bulbs and extra expenditure due to delayed conclusion of a contract, Rs 1.971 million.
- v. **Para 10.15-Page # 91 of ARDS**
Overpayment to contractor M/s. A.B. Bofors Sweden, Rs. 0.372 million
- vi. **Para 11.1-Page # 92 of ARDS**
Provision of accommodation in excess of authorization, Rs. 1.180 million
- vii. **Para 11.2-Page # 93 of ARDS**
Irregular expenditure without seeking administrative approval, Rs. 0.687 million
- viii. **Para 11.3-Page # 93 of ARDS**
Overpayment to contractor for work not done, Rs. 0.407 million
- ix. **Para 11.4-Page # 94 of ARDS**
Extra expenditure on provision of residential accommodation in excess of authorization, Rs. 0.245 million
- x. **Para 11.5-Page # 95 of ARDS**
Short recovery on account of sui gas meter rent from the consumers, Rs 0.144 million

- xi. **Para 11.6-Page # 96 of ARDS**
Short recovery of cost of cement retained by contractor, Rs. 0.143 million
- xii. **Para 11.7-Page # 96 of ARDS**
Overpayment to contractor due to double accounting of burnt brick work in the final bill, Rs. 0.115 million

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned twelve (12) Audit Paras.

Audit requested that the Committee may issue suitable directive for further examination of the following eleven (11) Audit Paras at DAC level.

- i. **PARA NO. 7.3.6**
Non-recovery of Government dues from the final bill of a contractor, Rs. 0.128 million
- ii. **PARA NO. 11.3**
Overpayment to contractor for work not done, Rs. 0.407 million
- iii. **PARA NO. 11.6**
Short recovery of cost of cement retained by contractor, Rs. 0.143 million.

Summary of Paras Relating to Foreign Audit

- iv. **PARA NO. 10.3**
Retention of huge amount without utilization (¥ 1,134,185 and US \$ 305,470)
- v. **PARA NO. 10.4**
Un-necessary release of funds, US \$ 492,000
- vi. **PARA NO. 10.5**
Wasteful expenditure of US \$ 313,500
- vii. **PARA NO. 10.6**
Non-recovery of US \$ 298,200 on account of liquidated damages.
- viii. **PARA NO. 10.7**
Avoidable expenditure of Rs. 5.743 million
- ix. **PARA NO. 10.8**
Payment of US \$ 72,505 without sanction
- x. **PARA NO. 10.9**
Excess payment of transportation charges, Rs. 1.226 million.
- xi. **PARA NO. 10.9**
Record not produced to audit

DIRECTIVE

The Committee directed the PAO to examine the above-mentioned eleven (11) Audit Paras in the next DAC meeting and submit recommendations to the Committee immediately thereafter.

(Neither the report on the above Paras was received nor those were presented before the PAC again hence need to be submitted before the Monitoring and Implementation Committee of the PAC for further action.)

- i. **PARA NO. 10.3**
Retention of huge amount without utilization (¥ 1,134,185 and US \$ 305,470)
- ii. **PARA NO. 10.5**
Wasteful expenditure of US \$ 313,500
- iii. **PARA NO. 10.9**
Excess payment of transportation charges, Rs. 1.226 million

The Committee directed the PAO on 15th July, 2010 to examine the above-mentioned Audit Paras in the next DAC meeting and submit recommendations to the Committee immediately thereafter.

On 1st February, 2011 Audit pointed out that the account of US\$ has been verified but details of the other account in the currency Yuan has not been provided to audit.

The PAO stated that this audit objection pertained to the M/o Defence and after follow up with the M/o Defence it was found that this was just one account as the rate of US\$ and Yuan was the same at that time and the entire amount has been surrendered and verified by audit. He suggested that audit should re-examine these paras with an open mind.

The DAG audit suggested the PAO to bring him in picture in the next DAC meeting. He further stated that audit would reconsider these ten paras with more open mind as suggested by the PAO.

DIRECTIVE

The Committee observed that verification has not been done even after the recommendations of DAC which were made four months ago. The Committee directed to hold a DAC meeting again and re-examine these paras in light of the information provided by PAO. The Committee directed the PAO to provide necessary documents to Audit and submit a report of the decisions taken in the DAC meeting within one month. The paras were recommended for settlement subject to verification of record in DAC by audit.

4. **AUDIT REPORT ON COMMERCIAL APPENDIX OF THE DEFENCE SERVICES AND AUDIT REPORT Vol-II-B ON THE ACCOUNTS OF MINISTRY OF DEFENCE PRODUCTION FOR THE AUDIT YEAR 1992-93.**

PAKISTAN ORDNANCE FACTORY

4.1 **PARA-04-PAGE-06-CADS 1992-93**
BLOCKADE OF FOREIGN EXCHANGE TO THE EXTENT OF POUND 79,735.29 (EQUIVALENT TO RS.3.527 MILLION) DUE TO NON-CONSUMPTION OF IMPORTED STORE

Audit stated that in a defence formation, a certain quantity of structural steel, being commonly used in civil works was to be imported and stocked to meet the urgent requirements as per directives of the Chairman of the formation. As such, a demand for 4 items having 48 sizes was raised in March, 1988 against which only 2 items having 23 sizes could be imported from a foreign firm costing pound 79,735.29 equivalent to Rs.3.527 million. The remaining 2 items which were the main components for utilizing the procured store could not be imported. Thus the store received during the month of March, 1991 to May, 1991 was lying unconsumed resulting into blockade of funds. The part procurement could not serve the purpose and the main components could not be procured during the period of about five years of raising the demand.

The PAO stated that:-

- i. There had been no blockade of capital because materials were useable.
- ii. There was no body at fault because materials had been procured to meet the demands of factories.
- iii. If the store were disposed off it would fetch higher price. However, the store can and would be fully utilized.

D.P. (Expert) informed the Committee that the latest position was 10 out of total 23 items had been 100% consumed, while the remaining items would be utilized in construction of building for Sulphric Acid Concentration plant within 2 years.

The Committee directed the PAO on 15th July, 2010 to ensure utilization of the material within 1 to 2 years.

On 1st February, 2011 the PAO informed the Committee that the entire material had now been used.

DIRECTIVE

The Committee recommended the para for settlement subject to verification by Audit.

4.2 PARA-48-PAGE-39-CADS 1992-93

Audit stated that an amount due to POF on account of work done for private individuals as on June 30, 1993 stood at Rs.223.130 million, some of which related to the year 1983-84. Therefore efforts were required to be made for early recovery of these dues.

The PAO informed the Committee that out of the total outstanding amount of Rs.223.138 million an amount of Rs.75.544 million due against M/s WIL had been recovered. An amount of Rs.129.461 million had been cleared from Export Division of POF, leaving a balance of Rs 18.133 million only. Vigorous efforts were being made to recover this amount.

DIRECTIVE

The Committee recommended the para for settlement.

4.3 **PARA-49-PAGE-39-CADS 1992-93**

Audit stated that an amount of Rs.3.368 million due to POF on account of rent at the end of the year 1992-93. The rent was recoverable from Wah Cantt Board, T & T, Postal Department and Resident Magistrate Wah since long. Efforts were required to be made to clear these outstanding receivables which had been outstanding for many years.

The PAO informed the Committee that a sum of Rs.2.987 million had been recovered, leaving a balance of Rs.0.381 million against the Government of Punjab. Efforts were being made to recover these amounts as soon as possible.

DIRECTIVE

The Committee directed the PAO that efforts should be made to recover the amount expeditiously. If the Ministry comes to the conclusion that certain amount is to be written off then it should proceed according to the Rules.

4.4 **PARA-48-PAGE-39-CADS 1992-93**

Audit stated that value of machinery invoiced but not received upto June 30th, 1993 stood at Rs.286.217 million. This included an amount of Rs.33.319 million pertaining to the period from 1985-86 to 1990-91 which had been paid but in respect of which machinery had not yet been received.

The PAO stated that out of the total outstanding amount of Rs.286.217 million, a sum of Rs.284.430 million had been cleared leaving a balance of Rs.1.787 million. Case relating to this amount was pending in the Lahore High Court

DIRECTIVE

The Committee directed the PAO to vigorously pursue the case in the court. On the assurance of the PAO that the system had been improved, the para was settled subject to verification by Audit.

WAH INDUSTRIES LIMITED

4.5 PARA-87-PAGE-80-CADS 1992-93

Audit stated that Wah Industries Limited was holding 51.75% shares of Wah Nobel (Pvt.) Ltd., 51.75% shares of Wah Detonators (Pvt.) and 100% shares of International Dyas and Chemical (Pvt.) Ltd. The accounts of these subsidiaries had not been provided for Audit. Moreover, the Management of Wah Nobel (Pvt.) Ltd. had refused to submit their accounts for audit of the Auditor-General of Pakistan on the plea their audit does not fall under the jurisdiction of Commercial Audit. This plea was not tenable as substantial public funds (i.e. 51.75%) had been invested in the company and their audit was the statutory responsibility of the Auditor General of Pakistan under Article-II of the Pakistan Audit and Accounts Order, 1973.

Audit further stated that this point was also highlighted in the previous Audit comments but without fruitful results.

The PAO informed the Committee that as provided by the Companies Ordinance 1984, accounts of the limited companies / subsidiaries of WIL were being audited / certified by Chartered Accountants. He was of the view that WIL and its subsidiaries were not established by the Federation or a Province, and hence do not come within the purview of Article-II of the Pakistan (Audit & Accounts) Order 1973. The point was discussed in PAC meeting on 30-5-1979 and was referred to Ministry of Finance by the Ministry of Defence and thereafter to the Ministry of Law.

As the despute remained unresolved, the Ministry would again refer the matter to Ministry of Law and Justice for advice.

The Committee observed on 15th July, 2010 that Constitution (Eighteenth Amendment) had clarified that audit of accounts of any body established by or under the control of the Federal or Provincial Government should be conducted by the AGP.

The Committee directed the PAO to request the Ministry of Law & Justice to provide requisite advice on this within two weeks. Report in this regard should be submitted to the Committee within one-month.

On 1st February, 2011 Audit pointed out that the progress of the legal opinion from the Law and Justice Division has not been provided to Audit.

The PAO stated that the advice of Law and Justice Division has not yet been received. He explained that WIL has further subsidiaries and the government has entered into joint ventures with foreign companies which would probably not accept the government audit system.

The DAG audit suggested that a reference regarding joint ventures and other audits systems in vogue in different organizations under the M/o Defence Production may be made the and issue of joint ventures etc can be resolved.

DIRECTIVE

The Committee directed the PAO to discuss this issue with the Auditor General and observed that out come of meeting might resolve this issue even before the receipt of opinion of Law and Justice Division. A report has to be submitted to the Committee.

(The said report was not received hence it has now to be submitted to the Monitoring and Implementation Committee of the PAC for further action.)

PAKISTAN ORDNANCE FACTORY

- i. **PARA No. 05 (PAGE-07) CADS 1992-93**
AVOIDABLE EXPENDITURE OF RS.0.677 MILLION DUE TO DELAY IN PROCUREMENT OF STORES
- ii. **PARA No.84 (PAGE-68) CADS 1992-93**
IRREGULAR AWARD OF WORK WORTH RS.0.937 MILLION.NON-RECOVERY OF COMPENSATION CHARGES AMOUNTING TO RS.0.169 MILLION DUE TO ABNORMAL DELAY IN COMPLETION OF CIVIL WORKS

SUMMARY OF PARAS

- iii. **PARA No.03 CADS 1992-93**
Utilization of grant Rs.312.703 million on the purposes other than for which grant was received
- iv. **PARA No.40 & 41 CADS 1992-93**
The annual out put increased by 7.84% in 1992-93 as compared to the year 1991-92 whereas direct cost increased by 17.25%, which needs to be controlled.
- v. **PARA No.42-CADS 1992-93**
A sum of Rs.17.547 million was included in the value of stores on account of surplus on stock taking during the year under review. Reasons for declaring the stores “surplus” as a result of stock taking need to be investigated as the same remained unutilized by the user sections and were also not returned to stores
- vi. **PARA No.43-CADS 1992-93**
Stores in hand at the end of the year amounted to Rs. 4,682.364 Million. Categorization of stores i.e. serviceable, unserviceable and surplus need to be made so as to dispose off the unwanted store inventory
- vii. **PARA No.44-CADS 1992-93**
Finished goods stock as on June 30, 1993 stood at Rs.2,348.077 million as against Rs.1,648.032 million at the close of the previous year registering an increase by 42.48% the closing balance of finished goods stock is constantly increasing which needs to be looked into. Finished goods stock as on June 30, 2009 was Rs.1,536.461 million.
- viii. **PARA No.45-CADS 1992-93**
Production account showed that percentage of indirect labour to direct labour during the year under review was 74% as against 67% during the previous year. Increasing trend of indirect labour needs to be controlled

- ix. **PARA No.46-CADS 1992-93**
Capital work-in-progress as on June 30, 1993 stood at rs.598.063 million. It is doubt that the jobs so far completed have not been brought on charge due to which the same could not be transferred to the relevant heads of account. Efforts are required to be made to clear the work-in-progress early.
- x. **PARA No.47-CADS 1992-93**
POFs accounts are required be drawn in the prescribed formats laid down by the competent authority, in accordance with the principles of commercial accounting. This was repeatedly pointed out in audit comments for the last several years but no action in this behalf has so far been taken by the Management, POFs individual account in addition to consolidated ones also need to be prepared at regular intervals in order to ascertain the state of financial affairs of each unit of POFs.
- xi. **PARA No.50-CADS 1992-93**
Amount due to POF on account of sale of store stood at Rs.35.641 million as on June 30, 1993. Included therein is an amount of Rs.1.770 million receivable from M/s Wah Industries Ltd. For the year 1991-92. Efforts are required to be made to recover the amount from Wah Industries Ltd.
- xii. **PARA No.51-CADS 1992-93**
Adjusted profit of commercial issues through expert/Wah Industries Ltd; during the year under review decreased to Rs.83.801 million as against a ptofit previous year registering a decrees of 129%. Efforts are required to be made to increase export and local sales in order to increase the profit in the coming years.
- xiii. **PARA No.53-CADS 1992-93**
The value of stores for which payment has been made but store were awaited as on June 30, 1993 stood at Rs.721.359 million, include there in store worth Rs.277.611 million which pertains to the period from 1982-83 these stores pertaining to the year upto 1990-92 have not yet been received needs to be investigated.
- xiv. **PARA No.61 – 63-CADS 1992-93**
Annual out put of POF, Clothing Factory was constantly decreasing. This needs corrective action.
- xv. **PARA No.64-CADS 1992-93**
Net capital of the Factory decreased from Rs.161.378 million on 30.6.1992 to Rs.116.411 million on 30.6.1993. It shows unhealthy position.
- xvi. **PARA No.65-CADS 1992-93**
The Factory has fixed assets of Rs.57.350 million on 30.6.1993 but physical verification was not carried out.
- xvii. **PARA No.66-CADS 1992-93**
Overheads charges Rs.51.643 million included mischarges of Rs.21.729 million, which are on higre side

- xviii. **PARA No.67-CADS 1992-93**
A sum of Rs.1.455 million was charged to production as misc adjustment, which is store loss. It needs explanation.
- xix. **PARA No.68-CADS 1992-93**
Store Rs.95,813 was decreased and charged to production expense. It is loss of store and should not charge to production account.
- xx. **PARA No.81-CADS 1992-93**
Sales and cost of sales of WIL decreased in 1992-93 as compared to 1991-92 but profit increased due to increase in other income.
The company earned net profit Rs.154.191 million in 2007-08 and Rs.111.775 million in 2008-09.
- xxi. **PARA No.82-CADS 1992-93**
Long term advance Rs.9.395 million on 30.6.1993 represents construction cost of POF basis on office, Karachi on POF land without terms and conditions.
- xxii. **PARA No.83-CADS 1992-93**
Long term advance Rs.9.395 million on 30.6.1993 represents construction cost of POF basis on office, Karachi on POF land without terms and conditions.
- xxiii. **PARA No.84-CADS 1992-93**
Furnished good increased from Rs.0.553 million on 30.6.1992 to Rs.12.096 on 30.6.1993 it need to be reduced.
- xxiv. **PARA No.85-CADS 1992-93**
Store and spares increased 80% as compared to previous year.
- xxv. **PARA No.86-CADS 1992-93**
The audited accounts of subsidiaries were not found attached with the accounts of WIL.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned twenty-five (25) Audit Paras.

5. AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-X ON THE ACCOUNTS OF MINISTRY OF DEFENCE PRODUCTION FOR THE AUDIT YEAR 1992-93.

KARACHI SHIPYARD & ENGINEERING WORKS LIMITED.

- i. **PARA-77 (PAGE-66) ARPSE 1992-93 – Vol-X**
 ii. **PARA-78 (PAGE-67) ARPSE 1992-93 – Vol-X**
 iii. **PARA-79 (PAGE-67) ARPSE 1992-93 – Vol-X**
 iv. **PARA-80 (PAGE-67) ARPSE 1992-93 – Vol- X**

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned four (04) Audit Paras.

6. AUDIT REPORT ON THE ACCOUNTS OF TELECOMMUNICATION SECTOR MINISTRY OF DEFENCE PRODUCTION FOR THE AUDIT YEAR 1992-93.

NATIONAL RADIO TELECOMMUNICATION CORPORATION

- i. **PARA NO. 3.A. (iii) a-PAGE NO. 296-AR-1992-93**
- ii. **PARA NO. 3.A. (iii) b-PAGE NO. 296-AR-1992-93**
- iii. **PARA NO. 3.A. (iii) c-PAGE NO. 296-AR-1992-93**
- iv. **PARA NO. 3 (iv)-PAGE NO. 296-AR-1992-93**
- v. **PARA NO. 3-B (1)-PAGE NO. 296-AR-1992-93**
DEVELOPMENT GRANT
- vi. **PARA NO. 3-B (2)-PAGE NO. 296-AR-1992-93**
DEVELOPMENT ADVANCES AND CURRENT MATURITY OF
ADVANCES RS. 12.649 (M)
- vii. **PARA NO. 3-B (3)-PAGE NO. 296-AR-1992-93**
CESS AND ROYALTY PAYABLE
- viii. **PARA NO. 3-B (4)-PAGE NO. 296-AR-1992-93**
ADVANCES AGAINST SUPPLY ORDERS
- ix. **PARA NO. 3-B (5)-PAGE NO. 297-AR-1992-93**
DEPRECIATION
- x. **PARA NO.3-B (6)-PAGE NO. 297-AR-1992-93**
PAYMENT OF DIVIDEND

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned ten (10) Audit Paras.

7. AUDIT REPORT ON THE ACCOUNTS OF DEFENCE SERVICES MINISTRY OF DEFENCE PRODUCTION FOR THE AUDIT YEAR 1992-93.

- i. PARA NO. 10.3-PAGE NO. 83-AR- 1992-93**
RETENTION OF HUGE AMOUNT WITHOUT UTILIZATION
- ii. PARA NO. 10.5-PAGE NO. 84-AR- 1992-93**
WASTEFUL EXPENDITURE OF US\$ 313,500
- iii. PARA NO. 10.9-PAGE NO. 86-AR- 1992-93**
EXCESS PAYMENT OF TRANSPORTATION CHARGES, RS. 1.226 MILLION

The PAO informed the Committee that Paras No. 10.3, 10.5 & 10.9 pertained to the Ministry of Defence as the Ministry of Defence Production had no record available them in respect thereof.

DIRECTIVE

The Committee referred Paras No. 10.3, 10.5 & 10.9 to the Ministry of Defence and asked the Audit to arrange a DAC meeting of Ministry of Defence (including representative of Ministry of Defence Production). Report should be submitted to the Committee within one month.

The Committee directed representative of Finance Division to expedite decision on the cases referred to them and send a copy to the Committee.

7.1 PARA NO. 10.10-PAGE NO. 86-AR- 1992-93
RECORD NOT PRODUCED TO AUDIT.

Audit stated that Defence Wing of a Pakistan Mission abroad did not provide auditable documents pertaining to the contracts concluded by the Defence Authorities with the Chinese suppliers during 1990-92 on the plea that these were sensitive in nature. However, the contract agreement which were not provided to audit were handled by various controllers of Accounts in Pakistan for making

payments of freight, insurance charges etc. and private suppliers without any restriction.

The PAO stated that due to sensitive nature, 33 contracts of Naval and Air Attache offices could not be produced for Audit on the directions of competent Authority. However, requirement of Defence Audit had been noted and all ADPs have been directed and clearly instructed that in future all copies of contracts be submitted to Foreign Audit for audit purposes. Since their all contracts are being regularly produced by all ADPs to Audit Authorities.

DIRECTIVE

Endorsing the decision of the DAC, the Committee directed the PAO to provide all relevant auditable documents to Audit and submit report in this regard to the Committee within one month.

- i. **PARA NO. 10.4-PAGE NO. 83-AR- 1992-93**
UNNECESSARY RELEASE OF FUNDS, US\$ 492,000
- ii. **PARA NO. 10.6-PAGE NO. 84-AR- 1992-93**
NON-RECOVERY OF US\$ 298,200 ON ACCOUNT OF LIQUIDATED DAMAGES
- iii. **PARA NO. 10.7-PAGE NO. 85-AR- 1992-93**
AVOIDABLE EXPENDITURE OF RS. 5.734 MILLION
- iv. **PARA NO. 10.8-PAGE NO. 85-AR- 1992-93**
PAYMENT OF US\$ 72,505 WITHOUT SANCTION

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned four (04) Audit Paras.

8. PERFORMANCE EVALUATION REPORT NO. 132 ON KARACHI SHIPYARD AND ENGINEERING WORKS (KS&EW) KARACHI MINISTRY OF DEFENCE PRODUCTION FOR THE YEAR 1992-93.

On the request of the Committee, MD DP to give a briefing on the improvements that had taken place in KS & EW since M/o DP took over and on its future plans.

The Committee appreciated the progress that had been made by Karachi Shipyard and Engineering Works (KS & EW) in its various projects under its new management.

GENERAL DIRECTION

The Committee directed Deputy Auditor General of Pakistan to provide the list / figures of recoveries made by Special Committee-II so far.

DIRECTIVE

The Deputy Auditor General informed the Committee on 3rd March, 2011 that no para/grant etc was pending pertaining to Ministry of Defence Production.

The Committee thanked the PAO for his valuable contribution in the proceedings of the meetings.

ECONOMIC AFFAIRS DIVISION

1. OVERVIEW

Appropriation Accounts for the year 1992-93 pertaining to the Economic Affairs Division were taken up for examination by Special Committee-II of the PAC in the meetings held on June 9th, 2010, July, 27th, 2010 & November 4th, 2010 in Committee Room No.2, Parliament House, Islamabad . Decisions taken are summarized below:

- 1.1 Seven (07) grants and five (05) Paras were reported by AGPR/Audit on Economic Affairs Division.
- 1.2 While discussing other than charged portion of grant No.190, the Committee observed that EAD must improve its aid coordination and monitoring systems.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.51-ECONOMIC AFFAIRS DIVISION Saving Rs. 271,342/-

AGPR stated that after accounting for supplementary grant of Rs. 767,000, the grant closed with a saving of Rs.271,342(0.71% of the total grant).

The PAO stated that the saving was due to vacant posts and fewer than anticipated visits of delegations abroad.

DIRECTIVE

The Committee recommended regularization of the grant.

ii. **GRANT NO.52-TECHNICAL ASSISTANCE SCHEMES**
(CHARGED)
Excess / Saving zero-

AGPR pointed out that in “Charged” section the entire budget provision was utilized in full.

(OTHER THAN CHARGED)
Saving Rs. 1,600,137/-

AGPR stated that in "Other than Charged" section after taking into account supplementary grant of Rs. 15,749,000, the grant closed with a saving of Rs. 4,349,088, (1.70% of the total grant). An amount of Rs. 2,748,951 (1.07%) was surrendered leaving net saving of Rs.1,600,137 (0.62%).

The PAO informed the Committee that saving was due to the non-utilization of Pakistan’s contribution to the Global Environment Trust Fund amounting to Rs.1,485,239 which was refunded by the Trust Fund through State Bank of Pakistan and credited to the relevant expenditure head instead of receipt account which came to notice at the time of reconciliation during the 3rd week of May, 1993.

DIRECTIVE

The Committee recommended regularization of the grant.

iii. **GRANT NO.155-DEVELOPMENT EXPENDITURE OF ECONOMIC AFFAIRS DIVISION.**
Saving Rs. 540,649/-

AGPR stated that after taking into account supplementary grant of Rs. 105,000,000, the grant closed with a saving of Rs.4,140,649 (2.20 percent of the total grant). An amount of Rs.3,600,000(1.92%) was surrendered, leaving a net saving of Rs.540,649(0.28%).

DIRECTIVE

The Committee recommended regularization of the grant.

- iv. **GRANT NO.190-EXTERNAL DEVELOPMENT LOANS AND ADVANCES BY THE FEDERAL GOVERNMENT**
(CHARGED)
Excess Rs. 1,984,473,640/-

AGPR pointed out that in “Charged” section the grant closed with an excess of Rs. 1,984,473,640 (138.71% of total grant).

The PAO informed the Committee that the excess of Rs.1,489,375,378 pertained to Government of Sindh which was lying under Suspense Account and was adjusted during 1992-93.

(OTHER THAN CHARGED)
Saving Rs. 12,690,932,681/-

AGPR stated that in "Other than Charged" section after accounting for supplementary grant of Rs. 67,489,000, the grant closed with a saving of Rs. 12,825,640,681 (42.28% of the total grant). An amount of Rs.134,708,000 (0.44%) was surrendered, leaving a net saving of Rs.12,690,932,681 (41.84%).

The PAO informed the Committee that the saving was due to receipt of less than anticipated aid.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that EAD must improve its aid coordination and monitoring systems.

- v. **SERVICING OF FOREIGN DEBT**
(Charged)
Saving Rs. 704,479,514/-

AGPR stated that after taking into account supplementary grant of Rs. 2,015,616,000, the grant closed with saving of Rs.1,237,509,514 (7.51% of

the total appropriation). An amount of Rs.533,030,000 (3.23%) was surrendered, leaving a net saving of Rs.704,479,514(4.27%).

The PAO informed the Committee that saving of Rs.713,014,053 was reserved for repayments to certain foreign lenders during the year 1992-93. Necessary authorities to the tune of Rs.713,014,053 were issued to the State Bank of Pakistan, Karachi in the month of June, 1993 and were due for payment on 30-06-1993 but these authorities were given effect by SBP in the next financial year 1993-94.

Moreover, in 1992-93 SBP, debited an amount of Rs.8,535,303 on account of repayment of interest to foreign lenders which actually related to the next financial year 1993-94, resulting in excess of this amount.

DIRECTIVE

The Committee recommended regularization of the grant.

vi. **FOREIGN LOANS RE-PAYMENT**
(Charged)
Saving Rs. 1,085,957,456/-

AGPR stated that after taking into account supplementary grant of Rs. 1,078,389,000, the grant closed with saving of Rs.1,116,245,456 (5.07% of the total grant). An amount of Rs.30,288,000 was surrendered, leaving net saving to Rs.1,085,957,456(4.93%).

The PAO informed the Committee that saving of Rs.1,217,233,276 was reserved for repayments to certain foreign lenders during the year 1992-93. Necessary authorities to the tune of Rs.1,217,233,276 were issued to the State Bank of Pakistan, Karachi in the month of June, 1993 and were due for payment on 30-06-1993 but these authorities were given effect by SBP in the next financial year 1993-94. Moreover, in 1992-93 SBP debited an amount of Rs.131,275,988 on account of repayment of foreign loans (Principal) to Foreign lenders which

actually related to the next financial year 1993-94 resulting in excess of this amount hence the net saving worked out to Rs.1,085,957,456.

DIRECTIVE

The Committee recommended regularization of the grant.

vii. RE-PAYMENT OF SHORT TERM FOREIGN CREDITS

(Charged)

Saving Rs. 184/-

AGPR stated that the grant closed with a saving of Rs.4,512,851,184 (38.87% of the total grant). An amount of Rs.4,512,851,000 (38.87%) was surrendered, leaving net saving of Rs.184.

DIRECTIVE

The Committee recommended regularization of the grant.

3. AUDIT REPORTS ON THE ACCOUNTS OF ECONOMIC AFFAIRS DIVISION FOR THE YEAR 1992-93

- i. PARA-28 (PAGE-106) AR 1992-93**
NON ACCOUNTAL OF COUNTER PART FUNDS
Rs. 10,438,081
DEPOSITED AGAINST FRENCH CREDIT 1969-70
- ii. PARA-29 (PAGE-106) AR 1992-93**
NON RECOVERY OF Rs. 91.394 MILLION FROM KARACHI
ELECTRICITY SUPPLY CORPORATION ON ACCOUNT OF
RELENT LOAN
- iii. PARA-30 (PAGE-107) AR 1992-93**
NON RECOVERY OF Rs. 251.367 MILLION RELENT TO VARIOUS
PROJECTS / ORGANIZATIONS
- iv. PARA-31 (PAGE-107)**
NON DEPOSIT OF Rs. 8,928.385 MILLION ON ACCOUNT OF SALE
PROCEEDS ON AGRICULTURE COMMODITIES AND EQUIPMENT
IMPORTED UNDER U.S. AID LOAN.
- v. PARA-32 (PAGE-108)**
NON RECOVERY OF GUARANTEE FEE Rs. 18.945 MILLION FROM
I.D.B.P

DIRECTIVE

On the recommendation of the DAC, the Committee recommended settlement of the above mentioned five (05) Audit Paras, however, the Committee directed the department to be careful in future.

MINISTRY OF EDUCATION

1. OVERVIEW

Appropriation Accounts / Audit Reports for the year 1992-93 pertaining to Ministry of Education were taken up for examination by Special Committee-II of the PAC in the meetings held on June 29th, 2010 and October 20th, 2010 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Four (04) grants and thirty four (34) Paras were reported by AGPR / Audit.
- 1.2 On presentation of the grants, the Committee recommended regularization of the grants with the observation that excessive surrender had converted savings in the grant to excess which reflected poor financial management.
- 1.3 The Special Committee while discussing Para No.18 of Audit Report recommended the para for settlement subject to condonation of the amount by the BOG. The Committee endorsed the recommendations of the DAC for settlement of the remaining twenty (20) Audit Paras.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO. 36- MINISTRY OF EDUCATION

Saving Rs. 2,878,591/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 2,878,591 (2.94 % of the total grant).

The PAO informed the Committee that the total saving was spread over 20 offices of the Ministry, under various heads, including pay and allowances and purchase of durable goods and other commodities.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that necessary care should be exercised in future to ensure better management of budgetary allocations.

ii. **GRANT NO. 37- EDUCATION**
Saving Rs. 530,807/-

A.G.P.R. pointed out that the grant closed with a minor saving of Rs. 530,807 (0.02 % of the total grant).

The PAO informed the Committee that this grant pertained to Pakistani Chairs in different universities. The PAO requested that the grant may be deferred till the next meeting to enable examination inter-alia of details of the supplementary grants of Rs.365,876,000, including deficit of various universities.

DIRECTIVE

The Committee deferred the grant for reexamination and resubmission within two months.

On October 20, 2010, A.G.P.R. pointed out that the grant closed with a minor saving of Rs. 530,807 which works out to 0.02 % of the total grant.

The PAO informed the Committee that this grant pertained to Pakistani Chairs in different Universities. The PAO stated that there were a total number of 30 supplementary grants out of which record of 5 grants had been traced and the rest were not traceable. The Ministry even approached the Finance Division in this case but the record was not available.

DIRECTIVE

The Committee recommended regularization of the grant.

iii). **GRANT NO. 38- FEDERAL GOVERNMENT EDUCATIONAL INSTITUTIONS IN THE CAPITAL AND FEDERAL AREAS**
Excess Rs. 9,856,077/-

A.G.P.R. pointed out that after supplementary grants of Rs. 2,350,000 and Rs. 6,547,000 the grant closed with an excess of Rs. 3,309,077 (1.24 % of the total grant).

The PAO informed the Committee that this excess was due to anomalies in pay and allowances of employees.

DIRECTIVE

The Committee recommended regularization of the grant with the direction that better financial management be ensured in future.

iv). **GRANT NO. 153- DEVELOPMENT EXPENDITURE OF EDUCATION DIVISION**
Excess Rs. 30,687,120/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 23,987,930 (4.42 % of the total grant). An amount of Rs. 54,675,050 was surrendered resulting in net excess of Rs. 30,687,120.

The PAO informed the Committee that surrender was made due to non-receipt of foreign aid and unapproved schemes.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that excessive surrender had converted savings in the grant to excess which reflected poor financial management. The Ministry was directed to provide requisite record to AGPR for verification.

3. **AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF EDUCATION FOR THE AUDIT YEAR 1992-93.**

- i. **PARA-1 (PAGE-87) AR-1992-93**
IRREGULAR EXPENDITURE OF Rs. 83,551/- ON THE REPAIRS OF VEHICLES
- ii. **PARA-2 (PAGE-87) AR-1992-93**
IRREGULAR ADVANCE PAYMENT NON-ADJUSTMENT OF Rs.106,639/-
- iii. **PARA-3 (PAGE-87) AR-1992-93**
RECOVERY OF Rs.72,712/- ON ACCOUNT OF 5% HOUSE RENT DEDUCTION
- iv. **PARA-4(PAGE-88) AR-1992-93**
IRREGULAR AND UN-AUTHORIZED PAYMENT OF OVERTIME ALLOWANCE TO STAFF AMOUNTING TO Rs. 114,690/-
- v. **PARA-5(PAGE-88) AR-1992-93**
RECOVERY OF Rs. 83,000/- DUE TO NON-ADJUSTMENT OF CONTINGENT ADVANCE DRAWN BY SARFRAZ HUSSAIN KHAWAJA
- vi. **PARA-6(PAGE-88) AR-1992-93**
IRREGULAR ADVANCES TO TRANSLATORS AND THEIR NON-ADJUSTMENT
- vii. **PARA-7(PAGE-89) AR-1992-93**
OVERPAYMENT OF Rs. 93,287/- ON ACCOUNT OF PAYMENT AT HIGHER RATE
- viii. **PARA-9 (PAGE-89) AR-1992-93**
IRREGULAR EXPENDITURE OF Rs. 32,886/- ON ENTERTAINMENT
- ix. **PARA-10 (PAGE-90) AR-1992-93**
NON-RECOVERY OF Rs.231,452/- ON ACCOUNT OF PRIVATE USE OF GOVERNMENT VEHICLES
- x. **PARA-11 (PAGE-90) AR-1992-93**
WASTEFUL EXPENDITURE OF Rs.535,729/- ON THE PURCHASE OF MATERIAL FOR HOSTELS
- xi. **PARA-12 (PAGE-90) AR-1992-93**
NON-ACHIEVEMENT OF TARGETS FIXED FOR TRAINING AS PER PC-1 RESULTING IN UNDER UTILIZATION OF THE TEACHING AND SUPPORTING STAFF
- xii. **PARA-13 (PAGE-91) AR-1992-93**
RECOVERY OF Rs. 207,557/- FROM THE EMPLOYEES OF COLLEGE ON ACCOUNT OF IRREGULAR PAYMENT OF INSTRUCTIONAL ALLOWANCE
- xiii. **PARA-14 (PAGE-91) AR-1992-93**
IRREGULAR AND UN-AUTHORIZED PAYMENT OF Rs. 85,500/- ON ACCOUNT OF PURCHASE OF TYRES

- xiv. **PARA-15 (PAGE-92) AR-1992-93**
UN-ECONOMICAL PURCHASE OF STATIONERY AMOUNTING TO Rs. 223,697/-
- xv. **PARA-16 (PAGE-90) AR-1992-93**
IRREGULAR AND UNAUTHORIZED PURCHASE AND COMPOSING OF BOOKS OF Rs.1,369,679/- WITHOUT CALLING FOR OPEN TENDER
- xvi. **PARA-17 (PAGE-92) AR-1992-93**
INFRACTUOUS EXPENDITURE OF Rs.158,394/- ON PUBLICATION OF A JOURNAL AND IRREGULAR PAYMENT OF JOURNAL ALLOWANCE
- xvii. **PARA-18 (PAGE-93) AR-1992-93**
IRREGULAR INFRACTUOUS AND UNAUTHORIZED EXPENDITURE OF Rs. 118,393/- ON ACCOUNT OF HIRING OF A GUEST PRODUCER
- xviii. **PARA-19 (PAGE-93) AR-1992-93**
RECOVERY OF OUTSTANDING AMOUNTS OF Rs. 359,765/- FROM THE CUSTOMER
- xix. **PARA-21 (PAGE-94) AR-1992-93**
IRREGULAR EXPENDITURE OF Rs. 189,638/- ON HIRING OF CARS
- xx. **PARA-22 (PAGE-94) AR-1992-93**
NON-REALIZATION OF OUTSTANDING ADVANCE OF Rs. 788,271/-
- xxi. **PARA-23 (PAGE-95) AR-1992-93**
IRREGULAR EXPENDITURE OF Rs. 328,000/- WITHOUT NOC FROM CABINET DIVISION
- xxii. **PARA-24 (PAGE-95) AR-1992-93**
IRREGULAR PAYMENT OF MEDICAL ALLOWANCE Rs. 53,047/-

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above twenty-two (22) Audit Paras.

- 3.1 **PARA-3 (PAGE-87) AR-1992-93**
RECOVERY OF Rs.72,712/- ON ACCOUNT OF 5% HOUSE RENT DEDUCTION

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above one (1) Audit Para.

On October 20, 2020 Audit pointed out that at Area Study Center Peshawar University all employees were in receipt of housing subsidy in respect of their residences. However, 5% deduction on account of house rent charges Rs. 72,712/- was not made from them as provided in FR-45.

The PAO informed the Committee that the BOG of University Grants Commission had authorized exemption of deduction of 5%. The Ministry would produce the notification to Audit.

DIRECTIVE

The Committee recommended settlement of the Para with the direction that the Ministry should provide the notification to Audit.

3.2 **PARA-18 (PAGE-93) AR-1992-93**
IRREGULAR INFRACTUOUS AND UNAUTHORIZED EXPENDITURE OF
Rs. 118,393/- ON ACCOUNT OF HIRING OF A GUEST PRODUCER

The Committee endorsed the recommendation of the DAC for settlement of the above one (1) Audit Para.

On October 20, 2010 Audit pointed out that Institute of Islamic Culture Lahore under Ministry of Education hired the services of a Guest Producer for recording cassettes on Kalam-e-Iqbal despite having its own “Producer” equivalent to BPS-18. A lump-sum paying of Rs. 118,393/- was made for 24 hours recording only. The amount spent was thus treated as irregular and infructuous as even no marketing was done.

DIRECTIVE

The Committee recommended the para for settlement subject to condonation of the amount by the BOG.

3.3 **PARA-8 (PAGE-89) AR-1992-93**
UN-AUTHORIZED OPENING OF BANK ACCOUNT AND DEPOSIT OF Rs. 400,000/-

Audit pointed out that the National Technical Training College under Ministry of Education deposited an amount of Rs. 400,000/- in a Commercial Bank on 28-06-1991. The account was opened without the consent of the Ministry of Finance. Withdrawal of money in the closing days of the financial year was obviously made to avoid lapse of the budgetary allocation, which was a violation of Rule 290 of FTR, and Para 96 of G.F.R. Vol.1.

The matter was reported to the Ministry of Education in June 1992 but no reply was received.

Audit stressed that responsibility may be fixed for irregular opening of bank account as well as irregular withdrawal of public money to avoid lapse of budget.

The PAO acknowledged that the Audit observation was valid and correct. He stated that the motive was to save the amount from lapsing. It was kept in the account for six months. The director who opened the account had since expired. The Ministry of Finance had been moved for condonation.

DIRECTIVE

The Committee recommended settlement of the Para with the direction that the Ministry should obtain condonation of the irregularity from Finance Division and inform Audit accordingly.

3.4 **PARA-20 (PAGE-93) AR-1992-93**
RECOVERY OF Rs. 130,927/- PAID FOR POL OVER AND ABOVE PRESCRIBED CEILING

Audit pointed out that in Pakistan Academy of Letters under Ministry of Education, the Chairman (BPS-21) and Director General (BPS-20) were using

official vehicles exclusively. 11,105 liters petrol was consumed in excess of prescribed ceiling by these officers, involving expenditure of Rs. 130,927/-.

The matter was reported to Ministry in November, 1992 to which no reply was furnished. Recovery of Rs. 130,927/- should be effected from the officers concerned.

The PAO informed the Committee that the irregularity had been condoned by the Board of Governors of the Academy. It would be ensured that this is not repeated in future. The matter had been discussed in the DAC and it was agreed that the Ministry may seek permission for writing off the amount in question.

DIRECTIVE

The Committee directed the PAO to follow the rules and procedures for writing off the amount in question and recommended the Para for settlement accordingly.

- i. **PARA-9 (PAGE-89) AR-1992-93.**
IRREGULAR EXPENDITURE OF Rs. 32,886/- ON ENTERTAINMENT
- ii. **PARA-12 (PAGE-90) AR-1992-93**
NON-ACHIEVEMENT OF TARGETS FIXED FOR TRAINING AS PER PC-1 RESULTING IN UNDER UTILIZATION OF THE TEACHING AND SUPPORTING STAFF
- iii. **PARA-13 (PAGE-91) AR-1992-93**
RECOVERY OF Rs. 207,557/- FROM THE EMPLOYEES OF COLLEGE ON ACCOUNT OF IRREGULAR PAYMENT OF INSTRUCTIONAL ALLOWANCE
- iv. **PARA-20 (PAGE-93) AR-1992-93**
RECOVERY OF Rs. 130,927/- PAID FOR POL OVER AND ABOVE PRESCRIBED CEILING
- v. **PARA-21 (PAGE-94) AR-1992-93**
IRREGULAR EXPENDITURE OF Rs. 189,638/- ON HIRING OF CARS
- vi. **PARA-22 (PAGE-94) AR-1992-93**
NON-REALIZATION OF OUTSTANDING ADVANCE OF Rs. 788,271/-

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above seven (06) Audit Paras.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE ACCOUNTS OF MINISTRY OF EDUCATION FOR THE AUDIT YEAR 1992-93

NATIONAL BOOK FOUNDATION

- i. PARA-111 (PAGE-105) ARPSE-1992-93**
THE FOUNDATION SUSTAINED LOSSES OF Rs. 1.240 MILLION IN 1986-87 AND Rs. 8.401 MILLION DURING THE YEAR 1992-93
- ii. PARA-246 ARPSE-1992.93**
BOOK VALUING Rs. 8.647 MILLION WERE HELD IN STOCK ON JUNE 30, 1999. EFFORTS ARE REQUIRED TO LIQUIDATE THE STOCKS AT THE EARLIEST

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above two (02) Audit Paras.

ELECTION COMMISSION OF PAKISTAN

1. OVERVIEW

Appropriation Accounts for the year 1992-93 pertaining to the Election Commission of Pakistan were taken up for examination by the PAC in the meetings held on January 8th, 2004 and July 7th, 2010 in Committee Room No.2, Parliament House, Islamabad. Decisions taken are summarized below:

- 1.1 One (01) grant was reported by AGPR on Election Commission of Pakistan.
- 1.2 On presentation of the grant, the Special Committee recommended the grant for regularization.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. ELECTION (CHARGED) Saving Rs.13,218,709 /-

A.G.P.R. pointed out that after obtaining supplementary appropriation of Rs. 25,760,000 the appropriation closed with a saving of Rs. 2,282,200 (2.66% of the total grant). An amount of Rs.10, 936,509 was surrendered in time

DIRECTIVE

The Committee recommended the grant for regularization.

MINISTRY OF ENVIRONMENT

1. OVERVIEW

Appropriation Accounts, Audit Reports of Federal Government & Public Sectors Enterprises for the year 1992-93 pertaining to Ministry of Environment were taken up for examination by Special Committee-II of the PAC in the meetings held on July 27th, 2010 & January 27th, 2011 in Committee Room No.2, Parliament House, Islamabad. Decisions taken are summarized below:

- 1.1** Four (04) grants and two (02) Paras were reported by AGPR / Audit. Three (03) Paras of Audit Report on Public Sector Enterprises were presented by Audit.
- 1.2** On presentation of the grants, the Committee recommended regularization of the grants with the direction to the PAO to inform the Committee about the purpose of supplementary grant of Rs. 100,000,000 to the National Housing Authority
- 1.3** While discussing Para No.2 of Audit Report on Ministry of Environment, the Committee recommended the Para for settlement subject to the verification by Audit.
- 1.4** While discussing Para on Pakistan Environmental Planning and Architectural Consultants the Committee directed the PAO to pursue the recoverable balance more vigorously.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.56- FOREST

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(-) 121,770	(-) 770	121,000

AGPR stated that after taking into account supplementary grant of Rs. 121,000, the grant closed with a saving of Rs.121,770 (0.59% of the total grant), an amount of Rs.121,000 was surrendered on 15-05-1993 which if taken into account would result in nominal saving of Rest 770 only.

DIRECTIVE

The Committee recommended regularization of the grant.

ii. GRANT NO.60– ZOOLOGICAL SURVEY DEPARTMENT

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(-) 210,001	(-) 1	210,000

AGPR pointed out that the grant closed with a saving of Rs.210,001 (6.47% of the total grant).

The PAO informed the Committee that an amount of Rs.210,000 was surrendered on 15-05-1993 which if taken into account would result in a nominal saving of Rs. 1.

DIRECTIVE

The Committee recommended regularization of the grant.

iii. GRANT NO.73– ENVIRONMENT AND URBAN AFFAIRS DIVISION

Saving Rs. 77,146/-

Audit stated that the grant closed with a saving of Rs.20,273,006 (13.09% of the total grant). An amount of Rs.20,195,860 (13.04%) was surrendered, leaving net saving of Rs.77,146 (0.05%). The PAO stated that the supplementary

grant of Rest. 100,000,000 was for the National Housing Authority. He informed the Committee that as stated earlier due to fire incidents in Shahid-e-Millat Secretariat Islamabad and CDA Block No. IV near Lal Masjid G-6/2 Islamabad, all the record of the Ministry of Environment was burnt and the Ministry is unable to explain the reason for saving/ excess etc.

DIRECTIVE

The Committee directed the PAO to inform the AGPR as to the purpose of the supplementary grant of Rs. 100,000,000 to the National Housing Authority .The Committee recommended regularization of the grant subject to verification by AGPR.

iv. **GRANT NO. 163 – DEVELOPMENT EXPENDITURE OF ENVIRONMENT AND URBAN AFFAIRS DIVISION.**
Excess Rs. 388/-

Audit pointed out that the grant closed with a saving of Rs.9,191,212 (14.68% of the total grant). An amount of Rs.9,191,600 (14.68%) was surrendered, resulting in a nominal excess of Rs.388.

The PAO informed the Committee that record was not available due to reasons explained earlier.

DIRECTIVE

The Committee recommended regularization of the grant.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF ENVIRONMENT FOR THE AUDIT YEAR 1992-93.

3.1 PARA-1 (PAGE-109) AR 1992-93
SUSPECTED EMBEZZLEMENT OF RS 40,000/-

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

3.2 PARA-2 (PAGE-190) AR 1992-93
NON-PRODUCTION OF RECORD IN SUPPORT OF EXPENDITURE OF Rs 1,632,000/-.

Audit stated that a sum of Rs 11,632,000/- was foreign aid placed at the disposal of Pakistan Forest Institute Peshawar under Food & Agriculture Division, Islamabad during 1988-89 for developmental schemes. Expenditure account in respect of this allocation was not produced to Audit check on the plea that it was not auditable but authority in support of this contention was not shown.

The PAO stated that actual amount provided to the institute as deduct entry was Rs 9.567 million and not Rs 11.632 million. DAC had agreed that the accounts were auditable and directed that the requisite record be provided to Audit within one month.

The Committee referred the para back to DAC and also directed the AGPR to attend the DAC meeting who could not attend the last DAC. A report has to be submitted to the Committee within one month.

In a meeting held on 27th January, 2011 the PAO stated that the Ministry had recovered the complete record and it would be reconciled with the Audit.

DIRECTIVE

The Committee recommended the Para for settlement subject to the verification by Audit.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE ACCOUNTS OF MINISTRY OF ENVIORNMENT FOR THE AUDIT YEAR 1992-93.

i. PARA-137-ARPSE-1992-93

Professional fee increased by 25.08% and cost/expenses increased by 16.26% as compared to previous year. The financial results were better than previous year.

ii. PARA-139-ARPSE-1992-93

Adjustments for prior years Rs.0.247 million was made but those were not disclosed in the notes to accounts.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned two (02) Audit Paras.

PAKISTAN ENVIRONMENTAL PLANNING AND ARCHITECTURAL CONSULTANTS PRIVATE LIMITED

4.1 PARA-138-PAGE-133-ARPSE-1992-93

Audit stated that professional fee receivable amounted to Rs.10.329 million as on June 30, 1992 which increased by Rs.4.301 million (41.64 %) to Rs.14.630 million as on June 30, 1993. It was pointed out that the outstanding had increased to Rs.23.351 million as on June 30th 2008 which was clearly cause of concern.

The PAO stated that efforts were being made for timely recovery of receivables from the clients to avoid conversion of same into bad debt.

The Committee observed that the rising trend of receivables indicated that serious efforts need to be made for recovery. Endorsing the decision of the DAC, the Committee directed the PAO to hold meetings with the major defaulting clients and impress upon them the need for immediate payment.

In another meeting held on 27th January, 2011 the PAO stated that in this para out of a total amount of Rs. 14.6 million Rs. 2.09 million had been recovered and out of the remaining amount Rs. 4.03 million was declared as unrecoverable which was written off by the competent authority. So, the remaining recoverable amount was Rs.8.240 million.

The PAO further stated that the present receivable amount was Rs.42.00 million which was 11%. The Ministry was vigorously pursuing recovery of the remaining amount and the balance would be recovered soon which has to be recovered mostly from the Government Departments.

DIRECTIVE

The Committee directed the PAO to pursue the recoverable balance more vigorously and report to the Committee within one month.

(The said report was not received hence it has no to be submitted to the Monitoring and Implementation Committee of the PAC for further action.)

ESTABLISHMENT DIVISION

1. OVERVIEW

Appropriation Accounts, Audit Reports of Federal Government & Public Sectors Enterprises for the year 1992-93 pertaining to Establishment Division were taken up for examination by Special Committee-II of the PAC in the meetings held on July 7th, 2010, November 3rd, 2010 & February 1st, 2011 in Committee Room No.2, Parliament House , Islamabad. Decisions taken are summarized below:

- 1.1 Five (05) grants were reported by AGPR. One Para of the Audit Report on Establishment Division was presented by Audit
- 1.2 While discussing the grants, the Committee recommended regularization of the grants The Committee directed the PAO on Grant No.8 to take it back to the DAC again and satisfy the AGPR as admissible under the Rules. The grant was recommended for regularization subject to verification of AGPR.
- 1.3 On Para No.04 (PAGE-16) AR 1992-93, the Committee directed the PAO to make sure that details of reference regarding regularization from Finance Division are provided to Audit for verification and a compliance report has to be submitted to the Monitoring and Implementation Committee for further action.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.7- ESTABLISHMENT DIVISION: Saving Rs. 84,860/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 968,432 (0.76% of the total grant). An amount of Rs. 883,572 was surrendered leaving a net saving of Rs. 84,860.

The PAO informed the Committee that the supplementary grant was asked for five officers and no saving has been shown for those five officers, whereas the saving has been shown in the other three officers for which no supplementary grant was given and it was a very minor amount. The reason was that the OSD did not submit his pay bills in time for financial year 1992-93.

DIRECTIVE

The Committee recommended regularization of the saving, however, the Ministry was directed to follow the Rules and Regulations strictly.

ii. **GRANT NO. 8- FEDERAL PUBLIC SERVICE COMMISSION**
Excess Rs. 1,112,865/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 6,162,403 (14.30 % of the total grant). An amount of Rs. 7,275,268 was surrendered resulting into an excess of Rs. 1,112,865.

The PAO informed the Committee that the excess was mainly due to the fact that the department of Industries, Supply and Food, Karachi rose a debit of Rs. 1,170,786/- of an erroneous double booking for the car purchase and the matter was verified by AGPR, FPSC and Establishment Division. The PAO requested for regularization.

DIRECTIVE

The Committee directed the PAO to take it back to the DAC again and satisfy the AGPR as admissible under the Rules. The grant was recommended for regularization subject to verification of AGPR.

iii. **GRANT NO. 10- OTHER EXPENDITURE OF ESTABLISHMENT DIVISION**

Excess Rs. 232,687/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 8,062,803 (7.68 % of the total grant). An amount of Rs. 8,295,490 was surrendered resulting into an excess of Rs. 232,687.

The PAO informed the Committee that the final reconciliation had been done with the AGPR and this minor amount of Rs.7,794 was verified by the DAC. The PAO requested for regularization.

DIRECTIVE

After hearing the PAO, the Committee recommended regularization of the savings of the above grant with the direction that budgeting and monitoring system should be strengthened and there should be no excess /saving in appropriation in future.

iv. **GRANT NO.14- MANAGEMENT SERVICES DIVISION**

Saving Rs. 148,000/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 1,726,384 (6.50% of the total grant). An amount of Rs. 1,578,000 was surrendered leaving a net saving of Rs. 148,000.

The PAO informed the Committee that the saving was mainly due to stoppage of Ph.D. allowance of two Directors on technical grounds, vacant posts of officers and staff and non-submission of medical claims by three officers.

DIRECTIVE

The Committee recommended regularization of the grant.

v. **GRANT NO.146- DEVELOPMENT EXPENDITURE OF ESTABLISHMENT DIVISION**
Excess Rs. 221,400/-

A.G.P.R. and PAO pointed out that in the above-mentioned grant the budget had been fully utilized.

DIRECTIVE

The Committee recommended regularization of the above-mentioned grant as the budgetary provision had been fully utilized.

3. **AUDIT REPORT ON THE ACCOUNTS OF ESTABLISHMENT DIVISION FOR THE AUDIT YEAR 1992-93**

3.1 **PARA-4 (PAGE-16) AR 1992-93**
IRREGULAR / UN-AUTHORIZED EXPENDITURE OF Rs. 17,472,000

Audit pointed out that in the National Institute of Public Administration (NIPA) under Establishment Division, Islamabad an amount of Rs. 17,472,000 was incurred on purchase / repair of store / stock with the sanction of Executive Committee / Director during the period from 1988-89 to 1990-91. However, financial powers framed by the BOG, were not approved from Ministry of Finance and Establishment Division as required under Para-25 of GFR.

The PAO informed that the Board of Governors was fully competent to do that. It was sent to the Finance Department for regularization but Finance Division had advised the Ministry to place it before the PAC.

The Committee endorsed the recommendation of the DAC that the matter be regularized by the Finance Division.

On 1st February, 2011 the PAO informed the Committee that a reference has been made to the Establishment Division regarding regularization from Finance Division.

The Committee directed the PAO to make sure that details of reference regarding regularization from Finance Division are provided to Audit for verification and a compliance report has to be submitted to the Monitoring and Implementation Committee for further action.

FEDERAL BOARD OF REVENUE

1. OVERVIEW

Appropriation Accounts & Audit Reports Indirect Taxes / Direct Taxes for the year 1992-93 pertaining to Federal Board of Revenue were taken up for examination by Special Committee-II of the PAC in the meetings held on July 21st, 2010, February 4th, 2011 & March.10th, 2011 in Committee Room No.2, Parliament House, Islamabad. Decisions have been summarized below:

- 1.1 Four (04) grants were reported by the AGPR .One hundred and thirty (130) Paras on Indirect Taxes and seventy one (71) Paras on Direct Taxes were presented by Audit
- 1.2 On presentation of the grants, the Committee observed that in some grants bad financial management had been displayed which was not expected of FBR whereas FBR should set examples for others to follow.
- 1.3 While discussing Para No.4.7 on Indirect Taxes, the Committee observed that if this issue had been pointed out by Audit in 92 but not discussed in the PAC does not absolve the department from taking action on their own. The Committee observed that when an irregularity had been identified by Audit then it was the responsibility of the department to initiate action without waiting for the directives of the PAC.

The Committee also suggested initiating action on those audit reports which have not yet been taken up by the PAC and instead of waiting for the directives initiate action on the departmental level. The Committee directed the PAO to submit a complete report on the departmental action taken in this matter to the Implementation Committee. The Committee endorsed the recommendations of the DAC on one hundred and seventeen (117) Audit Paras on Indirect Taxes.

- 1.4** While discussing Para No.6.3 on Indirect Taxes, the Committee directed that action should not be confined to the lower echelons of the hierarchy and the role and responsibility of superintendent and supervisory staff must be looked into. The Committee directed to expedite the recovery and submit a report.
- 1.5** While discussing Para No.6.6 (a) of Indirect Taxes, the Committee directed the PAO to respond to the Para indicating concrete action taken and directed to assign the responsibility of review of all such cases to a Member of the FBR. The Committee expressed displeasure over the delay in submission of the report.
- 1.6** While discussing Para No.4.7- of Audit Report of the Direct Taxes, the Committee observed that Rs.92 million was a huge amount which has yet to be verified. The Committee expressed its dissatisfaction and displeasure over the negligence of the department that no reply had been provided to Audit regarding another big amount of Rs. 62 million. The Committee directed the PAO to expedite process of tracing out record and asked to put up a report to the Monitoring and implementation Committee of the PAC for further action.
- 1.7** On fifty-seven (57) Paras of Audit Report on Direct Taxes, the Committee endorsed the recommendations for settlement as per decisions of the DAC.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.47-CENTRAL BOARD OF REVENUE

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Excess	(+) 11,143,722	(+) 129,638	12,161,884

AGPR stated that after taking into account two supplementary grants of Rs. 12,161,884, the grant closed with a saving of Rs.9,361,354 (3.09% of the total grant). An amount of Rs.20,505,076 (6.77%) was surrendered resulting into an excess of Rs.11,143,722 (3.68%).

The PAO informed the Committee that there was excess booking of expenditure amounting to Rs. 8,727,884 which was a minor one.

DIRECTIVE

The Committee observed that it reflects bad financial management and expected that FBR would set example for others to follow. With these observation the Committee recommended regularization of the grant.

ii. GRANT NO.48-SEA CUSTOMS

Saving Rs. 330,989/-

AGPR stated that the grant closed with a saving of Rs.330,989 (0.24% of the total Grant).

DIRECTIVE

The Committee recommended regularization of the grant.

iii. **GRANT NO.49 LAND CUSTOMS AND CENTRAL EXCISE**

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(-) 54,780,077	(+) 14,363,724	66,793,801

AGPR stated that after taking into account two supplementary grants of Rs. 66,793,801, the grant closed with a saving of Rs.54,790,101 (17.26% of the total grant). An amount of Rs.10,024 was surrendered leaving net saving of Rs.54,780,077 (17.26%).

The PAO informed the Committee that there was a less booking of expenditure amounting to Rs.59,143,801, which was due to non-reconciliation of expenditure by the department and these were due to salaries.

DIRECTIVE

The Committee directed the PAO to verify the figures with Audit. The Committee recommended regularization of the grant subject to verification by Audit.

iv. **GRANT NO.50 -TAXES ON INCOME AND CORPORATION TAX**
Excess Rs. 15,865,338/-

AGPR stated that the grant closed with an excess of Rs.3,714,801 (0.78% of the total grant). An amount of Rs.12,150,537 (2.58%) was surrendered, increasing a net excess to Rs.15,865,338 (3.37%).

The PAO informed the Committee that excess expenditure of Rs. 15.865 million was under the head of Establishment charges, repair and maintenances and commodities and services.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that the entire saving should be surrendered in time.

3. AUDIT REPORT VOL. III INDIRECT TAXES ON THE ACCOUNTS OF FEDERAL BOARD OF REVENUE FOR THE AUDIT YEAR 1992-93.

3.1 Para 2.3-Page 13-AR 1992-93 **NEED FOR EFFICIENT EFFORTS FOR RECOVERY OF TAX REVENUE RS. 41.531 MILLION.**

Audit stated that thirteen excisable services were subjected to license fee at different rates from the budget for the year 1990-91. The overall collection of license fee in respect of excisable services during the last three years remained Rs. 59.0 million against a target of Rs. 262.5 million (22 percent of the target). This was in spite of the fact that estimates originally approved were substantially reduced in the revised estimates. Non-recovery of license fee of Rs.41,531,500 was pointed out by Audit in only six central excise divisions by way of illustration. Audit views that concrete efforts for recovery were not made. The need for efficient efforts in recovery of tax revenue was emphasized not only for the cases in the report by way of illustration but also in all other similar cases.

The PAO informed the Committee that the latest position of the Department is as follow:-

- (i) Contested by stating that no freight forwarding agent obtained license under the rule involving amount of Rs. 3,905,000.
- (ii) Admitted by stating matter had been taken up with FBR for issuance of exemption/write off Rs. 29,332,000
- (iii) Collector, Multan informed recovery of Rs. 2,26,500.
- (iv) Amount regularized Rs.1,608,000
- (v) Show cause notice vacated Rs.900,000
- (vi) No response Rs. 2,385,000
- (vii) The RTO (enforcement), Karachi informed that the matter is being actively pursued with FBR to write off an amount of Rs. 3,175,000.

Member Sales Tax informed the Committee that there were no detail available with FBR.

On 21st July, 2010 the Committee directed Member Sales Tax (MST) to submit a report on Rs. 41.531 million that how much was recovered out of it and how much was remaining. The Department had to trace the relevant record, effect recovery and make a recommendation to the competent Authority for writing off.

The Committee further directed MST to fetch the record and if it was not available then take action against person (s) who hold that record and send a report to the Committee on recovery within two months.

On 4th February 2011 Audit pointed out that decisions taken in the last DAC meeting may be implemented.

The Committee recommended the para for settlement and directed that a copy of the up to date report of departmental action taken so far should be provided to the audit and the PAC Secretariat.

On 10th March, 2011 Audit stated that the Committee had recommended the para for settlement and directed that a copy of up to date report of departmental action taken by the so far should be provided which is yet awaited.

The PAO informed the Committee that directions of PAC have been partially complied with yet some action is pending which would be taken by the 15th of March 2011.

DIRECTIVE

The Committee directed the PAO to send an interim report on the action taken so far to the Committee and the Audit. The para was recommended for settlement subject to verification of report by audit.

3.2 **Para 2.6-Page 27-AR 1992-93**
NON-PRODUCTION OF RECORDS

Audit stated that in terms of article 16 of the Pakistan (Audit and Accounts) Order, 1973, the Auditor General had authority to require any books or other documents relating to transactions to which his duties in respect of audit extend. Auditable documents/records were not produced by 35 departmental authorities on requisition by Audit during audit inspections conducted during the year 1992-93.

Audit further stated that availability of complete record was a pre-requisite for audit work. Any document, if missing, may lead to un-realistic results and conclusions. Moreover, short-assessment and evasion of taxes in records not produced for Audit remain un-earthed.

Member, Customs informed the Committee that all the officers responsible for production of record had been retired from Government Service.

Member, Customs also informed that the record of 41 units had been produced to Audit and for the remaining 70 units the utmost effort was being made to locate the units but the units either do not exist any more or were out of production/closed. Member, Customs further stated that the record was available with FBR and could be reconciled with Audit.

On 21st July, 2010 The Committee directed the PAO to submit report regarding these 71 units to the Committee in one month.

On 4th February 2011 the PAO stated that the matter was considered in detail in the DAC which has recommended settlement of the para.

DIRECTIVE

The Committee recommended the para for settlement as per recommendations of the DAC.

3.3 **Para 3.2-Page 35-AR 1992-93** **EVASION OF CUSTOMS DUES OF RS. 5.868 MILLION.**

Audit stated that an importer of Lahore imported tyres of different sizes which were warehoused in a public bonded warehouse. Audit noticed evasion of Government revenue of Rs. 2,700,564 in the accounts of that particular warehouse and, therefore, suggested a joint physical verification to the Deputy Collector of Customs, Customs Port, Lahore where shortage of tyres of larger size and an excess of tyres of smaller sizes was noticed. Apart from a net shortage, the joint team concluded that clearance documents were filed for the tyres of smaller sizes was found but actually the tyres of larger sized were removed in connivance with the customs staff. Thus, tyres having higher values were clandestinely cleared by assigning lower values evading government dues of Rs. 2,904,833.

Audit further stated that a firm of Lahore imported sixty six (66) packages of “Ball Bearing” which were ware-housed in a public bonded warehouse in August, 1992. The goods were invoiced at a total value (C&F) of US\$ 19,389,16 and the imported goods having value of US\$ 19,389,16 were cleared against value of US\$ 1,452,80 (US\$ 307,20+1,145,60) by evading Government dues of Rs. 263, 077 on the differential value of US\$ 17,936,36 in connivance with the concerned authorities of Customs Port, Moghalpura, Lahore. This resulted in loss to Govt. revenue of Rs. 5,868,474

The PAO informed the Committee that an amount of Rs. 3,912,540/- had been deposited and the remaining amount of Rs. 19,389,16 was still outstanding.

Member, Customs informed the Committee that no further progress was made and no action had been made and the Department would check the record and give a report on inquiry in one month.

On 21st July, 2010 the Committee directed the PAO to show the documentation of recovery to Audit. The Committee also directed to put up the inquiry report naming the officials responsible and disciplinary action taken thereof.

On 4th February, 2011 the PAO stated that the principal amount had been recovered.

DIRECTIVE

The Committee recommended the para for settlement subject to verification by the Audit.

3.4 **Para 3.3-Page 36-AR 1992-93** **FRAUDULENT REMOVAL OF IMPORTED GOODS FROM CUSTOMS PORT, LAHORE**

Audit stated that a news item appearing in the daily “Jang”, Lahore dated 11th August, 1993 transpired that certain items comprising chemicals, paints, bulbs and other goods imported at Customs Port, Moghalpura, Lahore were got cleared by importers without paying customs dues levy able thereon in collaboration with customs staff, clearing agents and police guard on duty. It was further reported that such clearances were sought by assigning fictitious cash numbers to the bills of entry and through this modus operandi, the Government was deprived of revenue of crores of rupees.

Member, Customs informed the Committee that Department had made recovery of Rs. 1,567,670 verified by audit and recovery of Rs. 2047941 required

to be verified by audit, while balance amount of Rs. 2,484,402 was under recovery. Three officials found guilty had been terminated from service.

DIRECTIVE

The Committee directed the PAO to submit a comprehensive report with full facts and the Ministry should come fully prepared. A report has to be submitted to the Implementation Committee.

3.5 **Para 3.5-Page 38-AR 1992-93**
EXPORT REBATE OF RS. 4,000 MILLION ON COTTON YARN AGAINST
COLLECTION OF CENTRAL EXCISE DUTY OF RS. 3,000 MILLION

Audit stated that according to an advertisement in the daily “The Muslim” dated 13th September, 1992, central excise duty of Rs. 3, 000 million was collected on 600 million Kg of cotton yarn sold locally in a year @ Rs. 5 per Kg against which a sum of Rs. 4, 000 million was refunded annually on account of drawback of excise duty on cotton yarn consumed in exported made-ups. The drawback on cotton yarn was thus much in excess of the collection of central excise duty thereon.

Member, Custom informed the Committee that there were certain chemicals which were used and certain value addition.

The PAO informed the Committee that FBR would produce the working paper on this item and try to convince Audit.

DIRECTIVE

The Committee directed the PAO to submit a detailed report to the Implementation Committee.

3.6 **Para 3.6-Page 38-AR 1992-93**
PILFERAGE IN STATE WAREHOUSE, AIRPORT, LAHORE

Audit stated that a news item appearing in the daily "Mashriq" of 3rd January, 1993 revealed that certain items were removed illegally by the officers of customs from the State Warehouse, Airport, Lahore and sold in the open market at higher prices or distributed amongst their relatives and friends. Reportedly, the goods were seized by the customs authorities and deposited into the State Warehouse, Airport, Lahore. The news items further disclosed that during physical verification, FIA observed that the goods valuing millions of rupees which should have been available as per relevant accounts record were not physically available in the Warehouse.

Audit further stated that request had been made to the Collector of Customs, Lahore in January, 1993 to intimate the details of the case but no reply was furnished.

Member, Customs informed the Committee that this objection had been made on the basis of the newspaper report. The Department had sold these goods to the Utility stores and record was available with them and the Department had provided the record to Audit.

DIRECTIVE

The Committee directed the PAO to make the requisite record available to Audit. The para was settled subject to verification by Audit.

3.7 **Para No. 3.8- Page No. 40-AR 1992-93**
EVASION OF CUSTOM DUES

Audit stated that News item had appeared in various Daily News papers that certain irregularities regarding payment of rebate clearance without payment of custom duty were found in the Collectorate of customs Lahore.

Audit further stated that the record was still to be submitted regarding Pak Suzuki Motors from Large Taxpayer Unit (LTU) Karachi.

The Department intimated that:-

- i) One case was sub-judice in court of Special Judge Karachi.
- ii) No response had been received from LTU in another case.
- iii) An FIR had been lodged in another case.
- iv) In another case the matter had been disposed off.
- v) One case had been adjudicated.
- vi) No material reply had been given in one case by the Department.
- vii) Cases of mis-declaration of value and quantity to get inadmissible duty drawback, were detected against M/S Tawwakal Group of Companies and penalties were imposed and recoveries effected from the admissible duty drawback claims of exporters amounting to Rs. 9,180,631.
- viii) Relevant record was being traced out and would be submitted to RRA.

DIRECTIVE

The Committee directed the PAO to make the requisite record available from LTU, Karachi and put up before the implementation Committee.

3.8 **Para No. 4.5(a)-Page No. 38-AR 1992-93**
UNDER ASSESSMENT OF CUSTOMS DUES DUE TO
MISCLASSIFICATION OF IMPORTED GOODS / VEHICLES RS. 2.117
MILLION

Audit stated that motor cars and other motor vehicles such as Mitsubishi Exceed L-300 principally designed for the transport of persons having cylinder capacity between 1601 and 2500 CC(PCT heading 8703.3220) were subject to customs duty at the rate of 110 per cent ad-valorem. Such type of vehicles if used as public transport with seating capacity of ten or more persons (PCT heading 8702) were, however, subject to customs duty at the rate of 30 per cent ad-valorem.

The PAO informed the Committee that the cases were adjudicated, orders in Original had been issued under the followings Nos. and demands enforced

against the importers local agent of “Mitsubishi” the Principals and clearing agent.

- i) 11/98 dt.28.12.1998
- ii) 2/98 dt.28.12.1998
- iii) 2/98 dt.28.12.1998
- iv) 1/.99 dated 28.12.1998
- v) 2/99 dt.5.1.1999

The PAO further informed that importers and clearing agents did not defend their case. However, the local agent namely M/s World Wide Motors filed appeal before the Collector of Customs (Appeals) Karachi which was dismissed and the orders of the Adjudicating Officer were upheld dated 19.8.1999. The local Agent preferred an appeal before the Appellate Tribunal. The orders of the Adjudication officer were upheld by the Tribunal. However, the penalty was reduced from Rs. 400,000 to Rs. 300,000 and efforts were being made for expeditious recovery of the amount and the Department needed some time.

On 21st July, 2010 Member, Customs stated that these defaulters were ladies from Swat, KP and the Department had sent a team to locate them from Karachi and Peshawar. They were unable to find out and now NADRA has been approached to give the details of these ladies and the Department working on it.

The Committee directed the PAO that efforts should be made vigorously and a report has to be submitted to the Committee within one month.

On the 4th February, 2011 the PAO stated that only 15 cases of passengers of unaccompanied baggage are pending and rest of the cases have been traced. He further stated that NADRA is being contacted in order to get details of the these passengers after which a report would be submitted to the Committee.

The Committee directed the PAO to submit a report on this issue within one month.

On 10th March, 2011 Audit stated that the Committee had directed the PAO to recover the government dues and submit a report which is yet awaited.

The PAO informed the Committee that this para had been discussed in the DAC and a report would be provided by 15th of March 2011.

DIRECTIVE

The Committee directed the PAO to send an interim report on the action taken so far to the Committee and the Audit. The para was recommended for settlement subject to verification of report by audit.

3.9 **Para No. 4.7 (a)-Page No. 50-AR 1992-93**
SHORT-ASSESSMENT OF CUSTOMS DUES DUE TO NON-APPLICATION
OF IMPORT TRADE PRICE RS. 1.093 MILLION.

Audit stated that under Section 25-B of the Customs Act 1969 the Controller of Customs Valuation had, fixed the ITP of MARCO Brand Rubber V-Belts-All Origins (PCT heading 4010, 1000) as Rs. 100, 000 per metric ton, which was the minimum ITP applicable to the imported goods. In contravention of this, Authorities of Customs Port, Moghalpura, Lahore assessed the above said goods on the ascertained value of Rs. 8, 969 per tons (value to 9876.6 Kg assigned as \$ 35462.12 = Rs. 88, 584). This resulted in short-assessment of customs dues of Rs. 1,093,322 during February, 1993 pursuant to it, the department issued a show cause notice in March, 1993.

The PAO informed the Committee that in February, 2009 it was reported that the Adjudication Authority had passed OIO against the importer. This was being processed for write off, the outcome will be reported to the Committee.

The Committee observed that if this amount is irrecoverable then some steps should have been taken to complete the write off procedure as admissible under the Rules. The Committee also asked to conduct a departmental inquiry

against those responsible and submit a comprehensive report to the Committee in one month time.

Audit pointed out that the amount involved to be recovered has been written off after ten years and it seems that the department had been waiting for the employee to expire

On 4th February, 2011 the PAO while agreeing with the view point of Audit accepted that the process should have been started as soon as it came to the notice of the department.

The directed the PAO to submit a report on this para within one month.

On 10th March, 2011 Audit stated that the PAO may like to inform the Committee about the latest position of the case.

The PAO informed the Committee that this audit report pertains to the year 1992-93 and further stated that this was due to the system failure and since then the system has now been changed and all the parameters, procedures and technology have been changed and automated and the entire paradigm had been changed. He further stated that the superintendent found responsible for this wrong assessment has been suspended from service. He said that DAC has recommended this para for settlement.

DIRECTIVE

The Committee observed that if this issue which pertains to the year 1992-93 had been pointed out by the audit but not discussed in the PAC does not absolve the department from taking action on their own. The Committee observed that when an irregularity had been identified by the audit then it was the responsibility of the department to initiate action without waiting for the directive of the PAC.

The Committee also suggested to initiate action on those audit reports which have not yet been taken up by the PAC and instead of waiting for the directives initiate action on the departmental level. The Committee directed the PAO to submit a complete report on the departmental action taken in this matter to the Implementation Committee.

3.10 **Para No. 4.8 (a) & 4.15(b)-Page No. 53-AR 1992-93**
UNDER ASSESSMENT OF CUSTOMS DUES DUE TO NON-APPLICATION
OF VALUES VERIFIED BY COTECNA RS. 1.431 MILLION

Audit stated that under SRO certain imported goods were subject to price comparison, quality and quantity check by a Swiss Company, M/s Cotecna Inspection South Africa engaged for rendering inspection service for imported goods during the period 1st July, 1990 to 17th November, 1991. Among others, those goods were polypropylene Type Yarn and Plastic Wrapping Film for which the firm had issued price reports. The Authorities of Customs Port Moghalpura, Lahore finalized assessment of government dues by adopting values lower than those verified by the firm. This caused short-assessment of government dues of Rs. 1, 224, 756 during the period March to November, 1991. The Department issued a show cause notice in March, 1993 to a firm from whom a sum of Rs. 826, 961 was recoverable. The outcome of this notice and action taken in relation to the other case involving an amount of Rs. 397, 795 were not conveyed to Audit although the matter was also reported to the CBR in July, 1993.

On 21st July, 2010 the PAO informed the Committee that the goods were cleared in November 1991 where as the audit was conducted in January 1993. Being time barred Audit Para was not sustainable and the second part of para relates to Multan Collectorate for which fresh reply would be provided to Audit.

The Committee directed the PAO to submit a report to the Committee regarding the action taken in the matter and report to the Committee in one month.

On 4th February, 2011 the PAO stated that the department had taken action against an Inspector (Mr. Magsi). He further stated that inquiry would be conducted in order to determine if any one higher than the rank of inspector was also involved. A report would be submitted to the Committee within one month.

The Committed directed the PAO to submit a report on this Para within one month.

On 10th March, 2011 Audit stated that the Committee had directed the PAO to submit a report regarding the action taken in the matter so far and the report was till awaited.

The PAO informed the Committee that the case of Mr. Akbar Khan Magsi, Principal appraiser is under consideration of the Board for disciplinary action. He further stated that there was classification dispute the dispute had been recommended for settlement in the DAC meeting held 2006. A reference of dispute has now been made for classification to custom house Karachi and the decision is still awaited.

DIRECTIVE

The PAC observed that the DAC has no powers to extend a target date given by the PAC for submission of report. The Committee asked the PAO to submit a complete report after 15th March 2011 and observed that the Para will remain pending subject to provision of full recovery report to the Implementation Committee of the PAC. The Committee also directed to submit a report on disciplinary action taken in this case to audit and the Committee.

3.11 **Para No. 5.1(b)-Page No. 74-AR 1992-93**
NON-ASSESSMENT OF CENTRAL EXCISE DUTY ON CLINKER RS. 3.431
MILLION.

Audit stated that the Superintendent Central Excise and Sales Tax Malir Circle, Karachi did not assess and realize central excise duty on 8,577 metric tons

of clinker available in stock at zero hours of 4th August, 1991 but cleared it under the garb of production capacity scheme. It deprived government of a revenue amounting to Rs. 3,430,800.

The PAO informed the Committee that the para related to National Cement Industry (Pvt) Ltd. which was the unit of State Cement Corporation of Pakistan. Now the unit was closed and was under liquidation with the liquidator of Honorable High Court of Sindh. The claim had been lodged with the liquidator and final outcome would be intimated after auction of the unit by the liquidator.

On 21st July, 2010 the Committee directed the PAO to expedite the action of regularization

On 4th February, 2011 Audit pointed that the PAC has directed to proceed for the action of write off.

The Committee observed that PAC never recommends writing off of any amount. The Committee always directs to make recoveries and take action as admissible under the rules. The Committee directed the PAO to submit a report of the action taken on this Para within one month.

On 10th March, 2011 Audit stated that partial recovery of paras # 5.1 (b), 5.2, 6.1(a) (i), 6.1(c) (i), 6.3 (b), 6.6(a) has been made.

The Committee directed the PAO to submit updated position of recovery of the paras # 5.1 (b), 5.2, 6.1(a) (i), 6.1(c) (i), 6.3 (b), 6.6(a) to the Monitoring and Implementation Committee of the PAC.

3.12 **Para No. 6.1 (c)-Page No. 40-AR 1992-93**
NON-REALIZATION OF SALES TAX RS. 2.855 MILLION

Audit stated that ingots and billets were liable to fixed concessionary rate of sales tax of Rs. 375 per metric ton w.e.f 10th July, 1989. This concession was available to those manufactures who opted in writing not to

claim refund or adjustment of the fixed tax paid against output tax payable on any subsequent product in which ingots and billets were used as raw materials. A manufacturer of Badami Bagh Circle, Lahore who had opted for this procedure, received ingots and billets under bond from a sister concern accepting to pay the liability of the fixed sales tax on behalf of that concern. However, did not pay the tax of Rs. 2,854,742 during the period June, 1989 to October, 1990.

Audit further stated that the case was still pending in adjudication since 7th August, 2009.

On 21st July, 2010 the Committee directed the PAO to give a report on the adjudication and explain as to who is responsible for the delay in the finalization and non-compliance of DAC's recommendations in one month.

On 4th February, 2011 Audit pointed out that the committee had directed the PAO to give a report on the adjudication and fix responsibility for the delay in finalization of the report, which has not been done so far.

The PAO stated that a committee had been constituted to fix responsibility and M/s Malik Abid, Mumtaz ur Rehman and Raja Afzal Raqeeb who are all Superintendents were found negligent. He further stated that a fresh inquiry would be conducted in order to establish if any officers were also involved and a report would be submitted to the Committee.

The Committee directed the PAO to submit an updated report of recovery to the Monitoring and Implementation Committee of the PAC within one month.

3.13 **Para No. 6.3 (b)-Page No. 89-AR 1992-93**
NON-ASSESSMENT OF SALES TAX ON SOFT COTTON WASTE RS. 2.241
MILLION

Audit stated that certain textile mills falling within the jurisdiction of the Superintendent, CE&ST DG Khan did not pay sales tax of Rs. 2,241,216 during the year 1990-91.

The PAO informed the Committee that an amount of Rs. 359,705 had been recovered and verified by audit and efforts were being made to recover the remaining amount of Rs. 1,707,529.

On 21st July, 2010 the Committee directed Member, Customs that the amount should be recovered from M/s Appolo Textile Mills. A report has to be submitted to the Committee in one month.

On 4th February, 2011 Audit pointed out that again a superintendent has been held responsible for negligence.

DIRECTIVE

The Committee directed that action should not be confined to the lower echelons of the hierarchy and the role and responsibility of supervisory officer must be looked into. The Committee directed to expedite the recovery and submit a report to the Monitoring and Implementation Committee within one month.

3.14 **Para No. 6.6 (a)-Page No. 95-AR 1992-93**
NON-ASSESSMENT OF SALES TAX AND ADDITIONAL SALES TAX RS.
1.718 MILLION

Audit stated that certain registered persons falling in the jurisdiction of the Superintendent, Central Excise and Sales Tax, Nowshera, failed to pay sales tax of Rs. 743,595 on their taxable goods during June and July, 1992. The default attracted levy of additional sales tax of Rs. 974,108 plus surcharge raising the recoverable to Rs. 1,717,703.

The omission was pointed out by Audit in September, 1992. The local office replied that demand notices would be issued in due course of time. When no progress was received, the matter was brought to the notice of the CBR in March, 1993.

Audit further stated that in pre-DACs meeting held in July, 1993, the department reported the issuance of demand notices adding that the units were closed since long and no further development of the case was received. The irregularity occurred when the unit was in operation but the concerned Departmental Authorities did not take notice of the non-payment of sales tax by the unit. Therefore, responsibility for in action needs to be fixed.

Member, Customs informed the Committee that the Department would give a comprehensive report in which responsibility would be fixed and action would be taken against them. A report shall be submitted to the Committee as well as to Audit before 31-07-2010.

On 21st July, 2010 the Committee directed Member, Customs to give reply on the action taken regarding recovery as well as responsibility of delay within one month.

The PAO conceded that this core Secretarial work should have been done earlier.

DIRECTIVE

The Committee directed the PAO to respond to the Para indicating concrete action taken and directed to assign the responsibility of review of all such cases to a Member of the FBR. The Committee expressed displeasure over the delay in submission of the report and directed to put up a concrete report to the Monitoring and Implementation Committee of the PAC within one month.

- i. **PARA NO. 2.2 -PAGE NO. 11-AR 1992-93**
Need to review CBR's ruling leading to un-warranted exemption from Central Excise Duty – Rs.72.097 million
- ii. **PARA NO. 2.4-PAGE NO. 17 – 25-AR 1992-93**
Improper control over warehoused goods leading to loss of revenue Rs 20.551 million
- iii. **PARA NO. 2.5-PAGE NO. 25 – 27-AR 1992-93**
CBR's inconsistent instructions
- iv. **PARA NO. 3.4-PAGE NO. 37-AR 1992-93-MR-PAGE 57**
Payment of export rebate of crores of rupees through bogus claim
- v. **PARA NO. 3.7-PAGE NO. 39-AR 1992-93-MR-PAGE 60**
Non realization of sales tax on wire rope Rs.15.166 million.
- vi. **PARA NO. 4.1-PAGE NO. 43-AR 1992-93**
NON ASSESSMENT OF REGULATORY DUTY (FLOOD RELIEF SURCHARGE) RS. 10.796 MILLION
- vii. **PARA NO. 4.2-PAGE NO. 43-AR 1992-93**
NON REALIZATION OF SURCHARGE AND IQRA SURCHARGE RS. 3.936 MILLION
- viii. **PARA NO. 4.3-PAGE NO. 44-AR 1992-93**
NON REALIZATION OF DEFERRED AMOUNT OF GOVERNMENT DUES RS. 3.255 million
- ix. **PARA NO. 4.4 (a)-PAGE NO. 45-AR 1992-93**
UNDER ASSESSMENT OF CUSTOMS DUES DUE TO NON-INCLUSION OF LOADING CHARGES IN IMPORT VALUE 2,968 million
- x. **PARA NO. 4.4 (b)-PAGE NO. 46-AR 1992-93**
UNDER ASSESSMENT OF CUSTOMS DUES DUE TO NON-INCLUSION OF LOADING CHARGES IN IMPORT VALUE 0.071 MILLION
- xi. **PARA NO. 4.5 (b)-PAGE NO. 47-AR 1992-93**
UNDER ASSESSMENT OF CUSTOMS DUES TO MISCLASSIFICATION OF IMPORTED GOODS/VEHICLES- Rs. 0.335 MILLION
- xii. **PARA NO. 4.5 (c)-PAGE NO. 48-AR 1992-93-MR-PAGE- 74**
Under assessment of customs dues due to misclassification of imported goods /vehicles – Rs 0.221 million
- xiii. **PARA NO. 4.6 (a)-PAGE NO. 48-AR 1992-93-MR-PAGE- 75**
Unlawful exemption from iqra surcharge -Rs. 1.183 million
- xiv. **PARA NO. 4.6 (b)-PAGE NO. 49-AR 1992-93-MR-PAGE- 77**
Unlawful exemption from iqra surcharge Rs.1.139 million
- xv. **PARA NO. 4.7 (b)-PAGE NO. 50-AR 1992-93**
SHORT ASSESSMENT OF CUSTOMS DUES DUE TO NON APPLICATION OF IMPORT TRADE PRICE RS. 0.763 MILLION

- xvi. **PARA NO. 4.7 (c)-PAGE NO. 51-AR 1992-93**
SHORT ASSESSMENT OF CUSTOMS DUES DUE TO NON APPLICATION OF IMPORT TRADE PRICE RS. 0.342 MILLION
- xvii. **PARA NO. 4.7 (d)-PAGE NO. 52-AR 1992-93**
SHORT ASSESSMENT OF CUSTOMS DUES DUE TO NON APPLICATION OF IMPORT TRADE PRICE RS. 0.188 MILLION-
- xviii. **PARA NO. 4.7 (e)-PAGE NO. 52-AR 1992-93**
SHORT ASSESSMENT OF GOVERNMENT DUES DUE TO NON APPLICATION OF IMPORT TRADE PRICE RS. 0.820 LILLION
- xix. **PARA NO. 4.8 (b)-PAGE NO. 53-AR 1992-93**
UNDER ASSESSMENT OF CUSTOMS DUES DUE TO NON APPLICATION OF VALUES VERIFIED BY COTECNA RS. 0.117 MILLION
- xx. **PARA NO. 4.9 (a)-PAGE NO. 54-AR 1992-93**
NON ASSESSMENT OF REGULATORY DUTY RS. 0.418 MILLION
- xxi. **PARA NO. 4.9 (b)-PAGE NO. 55-AR 1992-93**
NON ASSESSMENT OF REGULATORY DUTY RS. 0.410 MILLION
- xxii. **PARA NO. 4.9 (c)-PAGE NO. 55-AR 1992-93**
NON ASSESSMENT OF REGULATORY DUTY RS. 0.270 MILLION
- xxiii. **PARA NO. 4.10 (a)-PAGE NO. 56-AR 1992-93**
UNDER ASSESSMENT OF CUSTOMS DUES DUE TO APPLICATION OF INCORRECT IMPORT TRADE PRICES RS. 0.431 MILLION
- xxiv. **PARA NO. 4.10 (b)-PAGE NO. 56-AR 1992-93**
Under assessment of customs dues due to application of incorrect import Trade Prices Rs. 0.166 million
- xxv. **PARA NO. 4.10 (c)-PAGE NO. 57-AR 1992-93**
UNDER ASSESSMENT OF CUSTOMS DUES DUE TO APPLICATION OF INCORRECT IMPORT TRADE PRICES RS. 0.098 MILLION
- xxvi. **PARA NO. 4.11-PAGE NO. 57-AR 1992-93**
NON ASSESSMENT OF WAREHOUSING SURCHARGE RS. 0.653 MILLION
- xxvii. **PARA NO. 4.12 (a)-PAGE NO. 58-AR 1992-93**
Non assessment of Sales Tax Rs. 0.358 million
- xxviii. **PARA NO. 4.12 (b)-PAGE NO. 58- 59-AR 1992-93**
Non assessment of Sales Tax Rs. 0.113 million
- xxix. **PARA NO. 4.12 (c)-PAGE NO. 59-AR 1992-93**
Non assessment of Sales Tax Rs. 0.102 million
- xxx. **PARA NO. 4.12 (d)-PAGE NO. 60-AR 1992-93**
Non assessment of Sales Tax Rs. 0.061 million

- xxxvi. **PARA NO. 4.13 (a)-PAGE NO. 60-AR 1992-93**
SHORT-ASSESSMENT OF CUSTOMS DUES DUE TO UNDER VALUATION OF IMPORTED GOODS Rs. 0.213 MILLION
- xxxvii. **PARA NO. 4.13 (b)-PAGE NO. 61-AR 1992-93**
SHORT-ASSESSMENT OF CUSTOMS DUES DUE TO UNDER VALUATION OF IMPORTED GOODS Rs. 0.177 MILLION
- xxxviii. **PARA NO. 4.13 (c)-PAGE NO. 62-AR 1992-93**
Short assessment of customs dues due to under valuation of imported goods -Rs. 0.084 million
- xxxix. **PARA NO. 4.13 (d)-PAGE NO. 62-AR 1992-93**
SHORT-ASSESSMENT OF CUSTOMS DUES DUE TO UNDER VALUATION OF IMPORTED GOODS Rs. 0.077 MILLION
- xl. **PARA NO. 4.13 (e)-PAGE NO. 63-AR 1992-93**
SHORT-ASSESSMENT OF CUSTOMS DUES DUE TO UNDER VALUATION OF IMPORTED GOODS Rs. 0.054 MILLION
- xli. **PARA NO. 4.14 (a)-PAGE NO. 63-AR 1992-93**
NON-ASSESSMENT OF ADVANCE SURCHARGE – Rs. 0.353 MILLION
- xlii. **PARA NO. 4.14 (b)-PAGE NO. 64-AR 1992-93**
NON-ASSESSMENT OF ADVANCE SURCHARGE – Rs. 0.107 MILLION
- xliiii. **PARA NO. 4.15 (a)-PAGE NO. 64-AR 1992-93**
Underassessment of government dues due to application of incorrect rate of customs duty Rs. 0.206 million
- xliiiii. **PARA NO. 4.15 (b)-PAGE NO. 65-AR 1992-93**
UNDER-ASSESSMENT OF GOVERNMENT DUES DUE TO APPLICATION OF INCORRECT RATE OF CUSTOMS DUTY RS. 0.206 MILLION
- xl. **PARA NO. 4.16 (a)-PAGE NO. 66-AR 1992-93**
Non assessment of fixed sales tax on Motor cars Rs. 0.191 million
- xli. **PARA NO. 4.16 (b)-PAGE NO. 66-AR 1992-93-MR-PAGE106**
Non assessment of fixed sales tax on Motor cars Rs. 0.171 million
- xlii. **PARA NO. 4.17 (a)-PAGE NO. 67-AR 1992-93**
SHORT-ASSESEMENT OF CUSTOMS DUES DUE TO ASSEMENT ON THE BASES OF DECIARED VALUE INSTEAD OF ITPs Rs. 0.147 MILLION
- xliiii. **PARA NO. 4.17 (b)-PAGE NO. 67-AR 1992-93-MR-PAGE108**
Short assessment of customs dues due to assessment on the basis of declared value instead of ITPs Rs. 0.141 million
- xliiv. **PARA NO. 4.17 (c)-PAGE NO. 66-AR 1992-93**
SHORT-ASSESEMENT OF CUSTOMS DUES DUE TO ASSEMENT ON THE BASES OF DECIARED VALUE INSTEAD OF ITPs Rs. 0.077 MILLION

- xliv. **PARA NO. 4.18-PAGE NO. 68-AR 1992-93**
SHORT-ACCOUNTAL OF IMPORTED GOODS – Rs. 0.263 MILLION
- xlvi. **PARA NO. 4.19-PAGE NO. 69-AR 1992-93-MR-PAGE111**
Non assessment of customs dues on re-importation of goods- Rs.0.148 million
- xlvii. **PARA NO. 4.20-PAGE NO. 70-AR 1992-93-MR-PAGE112**
Under assessment of customs dues in respect of confiscated goods Rs. 0.127 million
- xlviii. **PARA NO. 4.21-PAGE NO. 70 - 71 -AR 1992-93-MR-PAGE113**
Under assessment of government dues Rs. 0.83 million
- xliv. **PARA NO. 4.22-PAGE NO. 71-AR 1992-93-MR-PAGE114**
Short assessment due to mis-declaration of capacity of imported electric appliances Rs. 0.074 million
 - i. **PARA NO. 5.1 (a)-PAGE NO. 73-AR 1992-93-MR-PAGE116**
Non assessment of central excise duty on Clinker Rs. 50.630 million
 - ii. **PARA NO. 5.2-PAGE NO. 74 –75-AR 1992-93-MR-PAGE-118**
Short assessment due to application of incorrect rate of central excise duty Rs. 0.697 million
 - iii. **PARA NO. 5.3-PAGE NO. 75-AR 1992-93**
Under-assessment of central excise duty and sales tax due to short-accountal of production – Rs. 0.664 million
 - iiii. **PARA NO. 5.4. (a)-PAGE NO. 76 – 77-AR 1992-93-MR-PAGE - 120**
Short assessment CED on complimentary rooms Rs. 0.172 million
 - liv. **PARA NO. 5.4. (b)-PAGE NO. 77-AR 1992-93-MR-PAGE - 120**
Short assessment CED on complimentary rooms Rs. 0.82 million
 - lv. **PARA NO. 5.5-PAGE NO. 78-AR 1992-93-MR-PAGE - 121**
Short assessment of CED on telephone services Rs. 0.156 million
 - lvi. **PARA NO. 6.1 (a) (i)-PAGE NO. 79-AR 1992-93-MR-PAGE - 123**
Non realization of sales tax of Rs. 7.925 million
 - lvii. **PARA NO. 6.1 (a) (b)-PAGE NO. 80-AR 1992-93-MR-**
NON REALIZATION OF SALES TAX-Rs. 1.122 MILLION
 - lviii. **PARA NO. 6.1 (b)-PAGE NO. 80 – 81-AR 1992-93-MR-PAGE - 125**
Non realization of sales tax on Rs. 8.530 million
 - lix. **PARA NO. 6.1(c) (ii)-PAGE NO. 81-AR 1992-93-MR-**
NON REALIZATION OF SALES TAX RS. 0.903 MILLION
 - lx. **PARA NO. 6.1(d) (i)-PAGE NO. 82-AR 1992-93-MR-**
Non realization of sales tax on hydrogen gas Rs. 2.465 million
 - lxi. **PARA NO. 6.1(d) (ii)-PAGE NO. 82-AR 1992-93-MR-**
Non realization of sales tax on hydrogen gas Rs. 0.852 million
 - lxii. **PARA NO. 6.1(e) (i)-PAGE NO. 40-AR 1992-93-MR-**
Non realization of sales tax Rs. 1.592 million
 - lxiii. **PARA NO. 6.1(e) (ii)-PAGE NO. 84-AR 1992-93-MR-**
Short assessment of sales tax due to under valuation of juices Rs. 1.253 million

- lxiv. **PARA NO. 6.1(f)-PAGE NO. 84-AR 1992-93-MR-**
Non realization of sales on woollen yarn Rs. 0.358 million
- lxv. **PARA NO. 6.1(g)-PAGE NO. 85-AR 1992-93-MR-**
Non realization of sales tax on supply of co² Rs. 0.211 million
- lxvi. **PARA NO. 6.2 (a) (i)-PAGE NO. 85-AR 1992-93-MR-**
Short assessment of sales tax due to under valuation -Rs. 3.443 million
- lxvii. **PARA NO. 6.2 (a) (ii)-PAGE NO. 86-AR 1992-93-MR-**
Short assessment of sales tax due to under valuation Rs. 0.142 million
- lxviii. **PARA NO. 6.2 (b)-PAGE NO. 87-AR 1992-93-MR-**
Short assessment of sales tax due to under valuation Rs. 0.607 million
- lxix. **PARA NO. 6.2 (c)-PAGE NO. 88-AR 1992-93-MR-**
Short assessment of sales tax due to under valuation Rs. 0.062 million
- lxx. **PARA NO. 6.3 (a)-PAGE NO. 88-AR 1992-93-MR-**
Non assessment of sales tax on soft cotton waste Rs. 6.028 million
- lxxi. **PARA NO. 6.3 (c)-PAGE NO. 89-AR 1992-93-MR-**
Non assessment of sales tax on soft cotton waste Rs. 0.760 million
- lxxii. **PARA NO. 6.3 (d)-PAGE NO. 89-AR 1992-93-MR-**
Non assessment of sales tax on soft cotton waste Rs. 0.567 million
- lxxiii. **PARA NO. 6.4 (a)-PAGE NO. 90-AR 1992-93-MR- PAGE - 143**
Short assessment of sales tax due to non inclusion of freight and handling charges in value Rs.5.480 million
- lxxiv. **PARA NO. 6.4 (b)-PAGE NO. 90-AR 1992-93-MR-**
Short assessment of sales tax due to non inclusion of freight and handling charges in value Rs. 0.272 million
- lxxv. **PARA NO. 6.4 (c)-PAGE NO. 91-AR 1992-93-MR-**
Short assessment of sales tax due to non inclusion of freight and handling charges in value Rs. 0.212 million
- lxxvi. **PARA NO. 6.5 (a) (i)-PAGE NO. 92-AR 1992-93-MR-**
In-admissible adjustment of input tax Rs. 2.499 million
- lxxvii. **PARA NO. 6.5 (a) (ii)-PAGE NO. 92-AR 1992-93-MR-**
In-admissible adjustment of input tax Rs. 1.203 million
- lxxviii. **PARA NO. 6.5 (a) (iii)-PAGE NO. 93-AR 1992-93-MR-**
In-admissible adjustment of input tax Rs. 0.209 million
- lxxix. **PARA NO. 6.5 (a) (iv)-PAGE NO. 93-AR 1992-93-MR-**
In admissible adjustment of input tax Rs. 0.115 million
- lxxx. **PARA NO. 6.5 (b)-PAGE NO. 94-AR 1992-93-MR-**
In admissible adjustment of input tax Rs. 0.329 million
- lxxxi. **PARA NO. 6.5 (c)-PAGE NO. 94-AR 1992-93-MR-**
In admissible adjustment of input tax Rs. 0.256 million
- lxxxii. **PARA NO. 6.6 (b)-PAGE NO. 96-AR 1992-93-MR-**
Non assessment of sales tax and additional sales tax Rs. 1.483 million
- lxxxiii. **PARA NO. 6.6 (c)-PAGE NO. 96-AR 1992-93-MR-**
Short Realization Of Sales Tax Rs 0.865 Million
- lxxxiv. **PARA NO. 6.7 (a)-PAGE NO. 97-AR 1992-93-MR-**
Short Realization Of Additional Sales Tax Rs 0.566 Million

- lxxxv. **PARA NO. 6.7 (b)-PAGE NO. 97-AR 1992-98-MR-**
Short realization of additional sales tax Rs. 0.542 million
- lxxxvi. **PARA NO. 6.7 (c)-PAGE NO. 98-AR 1992-93-MR-**
Short realization of additional sales tax Rs 0.530 million
- lxxxvii. **PARA NO. 6.7 (d)-PAGE NO. 99-AR 1992-93-MR-**
Non realization of additional tax Rs. 0.367 million
- lxxxviii. **PARA NO. 6.8 (a)-PAGE NO. 99 – 100-AR 1992-93-MR-**
Short assessment of fixed sales tax Rs. 1.381 million
- lxxxix. **PARA NO. 6.8 (b)-PAGE NO. 100-AR 1992-93-MR-**
Non realization of sales tax, additional tax and surcharge to rs 0.174 million
- xc. **PARA NO. 6.9-PAGE NO. 99 - 100 -AR 1992-93-MR-**
Short assessment of sales tax and additional sales tax Rs. 0.955 million
- xc. **PARA NO. 6.10-PAGE NO.101-AR 1992-93-MR-**
Non realization of sales tax on hard waste Rs. 0.520 million
- xcii. **PARA NO. 6.11-PAGE NO.102-AR 1992-93-MR-**
Un law ful removal of taxable goods without payment of sales tax rs. 0.514 million
- xciii. **PARA NO. 6.12-PAGE NO.103-AR 1992-93-MR-**
Non assessment of sales tax on waste and scrap of copper, aluminum and iron steel rs. 0.274 million
- xciv. **PARA NO. 6.13-PAGE NO.103-AR 1992-93-MR-**
Non assessment of sales tax on acrylic waste and mm yarn waste rs. 0.196 million
- xcv. **PARA NO. 6.14-PAGE NO.104-AR 1992-93-MR-**
Un lawful refund/adjustment of sales tax of rs. 0.177 million
- xcvi. **PARA NO. 7.1-PAGE NO.105-AR 1992-93-MR-**
Non assessment of development surcharge Rs. 5.604 million
- xcvii. **PARA NO. 7.2-PAGE NO.105-AR 1992-93-MR-**
Under-assessment of development surcharge on High Speed Diesel Oil -Rs. 3.081 million
- xcviii. **PARA NO. 7.3-PAGE NO.106-AR 1992-93-MR-**
Under-assessment of development surcharge on Motor Spirit Rs. 1.478 million
- xcix. **PARA NO. 7.4-PAGE NO.107-AR 1992-93-MR-**
Under-assessment due to application of incorrect rate of Development surcharge Rs. 1.241 million

AUDIT REPORT (CIVIL VOL. I) FOR THE YEAR 1992-93

- c. **PARA NO. 13-PAGE NO. 100-AR 1992-93 CIVIL**
Excess payment of pay on reduction of scale Rs.0.047 million
- ci. **PARA NO. 14-PAGE NO. 101-AR 1992-93 CIVIL**
Irregular and uneconomical expenditure on printing of forms Rs.0.067 million

- cii. **PARA NO. 16-PAGE NO. 101-AR 1992-93 CIVIL**
Doubtful purchase of stores/stock Rs. 0.202 million
- ciii. **PARA NO. 17-PAGE NO. 102-AR 1992-93 CIVIL**
Irregular uneconomical expenditure amounting to Rs. 2.022 million on account of purchase of store items without calling open tender
- civ. **PARA NO. 18-PAGE NO. 102-AR 1992-93 CIVIL**
Non recovery of rent Rs. 0.026 million
- cv. **PARA NO. 19-PAGE NO. 102-AR 1992-93 CIVIL**
Expenditure without floating tenders amounting to Rs.0.465 million
- cvi. **PARA NO. 20-PAGE NO. 103-AR 1992-93 CIVIL**
Unnecessary expenditure on account of pay of driver
- cvii. **PARA NO. 21-PAGE NO. 103-AR 1992-93 CIVIL**
Irregular purchase of two jeeps Rs. 0.400 million
- cviii. **PARA NO. 22-PAGE NO. 103-AR 1992-93 CIVIL**
Irregular and Uneconomical purchase of sport articles worth Rs.0.036 million and Non-Production of record of expenditure for Rs.0.018 million
- cix. **PARA NO. 23-PAGE NO. 104-AR 1992-93 CIVIL**
Non-recovery of T.A advance amounting to Rs. 0.165 million
- cx. **PARA NO. 24-PAGE NO. 104-AR 1992-93 CIVIL**
Irregular and Unauthorized expenditure on TA amounting to Rs.0.083 million
- cxi. **PARA NO. 25-PAGE NO. 105-AR 1992-93 CIVIL**
Loss of Rs.0.633 million on account of misuse of vehicles
- cxii. **PARA NO. 26-PAGE NO. 105-AR 1992-93 CIVIL**
Non-production of record for verification amounting to Rs.0.054 million
- cxiii. **PARA NO. 27-PAGE NO. 105-AR 1992-93 CIVIL**
Suspected misappropriation of Rs. 0.358 million

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned one-hundred and thirteen (113) Audit Paras.

- 3.15 **PARA NO. 5.2-PAGE NO. 74 –75-AR 1992-93-MR-PAGE-118**
Short assessment due to application of incorrect rate of central excise duty Rs. 0.697 million

On 21st July, 2010 the Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

On 4th February, 2011 Audit pointed out that M/s Network Television Marketing (Pvt) Limited, Karachi paid central excise duty at a rate of 5% and 10% of the charges during the period 7th June 1990 to 13th May, 1992 and 14th May, 1992 to 30th March, 1993, respectively. The application of incorrect rate of duty caused short assessment of central excise duty fo Rs 697300 in cases falling in test audit of the accounts of the Superintendent Central Excise and Sales Tax Mehmoodabad Karachi.

The PAO stated that the Directors are well known people and an effort can be made to initiate the process of recovery from them.

DIRECTIVE

The Committee directed the PAO to submit a report to the Monitoring and Implementation Committee of the PAC for further action, within one month.

3.16 **PARA NO. 6.1 (a) (i)-PAGE NO. 79-AR 1992-93-MR-PAGE - 123**
Non realization of sales tax of Rs. 7.925 million

On 21st July, 2010 the Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

On 4th February, 2011 Audit pointed out that the exemption from sales tax on Metal containers (PCT heading 73.10) used for packing of vegetable ghee was available up to 30th June 1988. this exemption was not extended beyond that date. Notwithstanding this change, the Superintendent, Central Excise and Sales Tax Quetta did not recover sales tax of Rs 7,924,953 from a unit during the period July 1988 to June 1992. the department was requested to recover the amount of tax along with additional tax and surcharge levy able under the law.

The PAO stated that verification had taken place in 1993 and documentary evidence for certification would be required after which the process of recovery can be started.

DIRECTIVE

The Committed directed the PAO to get it verified from the audit and recommended the para for settlement subject to verification by Audit.

3.17 **PARA NO. 6.1 (c) (i)-PAGE NO. 40-AR 1992-93-MR**
Non realization of sales tax of Rs. 2.855 million

|On 21st July, 2010 the Committee directed the PAO to give a report on the adjudication and explain as to who is responsible for the delay in the finalization and non-compliance of DAC's decision in one month.

On 10th March, 2011 Audit stated that partial recovery of para # 6.1(c) has been made.

DIRECTIVE

The Committee directed the PAO to submit updated position of recovery of the para to the Monitoring and Implementation Committee of the PAC.

4. **AUDIT REPORT DIRECT TAXES ON THE ACCOUNTS OF**
FEDERAL BOARD OF REVENUE (REVENUE DIVISION)
FOR THE AUDIT YEAR 1992-93.

4.1 **PARA NO. 4.7-PAGE NO. 32-AR- 1992-93**
Excessive grant of depreciation allowance to the tune of
Rs. 157,643,184/-

Audit stated that the depreciation allowance was admissible at the prescribed rates as deduction from gross income of the assessee deriving income from business. However, Audit had detected various cases in which tax liability

was short determined amounting to Rs.157,643,184 due to grant of excessive depreciation allowance, and non-fulfillment of requirements of the above Rule.

Audit pointed out that the major case was against Ayub Garments i.e Rs.18.00 million which the Department did not produce the record and no reply on Rs. 38,092,815. Sitara Chemical had involved in which they had given depreciation allowance of Rs. 37.00 million wrongly.

Member, Customs informed the Committee that a sum of Rs. 2,571,906 had been recovered, Rs. 151,634 had been written off and Rs. 95,686,586 had been deleted in appeal or departmental stance accepted on the basis of additional stance. Efforts were being made to finalize relating to the balance amount and effect recovery as soon as possible.

On 21st July, 2010 the Committee settled the Para to the extent of the amount verified as recovered / written off etc. and directed Member, Customs to submit a comprehensive report within one month indicating progress made in recovery of balance amount and fixing responsibility for time-barred cases.

On 10th March, 2011 Audit stated a shortfall of Rs. 2,143,592,599 in revenue receipt has been pointed out during 1992-93 out of which an amount of Rs. 1,924,438,278 has been settled and there is a balance of Rs. 219,154,321 out which no reply has been given for Rs. 62,103,702 and no record for verification for Rs. 92,441,041 has been provided. The PAO may like to explain.

The PAO informed the Committee that after introduction of reforms in the department there has been massive shifting of record from regional tax offices and some record had been misplaced in Karachi and Lahore offices which is being traced, however, no record has been lost. He further stated that as soon as the record is available action would be simultaneously taken.

DIRECTIVE

The Committee observed that Rs. 92 million was a huge amount which has yet to be verified. The Committee expressed its dissatisfaction and displeasure over the negligence of the department that no reply had been provided to Audit regarding another big amount of Rs. 62 million. The Committee directed the PAO to expedite process of tracing out record and asked to put up a report to the Monitoring and Implementation Committee of the PAC for further action.

4.2 **PARA NO. 5.16-PAGE NO. 49-AR-1992-93**
LOSS OF RS. 527,678 DUE TO DELETION OF INCOME TAX DEMAND
AGAINST BOGUS CHALLANS.

Audit stated that during test check it was observed that income tax demand of Rs. 527,678 pertaining to various assesseees of Zone-B, Lahore was paid through bogus challans. An income tax practitioner and officials of Income Tax Department and District Accounts Office were involved in this fraud.

In the preliminary reply it had been stated that criminal case had been registered against the culprits, but outcome of police as well as Departmental Investigation was not reported to audit. Action was also not taken against the officials who did not carry out monthly reconciliation with the District Accounts Office, which paved the way for the fraud. There was every likelihood that more loss of revenue would be discovered if the required reconciliation was made.

Member Customs, informed the Committee that licence of the ITP who had given bogus challan had been cancelled, the UDC had been terminated and amount in question had been recovered.

On 21st July, 2010 the Committee directed Member, Customs to submit a comprehensive report to the Committee within one month, clearly indicating the action taken, after verification by Audit.

On 10th March, 2011 Audit stated that partial recovery of the para has been made.

DIRECTIVE

The Committee directed the PAO to submit updated position of recovery of the para to the Monitoring and Implementation Committee of the PAC for further action.

4.3 **PARA NO. 5.29-PAGE NO. 80-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 79,349,163 DUE TO
INCORRECT DEDUCTION OF EXCHANGE LOSS FROM TOTAL INCOME.

Audit stated that during the assessment year 1989-90 net exchange loss of Rs 180,339,007 was deducted from the total income of an assessee in Circle-04, Coys. Zone-I, Karachi, which had not been claimed by him. This had resulted in loss of Rs.79,349,163.

Member Customs requested that the Committee may be allowed one month's time to give a comprehensive report regarding the case in the light of the DAC direction to reexamine the issue on the basis of the facts and appellate orders on record.

On 21st July, 2010 accepting the request of Member Customs, the Committee directed that detailed report regarding the case should be submitted within one month after complying with the DAC's direction.

On 10th March, 2011 Audit stated that partial recovery of para has been made.

DIRECTIVE

The Committee directed the PAO to submit updated position of recovery of the para to the Monitoring and Implementation Committee of the PAC for further necessary action.

4.4 **PARA NO. 5.30-PAGE NO. 81-AR-1992-93**
LOSS OF RS.3,364,402 DUE TO INCORRECT APPEAL EFFECT

Audit stated that the tax liability of a Tobacco Company had been incorrectly revised downwards as a result of failure to give proper effect to the appellate decision. This resulted in loss of Rs.3,364,402.

Member, Customs requested the Committee that the may be allowed some time to trace the record and effect recovery.

On 21st July, 2010 the Committee directed Member, Customs to ensure that the relevant record is traced and recovery made within one month, under intimation to Audit and the Committee.

On 10th March, 2011 Audit stated that partial recovery of para has been made.

DIRECTIVE

The Committee directed the PAO to submit updated position of recovery of the para to the Monitoring and Implementation Committee of the PAC.

4.5 **PARA NO. 7.5-PAGE NO.108-AR-1992-93**
LOSS OF RS.22,932,904 DUE TO SHORT/NON RECOVERY OF CVT.

Audit stated that the Income Tax Department was made responsible for the monitoring of collection and administration of Capital Value Tax (CVT), which was levy able on purchase, gift, exchange etc. of immoveable properties and motor vehicles.

Audit had detected certain cases where the Capital Value Tax was not recovered by the Registration Authorities. This had caused loss of Rs.22,932,904.

Member, Customs informed the Committee that an most of the amount of Rs. 978,150 had been recovered and Rs. 1,188,445 deleted in appeal or on the basis of additional evidence provided. Efforts were being made to finalize cases in respect of the balance amount as soon as possible.

On 21st July, 2010 the Committee directed Member, Customs to submit a comprehensive report within one month indicating the latest position of action taken and recoveries made.

On 10th March, 2011 Audit stated that partial recovery of para has been made.

DIRECTIVE

The Committee directed the PAO to submit updated position of recovery of the para to the Monitoring and Implementation Committee of the PAC for further action.

4.6 **PARA NO. 8.2-PAGE NO.112-AR-1992-93** **LOSS OF RS.10,007,737 DUE TO SHORT/NON RECOVERY OF WORKERS WELFARE FUND.**

Audit stated that every industrial establishment whose total annual income was not less than one lac rupees, was required to pay Workers' Welfare Fund @ 2 per cent of its total income.

During the course of selected cases by Audit, it was noticed that the Workers' Welfare Fund was not paid by certain assesseees resulting in revenue loss of Rs.10,007,737.

Member, Customs informed the Committee that a sum of Rs. 2,313,141 had been recovered, Rs. 387,425 written off and departmental stance accepted or demand deleted in appeal in respect of an amount of Rs. 5,581,511.

On 21st July, 2010 the Committee directed Member, Customs to finalize cases relating to balance amount expeditiously and submit a comprehensive report within one month indicating up to-date position of recoveries and fixing responsibility in time-barred cases.

On 10th March, 2011 Audit stated that partial recovery of para has been made.

DIRECTIVE

The Committee directed the PAO to submit updated position of recovery of the para to the Monitoring and Implementation Committee of the PAC.

4.7 **PARA NO. 8.4-PAGE NO.115-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS.1,010,368 DUE TO DOUBLE CREDIT OF WORKERS WELFARE FUND.

Audit stated that it was noticed during the course of audit that in certain cases deduction of Workers Welfare Fund from profit was claimed twice and allowed by the concerned assessing officers, resulting in loss of revenue of Rs.1,010,368.

Member, Customs stated that a sum of Rs. 339,038 had been recovered and requested for some time to submit detailed report regarding balance amount.

On 21st July, 2010 the Committee directed Member, Customs to have the amount recovered verified by Audit and submit a report to the Committee within one month regarding upto-date action taken and recoveries made.

On 10th March, 2011 Audit stated that partial recovery of para has been made.

DIRECTIVE

The Committee directed the PAO to submit updated position of recovery of the para to the Monitoring and Implementation Committee of the PAC.

- i. **PARA NO. 4.7-PAGE NO. 32-AR- 1992-93**
Excessive grant of depreciation allowance to the tune of Rs. 157,643,184/-
- ii. **PARA NO. 5.16-PAGE NO. 49-AR-1992-93**
LOSS OF RS. 527,678 DUE TO DELETION OF INCOME TAX DEMAND AGAINST BOGUS CHALLANS.
- iii. **PARA NO. 5.29-PAGE NO. 80-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 79,349,163 DUE TO INCORRECT DEDUCTION OF EXCHANGE LOSS FROM TOTAL INCOME.
- iv. **PARA NO. 5.30-PAGE NO. 81-AR-1992-93**
LOSS OF RS.3,364,402 DUE TO INCORRECT APPEAL EFFECT.
- v. **PARA NO. 7.5-PAGE NO.108-AR-1992-93**
LOSS OF RS.22,932,904 DUE TO SHORT/NON RECOVERY OF CVT.
- vi. **PARA NO. 8.2-PAGE NO.112-AR-1992-93**
LOSS OF RS.10,007,737 DUE TO SHORT/NON RECOVERY OF WORKERS WELFARE FUND.
- vii. **PARA NO. 8.3-PAGE NO.114-AR-1992-93**
LOSS OF REVENUE OF RS.226,072 DUE TO NON RECOVERY OF ADDITIONAL PAYMENT @ 8% ON DELAYED DEPOSIT OF WORKER'S WELFARE FUND.
- viii. **PARA NO. 8.4-PAGE NO.115-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS.1,010,368 DUE TO DOUBLE CREDIT OF WORKERS WELFARE FUND.

On 4th February, 2011 the Committee directed that the all the paras relating to the recovery should be clubbed, subjudice cases should be pursued vigorously and disciplinary action should be initiated whenever malafide intentions or negligence are established. An updated report has to be submitted to the Committee as soon maximum recovery is made.

On 10th March, 2011 Audit stated that partial recovery of the above paras has been made.

DIRECTIVE

The Committee directed the PAO to submit updated position of recovery of these paras to the Monitoring and Implementation Committee of the PAC for further action.

- i. **PARA NO.3.3-PAGE NO. 17-AR-1992-93**
ADDITIONAL TAX FOR DEFAULT OF PAYMENT OF WITHHOLDING TAX - RS.192,265
- ii. **PARA NO.3.4-PAGE NO. 18-AR-1992-93**
ADDITIONAL TAX FOR DEFAULT OF PAYMENT OF ADVANCE TAX - RS.161,181,581
- iii. **PARA NO.3.5-PAGE NO. 21-AR-1992-93**
ADDITIONAL TAX FOR DEFAULT OF PAYMENT OF TAX WITH RETURN - RS.7,194,441
- iv. **PARA NO.3.6-PAGE NO. 24-AR-1992-93**
ADDITIONAL TAX FOR DEFAULT OF PAYMENT OF TAX ON DEMAND - RS. 40,935,971
- v. **PARA NO.4.2-PAGE NO. 27-AR-1992-93**
LOSS OF RS.15,286,073 DUE TO GRANT OF EXCESSIVE EXPORT REBATE.
- vi. **PARA NO.4.3-PAGE NO. 28-AR-1992-93**
EXCESSIVE GRANT OF ALLOWANCE ON DONATIONS RESULTING IN LOSS OF REVENUE AMOUNTING TO RS. 2,157,102.
- vii. **PARA NO.4.4-PAGE NO. 30-AR-1992-93**
LOSS OF RS.111,158 DUE TO EXCESSIVE INVESTMENT REBATE.
- viii. **PARA NO.4.5-PAGE NO. 31-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS.1,179,000 DUE TO UNLAWFUL GRANT OF TAX CREDIT ON INVESTMENT IN SHARE CAPITAL OF INDUSTRIAL COMPANIES.
- ix. **PARA NO.4.6-PAGE NO. 31-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS.2,325,521 TO IRREGULAR TAX CREDIT FOR REPLACEMENT, BALANCING AND MODERNIZATION OF MACHINERY OR PLANT.

- x. **PARA NO.5.1-PAGE NO. 35-AR-1992-93**
LOSS OF RS.107,278,875 DUE TO IMPROPER TAXATION OF INCOME FROM GENERAL INSURANCE BUSINESS.
- xi. **PARA NO.5.2-PAGE NO. 35-AR-1992-93**
LOSS OF RS. 2,240,890 DUE TO IRREGULAR ALLOWANCE OF ZAKAT
- xii. **PARA NO.5.3-PAGE NO. 36-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 712,444 DUE TO GRANT OF DOUBLE REFUND
- xiii. **PARA NO.5.4-PAGE NO. 36-AR-1992-93**
LOSS OF RS.70,630 DUE TO SUPPRESSION OF RECEIPTS
- xiv. **PARA NO.5.5-PAGE NO. 36-AR-1992-93**
NON-LEVY OF SURCHARGE TO THE EXTENT OF RS. 25,433,881
- xv. **PARA NO.5.6-PAGE NO. 38-AR-1992-93**
LOSS OF RS. 650,506,982 DUE TO WRONG ADJUSTMENT OF BROUGHT FORWARD LOSSES
- xvi. **PARA NO.5.7-PAGE NO. 40-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 588,535 DUE TO NON-TAXATION OF INCOME AT PRESCRIBED RATES
- xvii. **PARA NO.5.8-PAGE NO. 41-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS.207,252 DUE TO IRREGULAR AGREED ASSESSMENT
- xviii. **PARA NO.5.9-PAGE NO. 42-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 151,735 DUE TO EXCESSIVE COMPENSATION
- xix. **PARA NO.5.10-PAGE NO. 42-AR-1992-93**
WRONG CREDIT OF TAX PAID ALONG WITH RETURN – RS. 189,107
- xx. **PARA NO.5.11-PAGE NO. 43-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 108,159 DUE TO EXCESSIVE CREDIT OF WITHHOLDING TAX
- xxi. **PARA NO.5.12-PAGE NO. 44-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 1,159,555 DUE TO IRREGULAR / EXCESS REFUND
- xxii. **PARA NO.5.13-PAGE NO. 46-AR-1992-93**
LOSS OF RS. 112,000 DUE TO IRREGULAR CREDIT OF ADVANCE TAX
- xxiii. **PARA NO.5.14-PAGE NO. 47-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 116,215 DUE TO DOUBLE ENTRY OF COLLECTION IN THE DEMAND AND COLLECTION REGISTER
- xxiv. **PARA NO.5.15-PAGE NO. 47-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 6,331,195 DUE TO NON-IMPOSITION OF PENALTY FOR CONCEALMENT

- xxv. **PARA NO.5.17-PAGE NO. 49-AR-1992-93**
LOSS OF RS. 18,095,225 DUE TO NON CARRYING OVER OF
OUTSTANDING DEMANDS TO ARREAR DEMAND AND
COLLECTION REGISTER
- xxvi. **PARA NO.5.18-PAGE NO. 50-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 21,345,413 DUE TO
INCORRECT ADJUSTMENT OF B/F LOSSES AGAINST
INTEREST AND RENTAL INCOME
- xxvii. **PARA NO.5.19-PAGE NO. 51-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS.7,386,239 DUE TO
NON ADDITION OF INADMISSIBLE EXPENSES
- xxviii. **PARA NO.5.20-PAGE NO. 56-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 149,935 DUE TO
NON-TAXATION OF REALIZATION FROM
CONTRACTS/SUPPLIES AS SEPARATE BLOCK OF INCOME
- xxix. **PARA NO.5.21-PAGE NO. 57-AR-1992-93**
LOSS OF REVENUE OF RS. 1,838,363 DUE TO NON-LEVY OF
MINIMUM TAX
- xxx. **PARA NO.5.22-PAGE NO. 60-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 2,226,061 DUE TO
WRONG COMPUTATION OF TAX
- xxxi. **PARA NO.5.23-PAGE NO. 62-AR-1992-93**
LOSS OF REVENUE OF RS. 632,802 DUE TO
MISCALCULATION AND MISTAKES IN COMPUTATION OF
TAXABLE INCOME AND TAX LIABILITY
- xxxii. **PARA NO.5.24-PAGE NO. 67-AR-1992-93**
LOSS OF REVENUE OF RS. 5,255,873 DUE TO
NEGLIGENCE/WRONG ACTION OF THE DEPARTMENT
- xxxiii. **PARA NO.5.25-PAGE NO. 71-AR-1992-93**
LOSS OF REVENUES AMOUNTING TO RS. 27,940 DUE TO
INCORRECT STATUS ADOPTED IN THE ASSESSMENTS
- xxxiv. **PARA NO.5.26-PAGE NO. 71-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 1,966,976 DUE TO
INCORRECT COMPUTATION OF INCOME
- xxxv. **PARA NO.5.27-PAGE NO. 79-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 4,819,048 DUE TO
SUPPRESSION OF IMPORTS
- xxxvi. **PARA NO.5.28-PAGE NO. 80-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 17,346 DUE TO
INCORRECT RECTIFICATION OF MISTAKE
- xxxvii. **PARA NO.5.31-PAGE NO. 81-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 2,905,267 DUE TO
NON-TAXATION OF OTHER INCOME

- xxxviii. **PARA NO.5.32-PAGE NO. 82-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 36,850 DUE TO APPLICATION OF LOWER GROSS PROFIT RATE
- xxxix. **PARA NO.5.33-PAGE NO. 82-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 165,450 DUE TO CONCEALMENT IN SALE AND PURCHASE ACCOUNT
- xl. **PARA NO.5.34-PAGE NO. 83-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 693,200 DUE TO NON ADDITION OF INADMISSIBLE EXPENSES
- xli. **PARA NO.5.35-PAGE NO. 83-AR-1992-93**
LOSS OF RS. 321,783 DUE TO INCOME ESCAPING ASSESSMENT
- xlii. **PARA NO.5.36-PAGE NO. 84-AR-1992-93**
LOSS OF RS.17,922,182 DUE TO INCORRECT DETERMINATION OF DIVISIBLE INCOME OF THE PARTNER
- xliii. **PARA NO.5.37-PAGE NO. 84-AR-1992-93**
LOSS OF RS. 8,653,780 DUE TO INCORRECT ADDITION IN TRADING ACCOUNT
- xliv. **PARA NO.5.38-PAGE NO. 86-AR-1992-93**
LOSS OF RS. 691,396 DUE TO INCORRECT ASSESSMENT ON AGREEMENT BASIS IN CONCEALMENT CASE
- xlv. **PARA NO.5.39-PAGE NO. 87-AR-1992-93**
LOSS OF REVENUE AMOUNTING TO RS. 15,444 DUE TO NON ADDITION OF LOSS ON SALE OF FIXED ASSETS
- xlvi. **PARA NO.6.1-PAGE NO. 89-AR-1992-93**
MIS-REPORTING OF FIGURES THROUGH MONTHLY PERFORMANCE REPORTS
- xlvii. **PARA NO.6.2-PAGE NO. 91-AR-1992-93**
EXCESS REPORTING OF COLLECTION FIGURES TO THE EXTENT OF RS.747,951,000 BY COMMISSIONER OF INCOME TAX, HYDERABAD ZONE, HYDERABAD
- xlviii. **PARA NO.6.3-PAGE NO. 93-AR-1992-93**
LACK OF RESPONSE
- xliv. **PARA NO.6.4-PAGE NO. 93-AR-1992-93**
IRREGULAR ACHIEVEMENT OF BUDGETARY TARGETS BY OBTAINING EXCESSIVE DEPOSITS
- l. **PARA NO.6.5-PAGE NO. 95-AR-1992-93**
NON MAINTENANCE OF RECORD
- li. **PARA NO.6.6-PAGE NO. 96-AR-1992-93**
IMPROPER MAINTENANCE OF RECORDS
- lii. **PARA NO.6.7-PAGE NO. 101-AR-1992-93**
NON PRODUCTION OF RECORD TO AUDIT
- liii. **PARA NO.6.8-PAGE NO. 102-AR-1992-93**
ABNORMAL DELAY IN RETRIEVAL OF LOSS

- liv. PARA NO.6.9-PAGE NO. 103-AR-1992-93
COMMON IRREGULARITIES
- lv. PARA NO.7.7-PAGE NO. 110-AR-1992-93
EVASION OF TAX FOR RS. 145,850 AS A RESULT OF FAKE
NTN CERTIFICATES
- lvi. PARA NO.7.8-PAGE NO. 110-AR-1992-93
DEFECTIVE MAINTENANCE OF RECORD RELATING TO
CAPITAL VALUE TAX

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned fifty-six (56) Audit Paras.

FINANCE DIVISION

1. OVERVIEW

Appropriation Accounts / Audit Reports / Audit Report Public Sector Enterprises for the year 1992-93 pertaining to the Finance Division were taken up for examination by Special Committee-II of the PAC in the meetings held on July 29th, 2010 & March 2nd, 2011 in Committee Room No.2, Parliament House Islamabad.

- 1.1** Sixteen (16) grants and twelve (12) Paras were reported by AGPR / Audit. Seventy one (71) Paras of Audit Report on Public Sector Enterprises were presented by Audit
- 1.2** On presentation of the grants, the Committee recommended regularization with the observation that the figures in some grants clearly reflected bad planning and mismanagement of the grant, which was not expected from the Finance Division.
- 1.3** While discussing Grant No.154-Development Expenditure of Finance Division, the Committee recommended regularization of the grant with the observation that better coordination between Finance Division, EAD and the donor agencies was required to ensure proper and accurate estimation and improved monitoring systems in respect of foreign aid.
- 1.4** While discussing Para No.05-AR, the Committee directed the PAO to provide the requisite documents to Audit as per decision of the DAC and to submit report including details relating to appointment of the consultant within one month and recommended the Para for settlement subject to provision of relevant documents to Audit. The remaining eleven (11) Paras were recommended for settlement as per decision of the DAC.

- 1.5 While discussing Para on ADBP, the Committee observed that compliance has to be reported to the Committee in any case and directed the PAO to submit a written compliance to Audit. The Para was recommended for settlement subject to satisfaction of Audit. The remaining sixty-six (66) Paras were recommended for settlement as per decision of the DAC.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.39-FINANCE DIVISION

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Excess / Saving	(+) 64,586,581	(-) 7,703,630	105,478,211

AGPR stated that after taking into account two supplementary grants totaling Rs. 33,188,00 and adjusting excess expenditure of Rs. 65,662,211 inadvertently booked under this grant, the grant closed with a saving of Rs.7,703,630 which works out to 5.07 percent of the total grant.

The PAO stated that the saving was mainly due to vacant posts (Rs.4,210,431) and economy measures (Rs.3,346,451).

DIRECTIVE

The Committee recommended regularization of the grant with the observation that the saving of Rs. 7,703,630 should have been surrendered in time.

ii. GRANT NO.40-PAKISTAN MAINT (OTHER THAN CHARGED)

Saving Rs.4,093 /-

AGPR pointed out that overall saving was 4,093/- which was about 0.088% of the total grant.

DIRECTIVE

The Committee recommended regularization of the grant.

iii. GRANT NO.41-SUPERANNUATION ALLOWANCES AND PENSION

(CHARGED)

Saving Rs. 103,174,363/-

AGPR pointed out that in “Charged” section after accounting for supplementary appropriation of Rs. 41,380,000, the appropriation closed with a saving of Rs.103,174,363 (46.15 of the total appropriation).

iv. (OTHER THAN CHARGED)

Saving Rs. 14,319,985/-

AGPR stated that in "Other than Charged" section after accounting for supplementary grant of Rs. 454,039,000 the grant closed with a saving of Rs. 14,319,985 (0.62% of the total grant).

AGPR stated that the saving under “Charged Section” was mainly due to booking of expenditure relating to “Charged Section” in “Other Than Charged” section or vice versa. This was a regular problem in AGPR and the Treasury office, because branches of NBP were not affixing proper stamps on the paid vouchers of Pension. Finally instructions were issued by AGPR to all sub-offices located in Karachi; Peshawar, Quetta, Gilgit as well as NBP to affix stamps of “Charged” and “Other than charged” on the Pension Payment Orders (PPOs) as well as paid vouchers. Moreover, the appropriation / grant is not susceptible to accurate estimation due to its fluctuating nature”.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that the savings should have been surrendered by the prescribed date.

v. **GRANT NO.42-NATIONAL SAVINGS
(OTHER THAN CHARGED)**
Excess Rs.985,916 /-

AGPR pointed out that overall saving was 985,916/- which was about 1.55% of the total grant.

The PAO stated that the department had requested for a supplementary grant which was not sanctioned.

DIRECTIVE

The Committee observed that where pay and allowance are involved it is possible to anticipate and ask for full amount of supplementary grant in order to avoid excess and recommended the grant for regularization.

vi. **GRANT NO.43-OTHER EXPENDITURE OF FINANCE DIVISION**

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
	3,491,581,03		
Saving (+) 9		(-) 292,358,961	3,995,590,000

AGPR stated that after accounting for two supplementary grants totaling of Rs. 211,967,000 and expenditure of 3,661,290,000 pertaining to grant No. 46 incorrectly booked under this grant, the grant closed with a saving of Rs. 1,145,458,271(59.67% of the total grant). An amount of Rs.853,099,310 was surrendered, leaving net saving of Rs.292,358,901.

The PAO informed the Committee that the savings included Rs. 132,399,612 relating to interest differential on home transactions operated directly by SBP, Rs.100,000,000 for implementation of Shariah as per Government policy which could not be utilized, and Rs.37,591,005 provided to Board of Investment Islamabad, for payment to M/S Saatchi Saatchi Advertising Singapore on account of print media which could not be utilized due to non-receipt of claim from the firm.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that the Division should have surrendered the entire savings in time.

vii. **GRANT NO.44-GRANTS-IN-AID AND MISCELLANEOUS ADJUSTMENTS BETWEEN THE FEDERAL & PROVINCIAL GOVERNMENTS**

(CHARGED)

Excess / Saving zero-

AGPR pointed out that in “Charged” section the entire appropriation was utilized in full.

(OTHER THAN CHARGED)

Excess Rs. 433/-

AGPR stated that in "Other than Charged" section after accounting for supplementary grant of Rs. 1,230,000,000, the grant closed with a saving of Rs.1,028,499,567, which works to 41.47 percent of the total grant. 1,028,499,567 which works out to 41.47 percent of the total grant. An amount of Rs.1,028,500,000 was surrendered resulting into a nominal excess of Rs.433.

DIRECTIVE

The Committee recommended regularization of the grant.

viii. **GRANT NO.45- GRANTS AND SUBSIDIES TO NON-FINANCIAL INSTITUTIONS**

Saving / Excess: Zero.

A.G.P.R. pointed out that after accounting for supplementary grant of Rs. 502,429,000, the grant closed with saving of Rs. 94,795,000 (3.91%), which was surrendered in time.

DIRECTIVE

The Committee recommended regularization of the grant.

ix. GRANT NO.46-SUBSIDIES AND MISCELLANEOUS EXPENDITURE

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(-) 1,722,225,451	(+) 631,112,400	3,197,837,851

AGPR stated that after taking into account supplementary grant of Rs. 844,500,000 and adjusting less booked expenditure of Rs. 2,249,628,851, the grant closed with a saving of Rs. 5,560,627,600 (60.79% of the total grant). An amount of Rs. 6,191,740,000 was surrendered (including sum of Rs. 103,709,000 omitted earlier), converting the saving into excess of Rs.631,112,400.

The PAO stated that the surrendered amount included a sum of Rs. 5,500,000,000 from the privatization fund in respect of which modalities and rules of procedure could not be finalized.

The PAO explained that savings had occurred on account of loans to small farmers directly paid by SBP, urban town planning, subsidy to new industry in NWFP and for financing tourism projects and contingencies. Excess expenditure was incurred on subsidy to industrial units at Gadoon Amazai”.

DIRECTIVE

The Committee recommended regularization of the grant, with the observation that the figures clearly reflected bad planning and mismanagement of the grant, which was not expected from the Finance Division.

x. GRANT NO.141-FEDERAL MISCELLANEOUS INVESTMENTS **Saving Rs.72,499/-**

AGPR pointed out that after accounting for supplementary grant of Rs. 2,170,200,000, the grant closed with a saving of Rs. 65,532,499 (2.86% of the

total grant). An amount of Rs. 65,460,000 (2.85 %) was surrendered leaving minor saving of Rs. 72,499.

The PAO informed that the saving was meant for grant to nationalized Banks but this was not demanded till close of financial year and was surrendered in time.

DIRECTIVE

The Committee recommended regularization of the grant.

xi. **GRANT NO.142-OTHER LOANS AND ADVANCES BY THE FEDERAL GOVERNMENT.**

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Excess / Saving	(+) 551,171,060	(-) 26,334,940	1,272,943,000

AGPR stated that after taking into account supplementary grant of Rs.695,437,000 and over booking of Rs. 577,506,000 (which pertained to 1991-92), the grant closed with a saving of Rs.528,363,161 (12.54% of the total grant). An amount of Rs.502,028,721 was surrendered, leaving net saving of Rs.26,334,940.

The PAO stated that the saving of Rs.26.335 million was on account of loans and advances i.e. HBA, motor car advance, motor cycle / cycle advance.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that the entire savings should have been surrendered in time.

xii. **GRANT NO.154-DEVELOPMENT EXPENDITURE OF FINANCE DIVISION.**

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Excess	(+) 1,256,318,580	(+) 1,252,892,580	244,283,000

AGPR stated that after accounting for supplementary grant totaling of Rs. 240,857,000 and adjusting over booked expenditure of Rs. 3,426,000, the grant closed with a saving of Rs.1,211,256,420 (25.91% of the total grant). An amount of Rs.2,464,149,000 was surrendered resulting in an excess of Rs.1,252,892,580.

The PAO stated that excess was due to more than expected receipt of foreign aid.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that better coordination between Finance Division, EAD and the donor agencies was required to ensure proper and accurate estimation and improved monitoring systems in respect of foreign aid.

xiii. **GRANT NO.188-CAPITAL OUTLAY ON FEDERAL INVESTMENTS**

AGPR stated that after accounting for supplementary grant of Rs. 26,560,000, the grant was fully utilized.

DIRECTIVE

The Committee recommended regularization of the grant.

xiv. **GRANT NO.189- DEVELOPMENT LOANS AND ADVANCES BY THE FEDERAL GOVERNMENT**

Saving / Excess: Zero.

A.G.P.R. pointed out that in the “Charged” section saving of Rs. 800,000,000 had accrued, which had been surrendered in full and in time. In

the “Other than Changed” section, after accounting for supplementary grant of Rs. 6,403,117,000 and adjusting excess booking of Rs. 2,204,454, the grant closed with saving of Rs. 2,311,939,000 which had surrendered in full and in time.

DIRECTIVE

The Committee recommended regularization grant.

xv. SERVICING OF DOMESTIC DEBT

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(-) 2,785,498,810	(-) 508,113,810	7,562,748,000

AGPR stated that after taking into account the supplementary grant of Rs.5,285,363,000 and adjusting under booked expenditure of Rs. 2,277,3 85,000 relating to the Ministry of Railways, the grant closed with a saving of Rs.508,113,810 which works out to 0.81 percent of the total grant.

The PAO explained that the saving was mainly on account of unfunded debt i.e. National Savings Schemes. The exact estimation of interest payment is not possible as government securities can be purchased and en-cashed any time by investors and past trends may not be followed during the course of the whole year.

DIRECTIVE

The Committee recommended regularization of the grant.

xvi. RE-PAYMENT OF DOMESTIC DEBT

Excess Rs.2,646,769,633/-

AGPR stated that the appropriation closed with a saving of Rs.49,716,805,367 which works out to 7.28 percent of the total appropriation. An amount of Rs.52,363,575,000 (7.67%) was surrendered resulting into an excess of Rs.2,646,769,633 (0.38%)

The PAO informed the Committee that the excess was due to repayment against permanent debt (Prize Bond) and floating debt (Market Treasury Bills).

DIRECTIVE

The Committee recommended regularization of the grant.

xvii. **AUDIT**
Excess Rs.46,760,767/-

AGPR pointed out that the appropriation closed with an excess of Rs. 46,760,767 (10.29% of the total appropriation).

The PAO stated that excess was due to sanction of Compensatory Allowances to the employees by the Government.

DIRECTIVE

The Committee recommended regularization of the grant.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF FINANCE FOR THE AUDIT YEAR 1992-93.

3.1 **PARA-5 (PAGE-97) AR 1992-93**
IRREGULAR / WASTEFUL PAYMENT OF Rs 431,000/- TO A CONSULTANT FIRM

Audit stated that Finance Division paid Rs. 4,31,000 to a consultant in February, 1990 for privatization of Sui Northern Gas Company Ltd. without approval of Cabinet Division. The privatization idea was dropped by the Cabinet Division on 15-1-1990 and on the same day part payment was also made. Thus the consultant firm was extended undue favor at the cost of public exchequer.

The PAO informed the Committee that Ministry of Petroleum & Natural Resources with the approval of Privatization Commission initiated the privatization of Sui Southern Gas Co. and not Sui Northern as stated by Audit.

Finance Division had not undertaken privatization without due approval of the competent authority.

The PAO further informed that an agreement was signed on 20-12-1989 between M/s Sidat Hyder Aslam & Co and the Finance Division, deemed to be effective from 26th Nov, 1989. According to the agreed terms, part payment of Rs.4,31,000 was to be made as provided in Article 2(A) of the agreement. Even if the idea of privatization was dropped on 15-01-1990, the firm had already started its job as per agreement and thus payment was required to be made to the firm.

The DAC had directed that copies of the approval / decision of the Cabinet should be provided to Audit, which was awaited.

DIRECTIVE

The Committee directed the PAO to provide the requisite documents to Audit as per decision of the DAC and to submit report including details relating to appointment of the consultant within one month and recommended the para for settlement subject to provision of relevant documents to Audit.

- i. **PARA-1 (PAGE-96) AR 1992-93**
NON-REALIZATION OF Rs 293,000/- ON ACCOUNTS OF FINES IMPOSED DURING YEAR 1989-1990.
- ii. **PARA-2 (PAGE-96) AR 1992-93**
IRREGULAR/UNAUTHORIZED EXPENDITURE OF Rs 354,816/- ON ACCOUNTS OF RENT OF OFFICE BUILDING
- iii. **PARA-3 (PAGE-96) AR 1992-93**
SHORTAGE OF PROFESSIONAL CASH BALANCE Rs 122,125/- DUE TO USE THEREOF FOR DEPARTMENTAL EXPENDITURE.
- iv. **PARA-4 (PAGE-97) AR 1992-93**
IRREGULAR EXPENDITURE OF Rs 975,000/- ON PURCHASE OF UNINTERRUPTED POWER SUPPLY (UPS) SYSTEM UNDUUE FAVOR TO SUPPLIER
- v. **PARA-6 (PAGE-98) AR 1992-93**
IRREGULAR PAYMENT OF RS 857,030/- TO M/S TASEER HADI KHALID AND CO. , KARACHI AS BROKER COMMISSION.
- vi. **PARA-7 (PAGE-98) AR 1992-93**
WHEREABOUTS OF 6 VEHICLES NOT ON RECORD

- vii. PARA-8 (PAGE-98) AR 1992-93
NON ADJUSTMENT OF CONTINGENT ADVANCE OF Rs 110,250/-
REFUND THEREOF
- viii. PARA-9 (PAGE-99) AR 1992-93
UNNECESSARY PURCHASE OF 62 MANUAL ENGLISH
TYPEWRITERS COSTING Rs 593,800/-.
- ix. PARA-10 (PAGE-99) AR 1992-93
DOUBTFUL DEPOSITS OF SALE PROCEEDS OF PIAC SHARES OF
Rs 274,352/- MILLION INTO GOVERNMENT TREASURY
- x. PARA-11 (PAGE-99) AR 1992-93
UN-AUTHORIZED RETENTION OF EXCESS CASH
- xi. PARA-12 (PAGE-100) AR 1992-93
IRREGULAR PAYMENT OF Rs 4.72 MILLION TO M/s ASIATIC
ADVERTISING COMPANY ON ACCOUNT OF ADVERTISEMENT
CHARGES

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned eleven (11) Audit Paras.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE **ACCOUNTS OF MINISTRY OF FINANCE DIVISION FOR** **THE AUDIT YEAR 1992-93.**

ZARAI TARAQIATI BANK LIMITED

- i. Para-07-Page-14-ARPSE-1992-93
- ii. Para-14-Page-16-ARPSE-1992-93

FEDERAL BANK FOR COOPERATIVES

- iii. Para No 30-Page No 29-ARPSE 1992-93
- iv. Para No 32-Page No 30-ARPSE 1992-93

AGRICULTURAL MARKETING & STORAGE (PVT) LIMITED (AMSL)

- v. Para No 36-Page No 31-ARPSE 1992-93
- vi. Para No 39-Page No 33-ARPSE 1992-93
- vii. Para No 40-Page No 33-ARPSE 1992-93
- viii. Para No 43-Page No 33-ARPSE 1992-93
- ix. Para No 68-Page No 48-ARPSE 1992-93
- x. Para No 77-Page No 52-ARPSE 1992-93
Fraudulent drawl of loan amounting to Rs. 300,000

SUMMARY OF PARAS

- i. **Para No 05-ARPSE 1992-93**
Small Business Finance Corporation failed to submit its audited accounts for the years ending December 31, 1991 and 1992 by the prescribed date of January 15, 1994.
- ii. **Para No 06-ARPSE 1992-93**
In the year 1992-93 the ZTBL (ADBP) earned profit of Rs.189 million. Disbursement increase by 23.54% but recovery decreased by 4.44% as compared to previous year
- iii. **Para No 09-ARPSE 1992-93**
Deposits and other accounts decreased from Rs.1,818.700 million in 1991-92 to Rs.1,064.417 million in 1992-93. This needs improvement.
- iv. **Para No 10-ARPSE 1992-93**
The amount recoverable from Federal Government Stood at Rs.477.157 million in 1992-93 as against Rs.82.310 million in 1991-92. Efforts are being made to recover the amount.
- v. **Para No 11-ARPSE 1992-93**
Suspense accounts stood at Rs.26.757 Million on 30.06.1993 as against Rs.10.102 million on 30.06.1992. Clearance of suspense account is stressed.
- vi. **Para No 12-ARPSE 1992-93**
The expenditure on T.A, telephone and law charges increased during the year 1992-93 as compared to the year 1991-92.
- vii. **Para No 13-ARPSE 1992-93**
The bank was exempted from the payment of income tax under ADBP Ordinance 1978 but now the bank is functioning on commercial basis as such profit earned need to be subjected to the taxes buried by CBP.
- viii. **Para No 15-ARPSE 1992-93**
Borrowings of the bank stood at Rs.42.310 billion on 30.06.1993 whereas loans and advances were Rs.40.147 billion which were less than borrowings.
- ix. **Para No 20-ARPSE 1992-93**
Irregular disbursement of loan amounting to Rs.3.7 Million resulting into mis-utilization of loan by defaulter loanee and non-recovery thereafter.
- x. **Para No 22-ARPSE 1992-93**
Non-realization of Rs.883,316 from defaulter loanees.
- xi. **Para No 23-ARPSE 1992-93**
Loss of revenue of Rs.1,69,840 caused to Government as a consequence of non-registering of 220 harvesters by ADBP purchased by loanees from March 1987 to May 1990.
- xii. **Para No 31-ARPSE 1992-93**
Funds to the extent of Rs.230.962 million were held on 30.06.1993 under reserve fund but no specific investment was being made.
- xiii. **Para No 33-ARPSE 1992-93**
Cash in hand and banks stood at Rs.17.514 Million on 30.06.1993 as against Rs.13.564 million on 30.06.1992.

- xiv. **Para No 34-ARPSE 1992-93**
The general reserve fund was Rs.230.962 million against paid up capital of Rs.200 million on 30.06.1993. The excess in reserve needs to be written back.
- xv. **Para No 35-ARPSE 1992-93**
The bank made minus adjustments of Rs.899,929 in profit and loss account which needs explanation.
- xvi. **Para No 37-ARPSE 1992-93**
An amount of Rs.112.114 Million was being shown as recoverable from Government on 30.06.1993 without confirmation of the Government.
- xvii. **Para No 38-ARPSE 1992-93**
Provision for loss on potatoes sent on consignment to the extent of Rs. 13.964 million has been made in the accounts. While the basis of the provision need to be provided, the matter is also required to be investigated for fixing responsibility for such a huge loss.
- xviii. **Para No 41-ARPSE 1992-93**
Funds kept in current and profit and loss sharing accounts stood at Rs.3.911 million. Keeping of surplus fund in current account needs explanation.
- xix. **Para No 42-ARPSE 1992-93**
Closing stock of commodities stood at Rs.6.313 million on 30.06.1993, which need early disposal.
- xx. **Para No 66-ARPSE 1992-93**
The Corporation earned a profit of Rs.31.863 million in 1992-93 against profit of Rs.21.935 million in 1991-92.
- xxi. **Para No 67-ARPSE 1992-93**
Provision for contingencies increased from Rs.55.500 million as on June 30, 1992 to Rs.84.500 million as on June 30, 1993. The reasons of increase be stated.
- xxii. **Para No 69-ARPSE 1992-93**
Cash and bank balances stood at Rs.60.862 million on 30.06.1993 in current account. Keeping of funds in current account needs explanation.
- xxiii. **Para No 70-ARPSE 1992-93**
Current assets stood at Rs.124.174 million on 30.06.1993 against current liabilities of Rs.322.621 million. Current ratio is not satisfactory.
- xxiv. **Para No 71-ARPSE 1992-93**
As matter of accountancy principle a liability if not cleared within these years should be written back.
- xxv. **Para No 72-ARPSE 1992-93**
The Corporation disbursed loans of Rs.262.68 million in 1992-93, which was slow and needs acceleration. The recovery is on the lower side.
- xxvi. **Para No 74-ARPSE 1992-93**
Advances and prepayments stood at Rs.3.364 million on 31.12.1990. The year wise break is required and efforts be made to recover the amount.
- xxvii. **Para No 75-ARPSE 1992-93**
Funds kept in the current account stood at Rs.14.989 million on 30.06.1990 which needs to be controlled.

- xxviii. **Para No 76-ARPSE 1992-93**
Expected loss of Rs.560,825 due to non-recovery of loan from the defaulter borrower.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned thirty-eight (38) Audit Paras.

AGRICULTURE DEVELOPMENT BANK OF PAKISTAN

4.1 **PARA No. 08-PAGE No. 15-ARPSE. 1992-93**

Audit pointed out that the loans and advances amounted to Rs 40.147 billion as on June 30, 1993 against Rs 37.436 billion at the close of the previous year registering an increase by 7.24%. The old outstanding amount was not analyzed by the Management in detail with reference to age and the factual position regarding recoverability / ir-recoverability of these loans also needs to be examined.

The Committee directed the CE, ADBP to ensure that the bank's loan management systems functions efficiently and to attach top priority to recovery of outstanding dues.

When the para came up again on 2nd March, 2011, Audit reported that the department had to submit a report as desired by the Committee, which is still awaited.

The PAO informed the Committee he was not prepared for submission of a compliance report on this para.

DIRECTIVE

The Committee observed that compliance has to be reported to the Committee in any case and directed the PAO to submit a written compliance to audit. The para was recommended for settlement subject to satisfaction of audit.

4.2 **PARA No. 16-PAGE No. 17-ARPSE. 1992-93**
IRREGULAR SANCTION/DISBURSEMENT OF LOAN BY EXTENDING AN
UNDUE FAVOUR TO THE LOANEE RS.56.516 MILLION

Audit pointed out that the Management of Agricultural Development Bank of Pakistan sanctioned a project loan of Rs. 56.516 million in favour of M/s Uni Milk Ltd. Okara, for setting up of U.H.T. Milk Processing Plant at Okara during the period between April 1984 and March 1987. The loan was required to be recovered in 16 equal half-yearly installments commencing from July 1988. The plant came into operation in December 1987 and was finally closed in September 1988 by the loanee. The loanee did not repay the due installments and the Management allowed further rescheduling according to which the first installment became due in December 1990.

Audit further pointed out that the party not only failed to invest the project equity but loan of Rs. 6 million for local machinery was totally mis utilized by him.

The Chief Executive, ZTBL stated that the bank had filed recovery suit on 17.03.1998, which was decreed in favour of the bank on 17.04.2002 for an amount of Rs.273.944 million. Meanwhile essential parts of many machinery items were stolen in November 2001. Bank filed criminal complaint for theft on 1 2.07.2003 against official liquidators, and project sponsors. Execution proceedings have been adjourned sine-die pending decision of the complaint.

The CE, ZTBL further stated that winding - up petition filed by the borrowers M/s Uni Milk Ltd. on 24.07.1993 was disposed off by the Court on 11.03.2002 on the objection petition filed by NBP and ADBP/ZTBL to the effect that borrowers are avoiding repayments to bank's / other creditors.

The party then opted to avail the relief package through SBP Resolution Committee who decided the case in favor of borrower.

However, the case of write off/remission under SBP scheme was not approved due to negligible Forced Sale Value. ZTBL vide its letter dated 01.06.2005, and 18.05.2006, requested SBP that in view of the legal position it will not be legally in order for the bank to proceed with the settlement proposal before the Court's decision.

In November 2006, SBP again asked the bank to implement the decision of Resolution Committee. The case was considered by Board of Directors of the Bank on 11.12.2006 and it was explained to SBP vide letter dated 16.01.2007 that write-off/remission under SBP Circular No.29 are envisaged under the normal business conditions and no defaulter, who has indulged in criminal activities like the theft of project machinery etc can claim concessions and benefits of the scheme. It was further informed that as the case is sub-judice, the bank will proceed after adjudication of the case.

The CE, ZTBL stated that the criminal proceedings were being pursued. Execution proceeding would also be revived. The Bank was hopeful of positive results soon.

The Committee observed that undue favour had been extended to the party not only in sanction / disbursement / rescheduling but also by failure to vigorously pursue the court cases.

The Committee directed the CE, ADBP to refer the case to NAB immediately and indicate the names of Directors involved in the case, that they are put on the ECL immediately.

The cases should be followed up diligently and comprehensive report on action taken should be submitted by the PAO to the Committee after one month.

When the matter was taken up again on 2nd March, 2011, Audit reported that the department had to submit a report as desired by the Committee, which is still awaited.

The PAO informed the Committee he was not prepared for submission of a compliance report on this para.

DIRECTIVE

The Committee observed that compliance has to be reported to the Committee in any case and directed the PAO to submit a written compliance to audit. The para was recommended for settlement subject to satisfaction of audit.

4.3 **PARA No. 17-PAGE No. 18-ARPSE. 1992-93** **UNRECOVERED MACHINERY LOAN; LOSS RS.49.908 MILLION**

Audit stated that two loans totaling Rs. 25.4 million were disbursed to M/s Grain System in 1984 for establishment of a machinery pool station at Multan. Despite rescheduling of repayments the party repaid Rs. 7.2 million only and then defaulted in 1988 the project was closed due to mismanagement.

The Chief Executive, ZTBL informed the Committee that while sanctioning the loans the bank had neither committed any irregularity nor granted undue favour to the party. Loan was secured through hypothecation of machinery, mortgage of two residential Bungalows with estimated value of Rs.5.220 million at that time.

The CE, ZTBL further informed that the borrowers had settled their loan account under a settlement package approved by the Bank's Board of Directors allowing closure / settlement on payment equal to double the amount disbursed to borrowers. Total recovery of Rs.51.698 million had been affected against disbursement of Rs.25.4 million.

The CE, ZTBL stated that in all the schemes the Audit had verified the relevant record.

DIRECTIVE

The Committee approved the recommendation of the DAC for verification of detailed record related to the case by Audit. Report in this regard should be submitted to the Committee in its next meeting with DAC recommendation.

4.4 **PARA No. 18-PAGE No. 19-ARPSE. 1992-93**
IMPROPER MONITORING AND VERIFICATION OF LOAN UTILIZATION:
NON-RECOVERY OF RS.10.68 MILLION FROM AN OIL EXTRACTION
COMPANY

Audit explained that the Bank had sanctioned two loans totaling Rs. 5.54 million for an oil extraction plant at Sadiqabad. The project did not start functioning and the building remained incomplete.

Audit stated that the recovery amount had been verified and the Committee may recommend the para for settlement.

CE, ZTBL stated that the bank had taken all possible measures for recovery including filing of recovery suit. However, the borrowers had settled their liabilities under SBP circular No. 29 dated 15-10-2002 by paying Rs. 1.605 million. Total recovery after settlement amounted to Rs. 4.352 million and the account stands closed.

DIRECTIVE

Accepting the request of the Audit, the Committee recommended the para for settlement subject to verification by DAC that all prerequisites / conditions of the SBP had been duly fulfilled and there was no malafide on the part of bank officials dealing with the loan case.

4.5 **PARA No. 19-PAGE No. 20-ARPSE. 1992-93**
EXCESS REPAYMENT OF RS.8.082 MILLION TO THE SUPPLIERS /
DISTRIBUTORS OF TRACTORS

Audit pointed out that in certain branches of ADBP payments of Rs. 8.082 million were made in excess of the prices of tractors fixed by ADBP in its circular letter dated September 19, 1985 during the years 1985 & 1986. Recovery of the excess amounts was also advised by internal audit of the organization but no recovery had been made so far from the concerned suppliers/dealers.

The Chief Executive, ADBP informed the Committee that prior to de-regulation of prices the Joint Controller General, Prices and supplies (JCGP&S) used to fix / notify the prices of tractors. Since this was a time consuming exercise, the distributors requested the Bank (ADB) to allow its branches to issue the supply orders for tractors on their proposed provisional prices on the plea that this would facilitate the borrowers to take early delivery of tractors.

Since the fixed prices were lower than the provisional prices on the directives of Ministry of Industries, the bank lodged refund claim with the JCP&S for an amount of Rs.18,514,669 to be recovered from the respective distributors for the period July 1985 to September 1986 as detailed below:

M/S. AI-Ghazi Tractors Limited.	Rs.76,26,699
M/S. Millat Tractors Limited.	Rs.61,65,358
M/S. Allied Tractors Limited.	Rs.45,75,829
M/S. Fecto (Pakistan) Pvt.	Rs.1,32,299
M/S. IMT Associated Tractors Ltd.	Rs. 14,484
Total	Rs.18,514,699

The CE, ADBP stated that subsequently, M/s IMT refunded the claim of Rs.14,484, but a huge amount of Rs.18.500 million was recoverable from the other distributors. Prior to privatization of M/S AI-Ghazi Tractors Limited and Millat Tractors Limited, the Bank had requested the Ministry of Finance,

Government of Pakistan, Islamabad to provide for the above-mentioned liability in the accounts, but this was not done.

The PAO requested the Committee that the Ministry of Finance may be allowed some time to get detailed information from all the concerned companies and a report would be submitted to the Committee.

DIRECTIVE

The Committee directed the PAO to send a detailed report to the Committee within one month, after discussing the matter in the DAC failing which the report has to be considered by the Monitoring and Implementation Committee of the PAC for further action.

4.5 **PARA No. 21-PAGE No. 22-ARPSE. 1992-93**
MIS-UTILIZATION/DOUBTFUL RECOVERY LOAN AMOUNTING TO
RS.3.638 MILLION

Audit pointed out that in case the loan to Mr. S. M. Makhdum Gillani had been mis-utilized by the loanee because conditions for disbursement had not been complied with and the loan had been inadequately secured.

Audit stated that the recovery amount had been verified and the Committee may recommend the para for settlement.

The CE, ADBP stated that recovery suit had been filed against the party, but the case had since been settled and recovery effected.

DIRECTIVE

Accepting the request of the Audit, the Committee recommended the para for settlement, subject to verification by the DAC that all conditions for settlement had been duly fulfilled and there was no malafide on the part of bank officials dealing with the loan case.

4.6 **Para No 73-Page No 51-ARPSE 1992-93**

Audit stated that the Small Business Finance Corporation (SBFC) maintains two separate reserve accounts to provide for bad and doubtful accounts such provisions for doubtful advances, which is at the rate of 1% of the total outstanding loan at the close of a year. Total provision April end 1990 was Rs 15.08 million.

The PAO informed the Committee that old portfolio of both RDFC and SBFC had been outsourced to National Bank of Pakistan for recovery purposes. He stated that the Ministry would call Chairman BP in order to update the Committee on progress made in this regard.

The Committee referred the para to DAC and asked the PAO to submit a report to the Committee within one month indicating measures taken to effect recoveries of SBFC loans.

On 2nd March, 2011, Audit reported that recoveries made by SME are yet to be verified by audit.

The PAO informed the Committee that principal amount and the interest have been recovered and these were unsecured loans which did not involve assets.

DIRECTIVE

The Committee directed the PAO to conduct an analysis of percentage of recovery and submit a report to the Audit and the Committee. The Committee recommended the para for settlement subject to full recovery and verification by Audit.

5. **AUDIT REPORT PUBLIC SECTOR ENTERPRISES
VOLUME-X-B ON THE ACCOUNTS OF FINANCE DIVISION
FOR THE AUDIT YEAR 1992-93**

BANKERS EQUITY LIMITED

- i. **Para-27-(ARPSE-1992-93-Vol-X-B)-Page-26**

EQUITY PARTICIPATION FUND

- ii. **Para-29-(ARPSE-1992-93-Vol-X-B)-Page-27**

HOUSE BUILDING FINANCE CORPORATION

- iii. **Para-49-(ARPSE-1992-93-Vol-X-B)**
Non-recovery of Rs.29.54 million form the residents of Mela-mandi,
Faislabad
- iv. **Para-50-(ARPSE-1992-93-Vol-X-B)-Page-36**
Sanctioning of more than one house building loan to one person:
Expected loss of Rs. 899,492

SUMMARY OF PARAS

Bankers Equity Limited (BEL)

- v. **PARA NO. 24**
Working results of the company for the year 1992-93 as compared to
1991-92
- vi. **PARA NO. 25**
Appeal of Income Tax Department involving an amount of Rs.21.912
million.
- vii. **PARA NO. 26**
Advances, deposits, pre-payments and sundry receivable increased to
Rs.445.179 million during 1992-93 as against Rs.403.358 million in 1991-
92.

EQUITY PARTICIPATION FUND

- viii. **PARA NO. 28**
Working results of the Fund for the year 1992-93 as compared 1991-92.

HOUSE BUILDING FINANCE CORPORATION

- ix. **PARA NO. 44**
Working results of the corporation for the year 1992 as compared to 1991.

- x. **PARA NO. 45**
Advances, deposits, prepayments and other receivables amounting to Rs.279.011 million as on June 1991 as against Rs.196.824 million in 1989-90.
- xi. **PARA NO. 46**
Non-settlement of IDA loan
- xii. **PARA NO. 47**
Prior year adjustment of Rs.3.639 million during the accounting year from July 1990 to December 1991
- xiii. **PARA NO. 48**
Un-identified collection and disbursement of Rs.91.748 million

INDUSTRIAL DEVELOPMENT BANK OF PAKISTAN

- xiv. **PARA NO. 51**
Working results of the bank for the year 1992-93 as compared to 1991-92.
- xv. **PARA NO. 52**
Decreased in profit and increased in expenditure during the year 1992-93.
- xvi. **PARA NO. 53**
Recoverable amount of Rs.207.080 from the borrowers out of which an amount of Rs.92.891 million was written off during the year 1993

INVESTMENT CORPORATION OF PAKISTAN

- xvii. **PARA NO. 54**
Working results of the corporation for the year 1992-93 as compared to 1991-92
- xviii. **PARA NO. 55**
Other liabilities of the corporation increased to Rs.546.699 million in 1992-93 as against Rs.358.227 million in 1991-92
- xix. **PARA NO. 56**
Non-provision of tax, assessed by Income Tax Authority
- xx. **PARA NO. 57**
Receivable Rs.167.767 million from privatization commission.

NATIONAL DEVELOPMENT FINANCE CORPORATION

- xxi. **PARA NO. 58**
Working results of the corporation for the year 1992 as compared 1991
- xxii. **PARA NO. 59**
Cash on time/call deposits/ current accounts and on hand increased by Rs.383 million from Rs.923 million in 1991 to Rs.1306 million in 1992.

PAKISTAN SECURITY PRINTING CORPORATION (PVT) LIMITED

- xxiii. **PARA NO. 61**
Working results of the corporation for the year 1992-93 as compared to 1991-92
- xxiv. **PARA NO. 62**
Stock in trade increased from Rs.345.550 million as at 30-06-1992 to Rs.565.943 million as at 30-06-1993.
- xxv. **PARA NO. 63**
Capital work-in-progress amounted to Rs.54.303 million as at 30-06-1993 as against Rs.54.367 million as at 30-06-1992.
- xxvi. **PARA NO. 64**
Payable of Rs.1.709 million to State Bank of Pakistan on account of stolen of notes
- xxvii. **PARA NO. 65**
Provision for doubtful debts amounting to Rs.2.428 million

STATE BANK OF PAKISTAN

- xxviii. **PARA NO. 78**
Working results of SBP for the year 1992-93 as compared to 1991-92.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned twenty-eight (28) Audit Para.

MINISTRY OF FOOD, AGRICULTURE, LIVESTOCK AND DAIRY DEVELOPMENT

1. OVERVIEW

Appropriation Accounts / Audit Reports / Audit Report Public Sector Enterprises for the year 1992-93 pertaining to the Ministry of Food, Agriculture, Livestock and Dairy Development were taken up for examination by Special Committee-II of the PAC in the meetings held on June 9th, 2010, July 14th, 2010, October 7th, 2010, December 28th, 2010 & January 27th, 2011. Decisions taken are summarized below:

- 1.1** Twelve (12) grants and twenty (20) Paras were reported by AGPR / Audit. Nineteen (19) Paras of Audit Report on Public Sector Enterprises were presented by Audit.
- 1.2** On presentation of the Grant No.54, the Committee was astonished at the amount kept in order to meet expenditure on Telephone and Trunk calls and further directed the PAO that there should be some satisfactory explanation for this huge amount of Rs. 4,628,000 for telephone bills. Detailed explanation of these expenditures must be shown to Audit
- 1.3** While discussing grant No.159, the Committee observed that it was a huge amount and there seems to be lack of coordination between the two Cabinet departments.
- 1.4** The Committee endorsed recommendation of the DAC for settlement of 16 Audit Paras.
- 1.5** While discussing Para No.121 ARPSE, Pakistan Agricultural Storage And Services Corporation Ltd., the Committee directed the PAO to submit a report highlighting the latest position of recovery of the last one month and recommended the Para for settlement.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1 -1992-93

i. GRANT NO. 54- FOOD AND AGRICULTURE DIVISION

Excess Rs. 5,741,413/-

A.G.P.R. pointed out that the Grant closed with an excess of Rs. 5,467,985 (10.06% of the total Grant). An amount of Rs. 273,428 was surrendered increasing net excess to Rs. 5,741,413. A supplementary grant of Rs. 4,628,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO informed the Committee that the matter had been sorted out with the Audit. The PAO further stated that the Ministry will try to reduce this huge amount of bill on telephone calls.

DIRECTIVE

The Committee was astonished at the amount kept in order to meet expenditure on Telephone and Trunk calls and further directed the PAO that there should be some satisfactory explanation for this huge amount of Rs. 4,628,000 for telephone bills. Detailed explanation of these expenditures must be shown to Audit. The grant was recommended for regularization subject to satisfaction of the Audit.

ii. GRANT NO. 55- AGRICULTURE RESEARCH DIVISION.

Excess Rs. 14,020/-

A.G.P.R. pointed out that the Grant closed with an excess of Rs. 14,020 (0.008% of the total Grant).

The PAO informed the Committee that the figures had been reconciled with the Audit.

DIRECTIVE

The Committee settled the grant with the direction to improve the financial procedures.

iii. **GRANT NO. 57- PLANT PROTECTION MEASURES**

Excess / Saving Rs. 4,888,432/-

A.G.P.R. pointed out that the Grant closed with a saving of Rs.46,411,568 (26.45% of the total Grant). An amount of Rs. 51,300,000 was surrendered resulting into an excess of Rs. 4,888,432.

The PAO informed the Committee that the amount was required by department of Plant Protection for purchase of Pesticides for Aerial Spraying on Paddy Crop. The PAO further stated that this grant may be deferred for the next Committee meeting.

The Committee directed the PAO to provide the details to the Audit and decision on the grant was pended for the next meeting.

On 14th July, 2010 the Committee deferred the above-mention grant for DAC.

DIRECTIVE

In another meeting held on 28th July, 2010 the Committee directed the PAO to give details of deference in expenditure and get it reconciled from AGPR. The Committee recommended the grant for regularization subject to verification by AGPR.

iv. **GRANT NO.58- OTHER AGRICULTURAL SERVICES.**
Saving Rs. 73,737/-

A.G.P.R. pointed out that the Grant closed with a saving of Rs. 548,876 (1.50% of the total Grant). An amount of Rs. 475,139 was surrendered leaving net saving of Rs. 73,737.

The PAO informed the Committee that the figures had been reconciled with the Audit.

DIRECTIVE

The Committee recommended regularization of the grant with the direction that the Ministry ought to improve its financial/monitoring systems in future.

v. **GRANT NO.61- LIVESTOCK DIVISION**
Saving Rs.288,767/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 783,225 (6.80% of the total Grant). An amount of Rs. 494,458 was surrendered leaving net saving of Rs. 288,767.

The PAO requested the Committee to pend this grant till next DAC meeting.

The Committee accepted the request and directed the PAO to bring forth details in the next meeting.

On 14th July, 2010 the PAO informed the Committee that the saving was mainly due to vacant posts, non-receipt of utility bills, non- materialization of re-appropriation proposals by FA Organization.

DIRECTIVE

The Committee recommended regularization of the grant.

vi. **GRANT NO.62- FISHERIES**

Saving / Excess = Zero

A.G.P.R. pointed out that the grant closed with a saving of Rs. 952,405 (13.06% of the total Grant). The entire amount was surrendered in time.

The PAO informed the Committee that the saving was due to vacant posts.

DIRECTIVE

After hearing the PAO's explanation the Committee recommended regularization of the grant.

vii. **GRANT NO. 63- OTHER EXPENDITURE OF FOOD AND AGRICULTURE DIVISION.**

Saving Rs. 86,709/-

A.G.P.R. pointed out that the Grant closed with a saving of Rs. 86,709 (0.71% of the total grant).

The PAO explained that the saving was mainly due to non-holding of 8th Presidential Award Ceremony.

DIRECTIVE

The Committee recommended regularization of the grant with the direction to create a balanced budgeting and financial monitoring system.

viii. **GRANT NO.137- CAPITAL OUTLAY ON PURCHASE OF FERTILIZER.**

Saving Rs. 1,065,099,539/-

A.G.P.R. pointed out that the Grant closed with a saving of Rs. 1,084,447,043 which works out to 13.17 percent of the total Grant. An

amount of Rs.19,347,504 was surrendered leaving net saving of Rs. 1,065,099,539.

The PAO explained that saving was mainly due to the fact that debits of some consignments shipped during 1992-93 were received in the subsequent year i.e. 1993-94 and the consignment came on 27th June, 1993. The Ministry had already reconciled figures with the Audit and will provide all the documents to the Audit.

DIRECTIVE

The Committee directed the PAO to provide relevant documents to Audit. The grant was settled subject to satisfaction of Audit.

ix. GRANT NO. 157- DEVELOPMENT EXPENDITURE OF FOOD AND AGRICULTURE DIVISION

Excess/Saving = AGPR Figures Rs. 14,669,039, Deptt. Figures Rs. 40,866,304/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 509,384,541 which works out to 29.21 percent of the total Grant. An amount of Rs. 524,053,580 was surrendered converting the Grant to be closed with an excess of Rs. 14,669,039.

The PAO requested the Committee that this grant may be pended for the next meeting.

The Committee accepted the request and deferred the consideration of grant till next meeting.

In a meeting held on 14 July, 2010 the Committee deferred the above-mentioned grant for a DAC.

DIRECTIVE

In another meeting held on 28th December, 2010 the Committee observed that conversion of saving into excess was not desirable; however the Committee recommended the grant for regularization subject to satisfaction of AGPR.

- x. **GRANT NO. 158- DEVELOPMENT EXPENDITURE OF AGRICULTURE RESEARCH DIVISION**
Saving Rs. 212,058,928/-

A.G.P.R. pointed out that the Grant closed with a saving of Rs. 273,058,928 (41.25% of the total Grant). An amount of Rs. 61,000,000 was surrendered leaving net saving of Rs.212,058,928.

The Chairman, Pakistan Agriculture Storage and Services Company (PASSCO) informed the Committee that the saving was due to Productivity Enhancement Programme for which an amount of Rs. 64 million was not released and World Bank debt was also not received. The PAO requested that the grant may be regularized.

DIRECTIVE

The Committee recommended regularization of the grant with the direction that the Ministry should improve its financial/monitoring systems. The objective should be zero excess zero saving.

- xi. **GRANT NO.159- DEVELOPMENT EXPENDITURE OF LIVESTOCK DIVISION.**
Saving Rs.110,662,727

A.G.P.R. pointed out that the grant closed with a saving of Rs. 233,295,963 which works out to 85.66 percent of the total Grant. An amount of Rs. 122,633,236 was surrendered leaving net saving of Rs.110,662,727.

The PAO requested the Committee to allow the grant to be discussed in a DAC meeting.

The Committee accepted the request for a DAC meeting.

In another meeting held on 14th July, 2010 the PAO informed the Committee that the saving of Rs.17 million (Foreign Aid Component) was directly incurred by UNDP personnel of the project. The detail of expenditure was not received from UNDP during the financial year, due to non-receipt of details, the expenditure could not be got adjusted in the book of AGPR.

The PAO further informed that the sum of Rs.89.7 million related to scheme Korangi Fisheries Harbour Authority Karachi actual expenditure in F.B amounting to Rs.87,783,000 was incurred but could not be got adjusted in the books of audit during the year 1992-93 due to non-receipt of brief intimation from ADB. However, the same had been adjusted by the AGPR Karachi in the financial year 1993-94.

DIRECTIVE

The Committee observed that it was a huge amount and there seems to be lack of coordination between the two Cabinet departments. The Committee hoped that in future the system would be improved. The Committee recommended regularization of the saving with the observation that the department should show better coordination and financial management of funds in future.

xii. GRANT NO. 190- CAPITAL OUTLAY OF FOOD STORAGE AND OTHER
Saving Rs.617/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 617 (0.14 percent of the total grant).

The PAO informed the Committee that saving was due to technical supplementary Grant for Post Harvest Management – Component of Food Security Management Project.

DIRECTIVE

The Committee recommended regularization of the grant with the direction to be careful in future and asked to stream line the budgetary system.

3. AUDIT REPORTS ON THE ACCOUNTS OF MINISTRY OF FOOD AND AGRICULTURE FOR THE YEAR 1992-93.

3.1 PARA-3 (PAGE-109) AR-1990-91 IRREGULAR UNAUTHORIZED EXECUTION OF AGREEMENT WITH DIFFERENT AGENCIES AND NON-DEPOSIT OF INCOME OF Rs. 691,000 IN PUBLIC ACCOUNT

Audit pointed out that Soil survey Department, Lahore under Food and Agriculture Division entered into an agreement with certain governments and non-governmental agencies for the services to be rendered without any valid authority. An amount of Rs. 691,000 earned against these contracts was also not deposited into Government account. The Irregularity was pointed out to the Ministry in November, 1992 but no reply was received.

The Member of Food and Agriculture admitted that there was irregularity in this case which was also discussed in the DAC and it has been directed by the DAC to get the same amount regularized from Finance Division. The PAO informed the Committee that it should be shown as budget and the Division without showing as budgeted had done the expenditure; which is irregular and the Ministry will get it rectified from the Finance Division.

The Committee expressed displeasure at the violation of rules and asked the department to get it rectified from the Finance Division and submit a report to Audit. The Para was settled subject to satisfaction of Audit.

In a subsequent meeting held on 28th December, 2010 the Committee directed the PAO to get the para regularized from Finance Division and asked to submit a report to the Committee within one month.

On 27th January, 2011 the PAO informed the Committee that this Para has been regularized by the Finance Division.

DIRECTIVE

The Committee directed the PAO to provide the requisite record to Audit. The Committee recommended the para for settlement subject to verification by Audit.

3.2 **PARA-7 (PAGE-112) AR 1992-93** **LOSS OF RS. 494,855 DUE TO SHORTAGE OF WHEAT**

Audit pointed out that a ship carrying 38,016,980 M/Tons of imported wheat arrived at Port Qasim on 22nd February, 1998 out of which 37,864,717 M/Tons were dispatched by the cargo handling contractor to the provinces causing a shortage of 152.263 Tons valuing Rs. 494,855.

The Member of Food and Agriculture informed the Committee that the matter was deferred to the sole Arbitrator and arbitrator decided against the Ministry and asked to pay the amount to Carbo Handling & Company (CHC). The Ministry approached the Court which also decided against the department. The department then went to the Supreme Court. The PAO requested the Committee that this case may be referred back to the Ministry in order to look into the case again.

The Committee referred the para to the Ministry to look into it again and submit a report in the next meeting.

DIRECTIVE

In another meeting held on 28th December, 2010 The Committee recommended the para for settlement subject to verification of report by Audit.

3.3 PARA-13 (PAGE-117) AR 1992-93 SHORT DELIVERY OF FERTILIZER US\$ 363,284 AND BLOCKAGE OF FUNDS CAUSING PAYMENT OF INTEREST CHARGES (US \$ 24.665)

Audit pointed out that a vessel containing 20,130 M/tons urea (bagged) fertilizer arrived at Port Qasim on 10th August, 1992 and completed discharge of cargo on 28-8-1992. The final dispatch statement issued by the Fertilizer Import Department on 28th December, 1992 indicated an un-despatched quantity of 2081.500 ton valuing US\$ 364,284 which was stated to have not been received from the cargo handling contractor. Neither the cargo nor the cost thereof was recovered from the contractor who under the terms of his contract with the Department was bound to account for full quantity and pay for the shortage/short delivery, the purchase of the fertilizer was financed under Islamic Development Bank Loan for which interest @ 6.5% per annum was to be paid. According to the Manual of the Department the discharge of cargo from the ship and dispatches there-from at the port commence immediately. The billing process and recovery from the recipient agencies start simultaneously and the recovery of the cost of un-despatched quantity has remained un-recovered for the last 13 months (beyond grace period) and as such interest of US\$ 24,665 has also become due up to 31-12-1993 which was a loss to Government.

The case was taken up with the Department by audit on 10th September, 1992 and with the Ministry on 11th November, 1993. The Ministry in their reply dated 23rd January, 1994 stated that out of the un-dispatched cargo of 2081.500 tons more was dispatched later leaving the un-dispatched balance of 1.147 tons valuing US \$ 200,220 which could not be dispatched because the distributing agencies had refused to lift the same and that entire cargo was likely to be dispatched shortly. This means that beside blockade of the above fund and interest

charges @ US \$ 1,084.53 monthly will be incurred by the Government which is highly irregular, unjustified and against the financial interests of Government.

The PAO informed the Committee that this department is no longer looking after import of (Fertilizer) now however, a report will be submitted to the Audit as well as to the Committee.

The Committee referred the Para to the Ministry for reconsideration again.

In another meeting held on 28th December, 2010 the Committee recommended the para for settlement subject to verification of report by Audit.

On 27th January, 2011 the PAO informed the Committee that this Para has been regularized by Finance Division now.

DIRECTIVE

The Committee directed the PAO to provide the requisite record to Audit. The Committee recommended the Para for settlement subject to verification by Audit.

3.4 **PARA-18 (PAGE-122) AR 1992-93**
UNAUTHORIZED PROVISION OF VEHICLE TO THE FEDERAL MINISTER AND NON RECOVERY OF RS. 131, 144

Audit pointed out that the Federal Minister for Food, Agriculture and Cooperatives was provided a vehicle by the Pakistan Agriculture Research Council besides the vehicles provided by the Ministry concerned in violation of Privilege Act for Minister & Minister of State 1975. The distance of 65557 K.M covered and consumption of 8511.6 Liters Petrol valuing Rs. 131,144 was held as irregular and un-justified.

The PAO informed the Committee that the Minister for Food & Agriculture was also President of the Board of Governors of Pakistan Agriculture

Research Council (PARC) and the board had provided the vehicle to the Minister in that capacity hence the Para may be regularized.

The Committee referred the para to the Ministry to look into it again and further directed the PAO to submit the recommendation for condonation.

In another meeting held on 28th December, 2010 the PAO requested to give him some more time for submission of a report.

The Committee directed the PAO to send a report within one month.

In another meeting held on 27th, January, 2011 the PAO requested the Committee that the Committee may allow still some more time to discuss this issue in detail in the DAC meeting.

DIRECTIVE

The Committee directed the PAO to re-examine the para in the DAC and submit a report to the Monitoring and Implementation Committee of the PAC for further action.

- i. **PARA-4 (PAGE-110) AR 1992-93**
LOSS DUE TO EXTRA EXPENDITURE OF Rs. 101,500/-
- ii. **PARA-5 (PAGE-111) AR 1992-93**
NON-RECOVERY OF COST OF GUNNY BAGS UTILIZED IN EXCESS DESPATCHES AMOUNTING Rs.154,560/-
- iii. **PARA-6 (PAGE-111) AR 1992-93**
LOSS OF US\$ 53,680 DUE TO NON-RECOVERY OF LIQUIDATED DAMAGES
- iv. **PARA-8 (PAGE-112) AR 1992-93**
LOSS OF Rs. 0.84 MILLION DUE TO INADEQUATE PROCUREMENT PLANNING AND AWARD OF PURCHASE CONTRACT OF UREA FERTILIZER AT HIGHER RATES
- v. **PARA-9 (PAGE-113) AR 1992-93**
LOSS OF Rs. 852,522 INCURRED DUE TO DAMAGE OF TARPAULINS AT PORT QASIM.

- vi. **PARA-10 (PAGE-114) AR 1992-93**
NON RECOVERY OF PENALTY AMOUNTING TO US \$ 7,993,84 FROM ISSUANCE OF FORGED BILL OF LADING.
- vii. **PARA-11 (PAGE-115) AR 1992-93**
LOSS DUE TO SHORT DELIVERY OF UREA FERTILIZER Rs. 6.075 MILLION AND INTEREST Rs. 0.454 MILLION.
- viii. **PARA-12 (PAGE-116) AR 1992-93**
LOSS DUE TO UNACCOUNTED FOR QUANTITY OF FERTILIZER AND PAYMENT OF INTEREST Rs.28.285 MILLION
- ix. **PARA-14 (PAGE-119) AR 1992-93**
LOSS OF Rs. 1,003,880 DUE TO DAMAGE OF WOODEN DUNNAGE AT PORT QASIM DURING 1990-91
- x. **PARA-15 (PAGE-119) AR 1992-93**
LOSS OF Rs.0.357 MILLION DUE TO UN-ECONOMICAL ALLOCATION OF QUANTITY OF FERTILIZER AGAINST THE DIRECTIVES OF THE TENDER COMMITTEE
- xi. **PARA-16 (PAGE-120) AR 1992-93**
LOSS OF Rs.6.281 MILLION DUE TO DAMAGE OF WHEAT
- xii. **PARA-17 (PAGE-121) AR 1992-93**
EXTRA EXPENDITURE OF Rs. 0.135 MILLION BY AWARDED WORK TO THE HIGHEST BIDDER
- xiii. **PAGE-19 (PAGE-122) AR 1992-93**
IRREGULAR/WASTEFUL EXPENDITURE OF Rs. 44,557 ON PRINTING OF A BOOK TITLED "BUFFALOES OF PAKISTAN".
- xiv. **PARA-20 (PAGE-122) AR 1992-93**
LOSS OF Rs. 251,951 BY KEEPING A HOUSE VACANT AND HIRING A SECOND HOUSE FOR THE SAME OFFICER
- xv. **PARA-21 (PAGE-123) AR 1992-93**
IRREGULAR PLACING OF FUNDS AND EXPENDITURE IN EXCESS OF RELEASES
- xvi. **PARA-22 (PAGE-124) AR 1992-93**
UNAUTHORIZED EXPENDITURE Rs.283,696/-

DIRECTIVE

On presentation of the above-mentioned sixteen (16) Audit Paras, the Committee settled the paras.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE ACCOUNTS OF MINISTRY OF FOOD AND AGRICULTURE FOR THE YEAR 1992-93.

PAKISTAN AGRICULTURAL STORAGE AND SERVICES CORPORATION LTD.

4.1 Para-121-Page-115-ARPSE-1992-93

Loss of Rs 4,160,043 due to non-recovery of cost of pesticides from ex-dealers/parties

The PAO informed the Committee that this para had been deleted by the DAC which had recommended this Audit Para for settlement.

The Committee directed to reconsider the para in the DAC and bring back in its next meeting.

In another meeting held on 14July, 2010 the Committee expressed the opinion that there is nothing which can be deleted by the DAC. It is either settled or not settled and since this Para is related to recovery and the DAC can not settle the para, it can only recommend and it is the PAC which settles the Paras.

The Committee told the PAO that until the amount was not recovered it remains outstanding in this case the Ministry would make all out vigorous efforts to recover the money and send a progress report to the Committee within two weeks as to how much amount had been recovered, what was the remaining balance and what was the status regarding the court cases, if any.

DIRECTIVE

The Committee, in its meeting held on 28th December, 2010 directed the PAO to submit a report highlighting the latest position of recovery of the last one month and recommended the Para for settlement.

4.2 **Para-122-Page-116-ARPSE-1992-93**
NON-DISPOSAL OF OBSOLETE AGRICULTURAL IMPLEMENTS
BLOCKAGE OF RS.1.839 MILLION

Audit stated that PASSCO may be asked to explain the status of disposal of the obsolete agricultural implements.

The GM, PASSCO informed the Committee that three (3) trailed boom spraying machines valuing Rs. 94,050 had been disposed off and 9 items valuing Rs. 49,125 were in use in the field leaving items having net cost of Rs. 136,448 which had been written off by the competent authority.

The GM, PASSCO further informed that the balance 193 items could not be properly linked due to their frequent transfers from one zone to another during last 16-17 years. Furthermore, other similar items were also available in the field/Zones but it was very difficult to prove their identity with particular reference to their purchase voucher No. & date, and through their transfer documents.

The Committee observed that since the reply of the General Manager was unsatisfactory, therefore, the Committee desired the PAO to get a full Inquiry report from the MD and send a proper report to the Committee with reference to the Audit objections within one month.

DIRECTIVE

In another meeting held on 28th December, 2010 the Committee recommended the Para for settlement subject to verification of report by Audit.

4.3 **Para-125-Page-118-119-ARPSE-1992-93**
Un-justified refund of Rs.197,600 to the contractor

The General Manager, PASSCO informed the Committee that dispatch of 58 railway wagons were loaded with wheat from Khairpur Silos for dispatch to Nowshera in June 1986 through agent (Evergreen Company).

The GM further informed that recovery of Rs. 197,600 was made from the bill handling agent in April, 1987 on account of infested quantity of 76 M.Tons of wheat dispatched from Khairpur silo to NWFP.

The GM further explained that the BOD in their 58th meeting held on 9.6.1994 approved to write off the loss of Rs. 197,600 caused to PASSCO, and the DAC in its meeting held on 27.12.2004 had recommended the Para for settlement.

The PAO requested the Committee to defer the para till its next meeting in order to give some time for an inquiry.

The Committee accepted the request of the PAO and pended the para for its next meeting.

DIRECTIVE

In another meeting held on 14th July, 2010 the Committee directed the PAO that this Para be clubbed with Para No. 122 and the same officer of the Ministry should conduct a detailed inquiry in both the Paras and the PAO should report to the Committee within one month's time.

GHEE CORPORATION OF PAKISTAN (SEED DIVISION), LAHORE

4.4 PARA-194-PAGE-164-ARPSE-1992-93 LOSS OF RS. 654,795 DUE TO SUPPLY OF IMPURE SEEDS TO THE GROWERS

The MD, GCP informed the Committee that some of the growers of Sunflowers filed civil suit against Ghee Corporation of Pakistan (Seed Division), Lahore in court of law on July 7, 1988 for claim of Rs. 1,040,000 for supply of sub- standard seed.

The MD further informed that the payment was made to the claimants on the basis of the decision of the arbitrator through court of civil judge

(Sheikhupura) and the officers who were involved in the purchase of Sunflower Hybrid Seed had been transferred.

The MD further informed that seeds were not sub-standard, however, inquiry was held for fixing responsibility.

DIRECTIVE

On 14th July, 2010 the Committee referred the Para back to the DAC and asked to submit a report to Monitoring and Implementation Committee of the PAC for further action.

PAKISTAN AGRICULTURAL STORAGE AND SERVICES CORPORATION LTD

- i. **PARA-118-PAGE-112-ARPSE- 1992-93**
- ii. **Para-127-Page-121-ARPSE-1992-93**
Misappropriation of 1,336 B class gunny bags valuing Rs 24,048

SUMMARY OF PARAS

- iii. **PARA-115**
The Corporation sustained loss of Rs. 71.805 million in 1992-93 which is attributed to less activity of wheat procurement and increase in loss of gunny bags.
- iv. **PARA-116**
PASSCO has been continuously charging incidentals for shortages at various rates on the wheat supplied by different agencies, inspite of the fact that there was sufficient quantity of wheat found excess at the end of each year. The charging of incidentals for shortages was incorrect.
- v. **PARA-117**
The bank borrowings increased from Rs.130.991 million on March 31, 1992 to Rs.807.964 million on March 31, 1993. Since the funds were borrowed from the banks during the last months of the year, the Corporation paid Rs.158.638 million as financial charges only. However, these charges will substantially increase during the year 1993-94 which have been estimated to be more than Rs.330 million. The Corporation is, therefore, advised to enforce maximum economy in expenditure and liquidate its current assets as quickly as possible so that the dependence on bank borrowings is lessened.

- vi). **PARA-118**
Trade debts and other receivables increased from Rs.198.757 million and Rs. 21.872 million on March 31,1992 to Rs. 425.243 million and Rs. 27.826 million on March 31, 1993 respectively.
- vii. **PARA-119**
The loss of gunny bags increased from Rs. 16.094 million in 1991-92 to Rs. 42.770 million in 1992-93.
- viii. **PARA-120**
Stock & Stores valuing Rs. 436.695 million as on March 31, 1993 included stock of imported wheat of Rs. 89.026 million held by UNILOG and PAD & SC. The complete account of the balance held by the above parties need to be provided as certain shortages were reported in the stock held by Punjab Agricultural Development and Supplies Corporation.
- ix. **PARA-123**
Loss of Rs.1.278 million due to ground shortage of wheat at Quetta during July 1987 to February, 1988
- x. **PARA-124**
Misappropriation of wheat and gunny bags by purchase Inspector Rs.863,614 during 1981 to 1990.
- xi **PARA-126**
PASSCO entered into an agreement with a contractor for supply of paddy grain dryers. An advance of Rs. 140,000 was given to him but he did not supply the dryers. A civil suit was filed and Rs. 20,000 was incurred as legal expenses. The case was dismissed due to non-availability of signatories of the agreement.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned eleven (11) Audit Paras.

5. AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-X) MINISTRY OF LIVESTOCK AND DAIRY DEVELOPMENT FOR THE YEAR 1992-93.

KORANGI FISHERIES HARBOUR AUTHORITY

- i. **Para-114-(ARPSE-1992-93 Vol-X)-Page-109**
NON-SUBMISSION OF ACCOUNTS
- ii. **Para-128-(ARPSE-1992-93 Vol-X)-Page-122**
- iii. **Para-129-(ARPSE-1992-93 Vol-X)-Page-123**
- iv. **Para-130-(ARPSE-1992-93 Vol-X)-Page-123**

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned four (04) Audit Paras.

MINISTRY OF FOREIGN AFFAIRS

1. OVERVIEW

Audit Reports for the year 1992-93 pertaining to Ministry of Foreign Affairs were taken up for examination by Special Committee-II of the PAC in the meetings held on July 12th , 2010, October 19th , 2010, December 28th , 2010 & February 2nd , 2011 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below.

- 1.1 Three (03) grants and Eleven (11) Paras were reported by AGPR / Audit.
- 1.2 On presentation of the grants the Committee observed that the accounts had been badly estimated in the past and in future excess must be surrendered in time. The Ministry was further directed to take effective measures to avoid such excess or saving and directed that there should be more accurate budgeting and better management of funds in future.
- 1.3 While discussing the Paras Committee directed the PAO to formulate and submit to the Committee a progress report on the future policy of recoveries.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.64-MINISTRY OF FOREIGN AFFAIRS (HEADQUARTERS)

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(-) 7,508,781	(-) 13,308,781	5,800,000

Audit pointed out that after taking into account supplementary grant of Rs. 5,800,000, the grant closed with the savings of Rs. 7,508,781 (2.87% of the final grant). A supplementary grant of Rs. 5,800,000 was sanctioned but not printed in Supplementary Schedule of Authorized Expenditure. After taking into the account the saving will increase to Rs. 13,308,781 (4.97%).

The PAO informed the Committee that there were some economy measures imposed in that period including ban by the government on purchases of

vehicle, restrictions on purchases of commodities and services and due to a number of vacant posts of officers / officials.

DIRECTIVE

The Committee recommended regularization of the grant.

ii. **GRANT NO.65-MINISTRY OF FOREIGN AFFAIRS (PAK. MISSION BROAD)**

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Excess	(+) 65,322,583	(+) 105,905,423	40,582,840

Audit pointed out that after taking into accounts supplementary grant of Rs. 40,582,840, the grant closed with an excess of Rs. 65,322,583 (5.62% of the final grant).

The PAO informed the Committee that the excess occurred due to increase in medical charges and overtime allowance in some missions abroad, unavoidable expenditure on account of purchase of furniture, machinery, equipment, expenditure on repairs and maintenances of vehicles and building.

The PAO further informed that inescapable expenditure occurs on additional posting / transfers of the officers and staff members in the missions abroad as well as an increase in the rate of utilities, telephone, telex, Courier services and also considerable increase in the local rates of electricity, gas and water in missions abroad.

The PAO explained that in the past the Ministry had very defective budgeting and allocation of funds system. However, things have improved now.

DIRECTIVE

The Committee recommended regularization of the grant with the direction to the Ministry that the accounts had been badly estimated in the past and in future excess must be surrendered in time.

The Ministry was further directed to take effective measures to avoid such excess or saving in future.

iii. **GRANT NO.66-OTHER EXPENDITURE OF FOREIGN AFFAIRS DIVISION**

CHARGED:

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Excess/ Saving	(+) <u>42,940,406</u>	(-) <u>7,059,594</u>	150,000,000

Audit pointed out that after taking into account three supplementary grants of Rs. 150,000,000, the grant closed with charged portion excess of Rs. 42,940,406 (66.6%) of the final grant. A supplementary grant of Rs. 50,000,000 was sanctioned but not printed in Supplementary Schedule of Authorized Expenditure. After taking into the account there is net saving of Rs. 7,059,594 which works out to 1.49% of the final grant.

The PAO informed the Committee that this expenditure pertained to the frequent visits of President and Prime Minister and a large delegation accompanying the visit.

DIRECTIVE

The Committee recommended regularization of the grant.

OTHER THAN CHARGED:

<u>Budget</u>	<u>AGPR Figures</u>
Excess	(+) <u>8,295,542</u>

The PAO informed the Committee that the excess of Rs. 8,295,542 was due to the payment of arrears to the Government of Sindh and Punjab on account of demarcation / Maintenance of Pak-India boundary line, expenditure on Envoy's conference more than expected at the time of preparation of the Budget estimates and the increased expenditure on pay and allowances.

DIRECTIVE

The Committee directed the PAO that in future there should be more accurate budgeting and better management of funds should be carried out.

3. AUDIT REPORT VOL-1 ON THE ACCOUNTS OF FEDERAL GOVERNMENT (CIVIL) MINISTRY OF FOREIGN AFFAIRS FOR THE AUDIT YEAR 1992-93.

- i. **PARA- 2 (Page 129) AR- 1992-93**
IRREGULAR EXPENDITURE ON REPAIR OF OFFICIALS VEHICLES RS.340,164.
- ii. **PARA-4 (PAGE-130) AR-1992-93.**
NON-RECOVERY OF US\$11.484 MILLION
- iii. **PARA-7 (PAGE-133) AR-1992-93**
WASTEFUL EXPENDITURE DUE TO LATE DEHIRING OF VACANT RESIDENCES
- iv. **PARA-8 (PAGE-133) AR-1992-93**
IRREGULAR PAYMENT OF MEDICAL CHARGES RS.1,928,011.
- v. **PARA-10 (PAGE-134) AR-1992-93**
IRREGULAR EXPENDITURE ON LOCAL PURCHASE OF STATIONERY BEYOND COMPETENCY RS.142,856.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned five (05) Audit Paras.

3.1 PARA-1 (PAGE-125) AR-1992-93 **IRREGULAR EXPENDITURE OF RS.7,325,959**

Audit stated that the Para related to irregular expenditure of Rs. 7,32,929 incurred during 1990-92 without observing codal formalities and without approval of competent authority by 17 Mission abroad and 4 sub-offices of the Ministry. An amount of Rs. 4.483 million had been settled, leaving outstanding balance of Rs. 2,842 million.

The Committee directed the PAO to make vigorously efforts to recover / regularize the outstanding amount and submit a report to the Committee in two months.

On 19th October, 2010, the PAO informed the Committee that out of 59 paras, 55 paras had been settled and the total outstanding remaining was Rs. 89,000.

The Committee directed the PAO to make vigorous efforts for recovery from their own officers. Where outsiders were involved whether they are Parliamentarians / other Ministries the Ministry should inform the Committee and take appropriate action as admissible under the Rules.

When the matter was taken up again on 28th December, 2010, the PAO informed the Committee that an amount of Rs. 7.252 million had been settled and the total outstanding remaining was Rs. 0.074.

The Committee directed the PAO to effect recovery of the balance amount and submit a report to the Committee within one month.

In another meeting held on 2nd February, 2011, the PAO informed the Committee that an amount of Rs. 7.293 million had been settled and remaining amount of Rs. 3,000 was still outstanding for which the Ministry was pursuing.

DIRECTIVE

The Committee directed the PAO to submit a regular progress report on recovery to Audit, with these observations the Committee recommended the para for settlement.

3.2 **PARA –3 (PAGE- 129) AR- 1992-93**
IRREGULAR EXPENDITURE OF RS. 662,372 ON THE EMPLOYMENT OF
CONTINGENT PAID STAFF.

Audit pointed out that the irregular expenditure related to payment of salaries to two officials as contingent staff, which had been disallowed by Finance Division.

The PAO informed the Committee that these expenditures were for the posts for the gardener and office cleaner in Geneva. Finance Division was being requested for ex-post facto approval.

The Committee directed the PAO to obtain post facto approval from the Finance Division and submit a report to the Committee within two months.

DIRECTIVE

When the matter was taken up again on 19th October, 2010, the Committee endorsed the recommendations of the DAC for settlement of the above-mention Audit Para.

3.3 **PARA-5 (PAGE-130) AR 1992-93**
RECOVERIES NOT EFFECTED WORTH RS.689,436.

Audit stated that the Para related to recovery of irregular / over drawal of pay, allowances etc. from officers and staff of 8 Missions abroad and 4 sub-offices of the Ministry.

The PAO informed the Committee that an amount of Rs. 325,234 had been recovered and remaining amount of Rs. 451,202 was still outstanding for which the Ministry was making vigorous efforts.

The Committee directed the Ministry to expedite recovery / regularization and submit a report to the Committee within two months.

On 19th October, 2010, the PAO informed the Committee that out of total 12 paras, 10 paras had been settled and an amount of Rs. 585,087 had been recovered. The Ministry was making vigorous efforts for recovery of the remaining outstanding amount.

The Committee directed the Ministry to expedite recovery / regularization and a report has to be submitted to the Committee within one month.

DIRECTIVE

When the matter was taken up again on 28th December, 2010, the Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Audit Para.

3.4 **PARA-6 (PAGE-132) AR 1992-93.**
NON-RECOVERY OF TELEPHONE CHARGES RS.2,706,274

Audit stated that excess telephone charges totaling Rs. 2,706,274 was recoverable from officers and staff of 9 Missions abroad. An amount of Rs. 1.381 million had been recovered and remaining amount of Rs. 1.326 million was still outstanding.

The Committee directed the PAO to expedite recovery and report to the Committee within two months.

When the matter was taken up again on 19th October, 2010, the PAO informed the Committee that in this para out of total 09 paras, 08 paras were settled and an amount of Rs.1.769 million had been recovered and an amount of Rs.0.938 was still outstanding

The Committee suggested that the Ministry should fix ceiling of entitlement to avoid such irregularities for exchanges in future and have the matter approved by the competent authority.

The Committee directed the PAO to send the para for regularization / settlement to the Cabinet Division / Finance Division and a report has to be submitted to the Committee within one month regarding the action taken by the Ministry on regularization.

DIRECTIVE

When the para came up again on 28th December, 2010, the Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Audit Para.

3.5 **PARA-9 (PAGE-134) AR 1992-93**
NON-RECOVERY OF HOUSE RENT ALLOWANCE AND AIR-CONDITIONING CHARGES RS.1,745,543.

Audit pointed out that this Para related to recovery of House Rent Allowance and A.C. charges to 63 officers who were residing in Foreign Offices Hostel during 1991-92 and hence not entitled to the allowance / charges.

The PAO informed the Committee that no recovery had been made thus far.

The Committee expressed its dissatisfaction regarding lack of progress in recovery notwithstanding the fact the direction of the PAC in 1992. The Committee directed the PAO ensure that recoveries are made within one month.

In a meeting held on 19th October, 2010, the PAO informed the Committee that the amount was being deducted from the salaries of individuals who were involved.

The Committee directed the PAO to give up to-date recovery figures in one month.

When the matter was taken up again on 28th December, 2010, the PAO informed the Committee that only an amount of Rs. 175,834 had to be recovered

for which the Ministry was making vigorous efforts for recovery of the remaining outstanding amount.

The Committee directed the PAO to proceed as admissible under the rules for writing off the outstanding amount and send a copy of the same to the PAC Secretariat within one month

In another meeting held on 2nd February, 2011, the PAO informed the Committee that out of total amount of Rs. 1,745,543 only an amount of Rs. 41,751 remains outstanding for which the Ministry was pursuing vigorously.

DIRECTIVE

The Committee directed the PAO to submit a regular progress report on recovery to Audit, with these observations the Committee recommended the para for settlement.

3.6 **PARA -13-PAGE-136 AR 1992-93** **IRREGULAR EXPENDITURE DURING PRIME MINISTER'S VISIT TO THE U.S.A**

Audit pointed out details of extravagant expenditure incurred during PM's visit to USA in June 1989 on hiring of limousines (\$ 300,190), portraits of the PM (\$ 27,142) hotel accommodation in excess of entitlement (\$ 181,483).

The departmental said that the expenditure had been made with the prior approval of the Ministry.

The Committee directed that this Para should be submitted before the main PAC. Meanwhile, the PAO should formulate a policy regarding composition and size of delegations accompanying the President and the Prime Minister on foreign tours. There should also be certain defined parameters regarding entitlement and privileges of the official delegations. The Committee also directed Audit to formulate its own views in this regard.

When the matter was taken up again on 19th October, 2010, the PAO informed the Committee that in accordance with the directive of the PAC, the Ministry had moved two summaries to the Prime Minister for formulating a policy regarding composition and size of delegations accompanying the President and the Prime Minister on foreign tours and also requested to define certain parameters regarding entitlement and privileges of the official delegations as well as gifts.

The PAO further informed that the Cabinet Division had already circulated in the context of hospitality that economy measures should be adopted on such visits.

The Committee observed that decision on this para would determine important aspects of policy which would be a major guideline for the future. The Committee directed that this para would be discussed again in the main PAC.

On 28th December, 2010, the PAO informed the Committee that the summary sent to the Prime Minister's Secretariat has been returned to the Ministry of Foreign Affairs with the direction that the Foreign Minister should be consulted on the substance content of the recommendation and a copy of summary would be provided to the Chairman, PAC and to the Committee.

The PAO further informed that as far as policy regarding composition and size of delegations accompanying the President and the Prime Minister on foreign tours was concerned, the Ministry had recommended that explicit policy guidelines circulated by the Cabinet Division should be circulated to every body concerned and a copy would be also provided to the Committee of the circular made by the Cabinet Division.

The Committee was also informed that on the instructions of PAC-II rules for constitution of delegations have been framed and circulated by the Cabinet Division to all the Ministries. The Committee directed the PAO to send a formal report vis-a-vis this para indicating the present position of the summary sent to

the Prime Minister and the recent developments regarding constitution of delegations according to circular of the Cabinet Division. The Committee directed the Audit to take this issue to the Main PAC for consideration.

The Committee directed the PAO to continue to pursue the recovery from the concerned officials and put up a progress report to the Committee within one month.

When the para came up again on 2nd February, 2011, the PAO informed the Committee that the summary regarding policy of visits abroad had been sent to the Prime Minister with a proposal to curtail expenditure during VIP visits by introducing Rules and Regulations on the subject for which the Ministry was pursuing vigorously.

The PAO further informed that the Ministry would regularize the amount in shortest possible time.

DIRECTIVE

The Committee directed the PAO to submit a progress report on the future policy and move a summary for regularization or setup a Committee to identify the people who were involved and start recovery proceedings. A report has to be submitted to the Monitoring and Implementation Committee of the PAC for further action.

MINISTRY OF HEALTH

1. OVERVIEW

Appropriation Accounts, Audit Reports of Federal Government & Public Sectors Enterprises for the year 1992-93 pertaining to Ministry of Health were taken up for examination by the PAC in the meetings held on August 27th, 2005, June 29th, 2010, October 5th, 2010 & December 9th, 2010 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Four (04) grants and Fifteen (15) Paras were reported by AGPR / Audit.
- 1.2 On presentation of the Grant No.68, the Committee observed that the second supplementary grant of Rs.36,000,000 was obtained as late as 17-4-1993, when savings under various heads would have been apparent. Even then the entire savings were not surrendered in time, which reflected poor financial management and resulted in unnecessary blockage of scarce resources. The Committee recommended regularization of the grant with the direction that the Ministry must improve its financial monitoring / management systems.
- 1.3 The Committee endorsed the recommendation of the DAC for settlement of the seven (07) Audit Paras

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO. 67- MEDICAL SERVICES

Excess Rs. 9,870,452/-

A.G.P.R. pointed out that the grant closed with a excess of Rs. 9,870,452 (1.98% of the total grant).

The PAO informed the Committee that the saving was due to non-filling of posts of staff because of ban on recruitment, restriction on expenditure as a result of economy measures on the purchase of stationery, T.A., newspapers and

entertainment, and non-utilization of funds provided for Common-Wealth and SAARC meetings which were not held during the year.

DIRECTIVE

The Committee recommended regularization with the observation that the entire saving should have been surrendered in time. The Committee directed that necessary financial management systems should be put in place to ensure that lapses do not recur.

ii. **GRANT NO. 68- Public Health**
Saving Rs.19,343,110/-

A.G.P.R. pointed out that after accounting for two supplementary grants totaling Rs. 56,552,000 the grant closed with a saving of Rs. 19,790,910 (0.92% of the total grant). An amount of Rs.447,800 was surrendered leaving net saving of Rs.19,343,110.

The PAO informed the Committee that savings had occurred due to vacant posts and non-utilization of fund for scholarships for the best graduates of Sindh Medical College which could not be awarded due to late declaration of result.

The PAO further informed the Committee that the Ministry would provide further details regarding savings of Rs. 20,697,977 directly to the AGPR.

DIRECTIVE

The Committee observed that the second supplementary grant of Rs. 36,000,000 was obtained as late as 17-4-1993, when savings under various heads would have been apparent. Even then the entire savings were not surrendered in time, which reflected poor financial management and resulted in unnecessary blockage of scarce resources. The Committee recommended regularization of the grant, subject to satisfaction of Audit regarding details of

savings to be provided by the Ministry and with the direction that the Ministry must improve its financial monitoring / management systems.

iii. **GRANT NO. 69- PUBLIC HEALTH**

Saving Rs. 797,720/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 2,781,420 which works out to 5.05 % of the total grant. An amount of Rs.1,983,700 was surrendered leaving a net saving of Rs.797,720 (1.44%).

The PAO informed the Committee that the saving was due to vacant posts, less expenditure on overtime/night duty allowance restrictions imposed under economy measures and non-supply of laboratory equipment and other items by the Department of Investment Promotion and Supplies, Karachi, before close of the financial year 1992-93.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that the entire saving should have been surrendered in time.

iv. **GRANT NO. 160- DEVELOPMENT EXPENDITURE OF HEALTH DIVISION**

Excess Rs. 121,532,892/-

A.G.P.R. pointed out that the grant closed with an excess of Rs. 120,722,892 (39.40% of the total grant). An amount of Rs.810,000 was surrendered increasing the net excess to Rs.121,532,892.

The PAO informed the Committee that notwithstanding saving the excess was due to non-finalization of tender formalities for purchase of hospital equipment, excess had occurred as a result of booking of foreign aid in excess of rupee cover provided in the budget.

DIRECTIVE

The Committee recommended regularization of the grant subject to verification of relevant record by Audit.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF HEALTH FOR THE AUDIT YEAR 1992-93.

- i. **PARA-1 (PAGE-137) AR-1992-93**
IRREGULAR EXPENDITURE OF Rs. 894,750 AND RECOVERY OF Rs. 152,750
- ii. **PARA-7 (PAGE-139) AR-1992-93**
NON-RECOVERY OF Rs. 73,676 ON ACCOUNT OF UNAUTHORIZED USE OF GOVERNMENT VEHICLE
- iii. **PARA-7 (PAGE-139) AR-1992-93**
INFRACTUOUS EXPENDITURE OF Rs. 1,755,000
- iv. **PARA-9 (PAGE-140) AR-1992-93**
IRREGULAR GRANT OF INSTRUCTIONAL ALLOWANCE OF Rs. 18,087
- v. **PARA-10 (PAGE-140) AR-1992-93**
UN-ECONOMICAL PURCHASE OF Rs. 5,168,260
- vi. **PARA-12 (PAGE-141) AR-1992-93**
AVOIDABLE PAYMENT OF Rs. 7,214,897 ON ACCOUNT OF ESCALATION
- vii. **PARA-13 (PAGE-142) AR-1992-93**
EXCESS EXPENDITURE OF Rs. 78,122 ON OFFICIAL / RESIDENTIAL TELEPHONES
- viii. **PARA-14 (PAGE-142) AR-1992-93**
MIS-APPROPRIATION OF RECEIPT OF GOVERNMENT VEHICLES AMOUNTING TO Rs. 51,692

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned EIGHT (08) Audit Paras.

3.1 PARA-2 (PAGE-137) AR-1992-93 **IRREGULAR EXPENDITURE OF Rs. 4,500,000 ON PURCHASE OF VEHICLES**

Audit pointed out that the Federal Government Services Hospital, Islamabad purchased 10 vehicles for Rs. 4,500,000. The payment was made in

advance in Contravention to the provisions of FTR without the approval of Finance Department and Cabinet Division.

Moreover, the vehicles were purchased from the budget estimates of project (purchase of Ambulance Car) but the department purchased minibuses which are being used for purposes other than those provided in the PC-1.

The matter was reported to the Ministry in July 1993 but no reply was received.

The matter needs investigation, regularization of expenditure and fixing of responsibility upon persons at fault.

The PAO informed the Committee that the ambulances were purchased in 1991 on Government approved rates from Sindh Engineering Pvt. Ltd., Karachi. Cabinet Division had been approached to issue NOC on ex-post-facto basis for purchase and maintenance of ambulances. Out of 10 vehicles only 2 had seats. These had since been removed and all 10 vehicles were now being used as ambulances. The DAC on 14-07-2009 had directed the management of FGSB to obtain ex-post-facto sanction from Finance Division regarding the irregularity advance payment to the supplier, in addition to the NOC from the Cabinet Division.

The Committee directed the PAO to implement the DAC directions by obtaining approval from Finance Division regarding advance payment and NOC from the Cabinet Division / competent authority for purchase of vehicles.

DIRECTIVE

In another meeting held on 9th December, 2010 the Committee recommended the para for settlement subject to verification of NOC from the Cabinet Division.

3.2 **PARA-3 (PAGE-138) AR-1992-93**
UNAUTHORIZED OPENING OF BANK ACCOUNT AND NON-SURRENDERING OF Rs. 238,932 AT THE CLOSE OF FINANCIAL YEAR

Audit pointed that a grant of Rs.264,000 was drawn by the Children Hospital under Ministry of Health during 1990-91 and deposited in a Commercial Bank without prior approval of the Finance Division. Moreover, the balance of Rs. 238,932 was not surrendered at the close of financial year but was kept for utilization in the next year.

The matter was reported to the Ministry in November 1992 but no reply was received.

The Executive Director (PIMS) informed the Committee that funds released for the project were deposited in a private Bank (Muslim Commercial Bank) to avoid their lapsing. The funds were utilized for payment of salaries and other expenditure of the project. Professor Mushtaq Khan was the Project Coordinator who had hired a private Accountant to maintain the project-accounts. Dr. Mushtaq retired from service in 1996, but did not hand over record of the project to PIMS. The E.D. stated that he had personally visited the Dr. M.A. Khan in his private clinic and was told by him that as it was a very old case he is unable to give details of whereabouts of the record. The Executive Director of PIMS assured the Committee that he will personally visit Dr. M.A.Khan again in order to impress upon him the necessity of tracing the record.

DIRECTIVE

The Committee referred the para to DAC to ascertain the full-facts and directed to report to the Monitoring and Implementation Committee of the PAC for further action.

3.3 **PARA-11 (PAGE-141) AR-1992-93**
NON-SUBMISSION OF DETAIL ACCOUNT IN SUPPORT OF
EXPENDITURE OF Rs. 1,100,000 PROVIDED BY LOCAL OFFICE TO
PRESIDENT AND PRIME MINISTER SECRETARIAT DISPENSARIES.

Audit pointed that an amount of Rs. 1,100,000 was provided by the Ministry of Health to the dispensaries at President Secretariat and Prime Minister Secretariat for purchase of drugs / medicines during the year 1989-90. detailed accounts were required to be produced to audit as per rule 207(3) of GFR Vol-1, which had not been provided.

The matter was reported to the Ministry in April 1993, but no reply was received. Audit suggested that reasons for non-observing the Government rules may be explained by the PAO and Audit Certificate of detailed account furnished to Audit in support thereof for verification.

The PAO informed the Committee that the Ministry had already requested the dispensaries to provide details of the expenditure.

DIRECTIVE

The Committee directed the PAO to supply the requisite record, discuss the same in the DAC and report to the Monitoring and Implementation Committee for further action.

- i. **PARA-3 (PAGE-85) AR-1990-91**
IRREGULAR EXPENDITURE OF RS. 1,974 MILLION ON LAPSED
SANCTIONS
- ii. **PARA-8 (PAGE-139) AR-1992-93**
INFRACTIOUS EXPENDITURE OF RS. 1.755,000
- iii. **PARA-11 (PAGE-141) AR-1992-93**
NON-SUBMISSION OF DETAIL ACCOUNT IN SUPPORT OF
EXPENDITURE OF Rs. 1,100,000 PROVIDED BY LOCAL OFFICE
TO PRESIDENT AND PRIME MINISTER SECTT. DISPENSARIES
- iv). **PARA-12 (PAGE-141) AR-1992-93**
AVIUDABLE PAYMENT OF RS. 7,214,897/ ON ACCOUNT OF
ESCALATION

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned four (04) Audit Paras.

MINISTRY OF HOUSING & WORKS

1. OVERVIEW

Appropriation Accounts, Audit Reports of Federal Government & Performance Audit Report for the year 1992-93 pertaining to the Ministry of Housing & Works were taken up for examination by the sub-Committee of the PAC in Committee Room No.2, Parliament House Islamabad on July 18th, 2009, under the convenership of Khwaja Muhammad Asif, M.N.A and on June 28th, 2010, July 27th, 2010, November 3rd, 2010, December 28th 2010 & February 1st, 2011 under the convenership of Mr. Zahid Hamid Khan .M.N.A. Decisions taken are summarized below:

- 1.1** Three (03) grants and seven (07) Paras were reported by AGPR / Audit. Performance Audit Report on Construction of 108-Family Suites for Federal Government Employees were presented by Audit on Ministry of Housing & Works.
- 1.2** On presentation of the grants by the AGPR, the Sub-Committee recommended the savings / excesses of the grants for regularization.
- 1.3** While discussing the Para No.C.1.1, the Committee referred the Para back to the DAC. The Committee directed the PAO that the Department should sit with the Audit and the Finance Division to dig out the procedural work out and ensure that some sort of Rules should be prescribed and circular issued to all formations that any recovery made by the Department has to be deposited in Government Treasury.
- 1.4** While discussing Para NoV.1 of Audit Report of Ministry of Housing and Works (Pak PWD & Estate Offices), the Committee recommended the Para for settlement subject to the submission of regular report on recovery to Audit.

2. APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1992-93)

i. Grant # 74- Works Division

(Total grant Rs. 15,352,000 excess Rs 63,559)

AGPR pointed out the grant closed with a saving of Rs 63,559 (0.59% of the total). An amount of Rs 140,000 (0.91%) was surrendered resulting into an excess of Rs 76,441 (0.49%).

ii. Grant # 75- Civil Works

(Total Charged grant Rs. 765,000 saving Rs 11,981)

(Total Other than Charged grant Rs.493.145,000 excess Rs 32,167,213)

iii. Grant # 76-ESTATE OFFICES

(Total grant Rs. 388,386,000 saving Rs. 2,291,683)

AGPR pointed out the grant closed with a saving of Rs 2,291,683 (0.41% of the total grant).

On 18th July 2009 after presentation of the above three grants by the AGPR, the Sub-Committee recommended the savings/excesses of the grants for regularization.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF HOUSING AND WORKS (PAKISTAN PUBLIC WORKS DEPARTMENT & Estate Offices) FOR THE AUDIT YEAR 1992-93.

3.1 Para No. A.1.1 Page 115-A.R. 1992-93

OVERPAYMENT OF RS. 372,612/-

Audit pointed out that a division made payment for the item cement concrete bedding of drain as separate item, though it stood included in the unit rate for the construction of drain vide item No. 6 page-167 of Composite Schedule of Rate, 1979. The incorrect application of rate resulted in an overpayment of Rs. 372,612 in 1991-93

The PAO informed the Sub-Committee that the over-payment Rs. 245,522/- out of total recovery of Rs. 372612/- as recovered from the contractors in the month of 9/93. The remaining amount should be recovered within 15 days.

On 18th July 2009 the Sub-Committee recommended the para for settlement subject to verification of the recovery by Audit with a report to PAC/Audit within 15 days.

On 28th December, 2010 the Committee endorsed the decision of the Sub-Committee and recommended the Para for settlement subject to verification by Audit.

On 1st February, 2011 the PAO informed the Committee that recovery of a small amount of Rs. 11,834 is yet to be made and requested that para may be recommended for settlement.

DIRECTIVE

The Committee recommended the para for settlement subject to verification of recovery of balance amount of Rs.11,834 by Audit.

3.2 **Para No. C.1.1 Page 127-A.R. 1992-93** **NON-RECOVERY OF RS. 3,734,790/-**

Audit pointed out that a division failed to recover the room rent of Chamba House recoverable from the Senators/MNAs/Government officers for the years 1989 to 1993. This resulted in non-recovery of Rs. 3,734,790

The PAO informed the Sub-Committee that:

- i. The issue recovery of arrears of rent was taken up with the defaulters by sending recovery statements at their addresses available with this office. Out of Rs. 3,734,790/- a sum of Rs. 666,669/- has been paid.
- ii. The list of rent recoveries from the Government Officers was provided to the AGPR Islamabad. The Senate and National Assembly recovery of arrears of rent from the Parliamentarians. The AGPR showed their

inability to recover the arrears of rent while the Cabinet finally decided vide works division N. 993/95 dated. 23.4.95 to proceed in the court of Law to recover the outstanding dues Cases against the defaulters will be filed in the court of Law after nomination of counsel by the law division.

- iii. Items No. 38&62 of outstanding list are duplicate, hence an amount i.e Rs. 105.165/- may please be reduced from the amount of Draft paras.

3.3 Para No. C.I.2 (Page-127-AR 1992-1993)

Non-recovery of Rs 1,928,194

Audit pointed out that in a formation an amount of Rs. 1,928,194 was outstanding on account of room rent from various occupants in respect of various Federal Government Lodges at Islamabad, since 1983.

The PAO informed the Sub-Committee that a sum of Rs 8,10,998/= have been recovered out of Rs. 19,28,194/= on account of outstanding rent from the parliamentarian/ Government Officers leaving a Balance of Rs 11,17,196/. The AGPR has shown its inability for recovery of the outstanding rent from Government Officers. In consequence, the Cabinet finally decided to proceed in the court of law to recover the dues as intimated by Works Division.

On 18th July 2009 the Sub-Committee directed the Ministry to recover the amount under Land Revenue Act and get the recovered amount verified from Audit.

On the 28th December, 2010 Audit pointed out that the recovered amount had not been deposited in the proper revenue head.

DIRECTIVE

The Committee directed the PAO to remit the recovered amount to the proper revenue head, initiate action of recovery against the defaulters and submit a regular progress report to audit. The Committee recommended the paras for settlement subject to verification by Audit.

3.4 **Para No. V.1 Page 140-A.R. 1992-93**
NON-RECOVERY OF RS. 857,859/-

Audit stated that according to prevalent rules recovery @ 5% of basic pay was required to be made from government servants to whom government residences were allotted. Estate Office, Karachi however, failed to enforce the aforesaid recovery of Rs. 857,859 pertaining to the period from 1985 to 1992.

The PAO informed the Committee that the recovery of Rs. 364,000 had been made in this case.

On 18th July 2009, the Sub-Committee recommended the para for settlement subject to verification of record by Audit with a report to PAC within one month.

On 28th December, 2010 the Committee directed the PAO to initiate action of recovery against the defaulters and submit a regular progress report to audit.

On 1st February, 2011 the PAO informed the Committee that the recovery of balance amount of Rs. 353,000 was remaining for which the Department was pursuing vigorously.

DIRECTIVE

The Committee recommended the para for settlement subject to the submission of regular report on recovery to Audit. Follow up action to be monitored by the Monitoring and Implementation Committee of PAC.

On 1st February, 2011 Audit requested that the Committee may issue suitable directive for further pursuance of the following two (02) Audit Paras at DAC level.

- i. **PARA-No. D.V.I. (PAGE No. 132) AR 1992-93.**
LOSS OF RS. 377,440/-
- ii. **PARA-No.I. (PAGE No. 142) AR 1992-93.**
NON-RECOVERY OF RS. 1.51 MILLION.

DIRECTIVE

Accepting request of the Audit, the Committee directed the Audit to discuss the above-mentioned Audit Paras in the DAC meeting which would then be presented before the Implementation Committee.

- 3.5 **PARA-No. D.II.3 (PAGE No. 130) AR 1992-93.**
LOSS OF RS. 490,824/-

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

4. PERFORMANCE AUDIT REPORT ON 108-FAMILY SUITES FOR FEDERAL GOVERNMENT EMPLOYEES AT ISLAMABAD.

Audit pointed out that strenuous efforts need to be made for recovery of outstanding rent amounting to Rs. 0.279 million from the occupants concerned. Rental policy may be reviewed and strengthened for avoiding non-payment of rent by the occupants of the suites.

The PAO informed the Committee that dues of Rs. 11 lacs have been recovered and efforts were being made for recovery of the remaining amount. The PAO further informed that recoveries would be got verified from Audit and a report would be submitted to the Committee.

DIRECTIVE

On the 28th July 2010, the Committee directed the PAO to ensure that recovery of all outstanding dues is made from the defaulters, without exception. Report should be submitted to the Committee within one month on action taken, along with list of defaulters showing outstanding dues against each.

On 3rd November, 2010 Audit pointed out that recovery position has not been reported by the Ministry so far.

The Committee directed the PAO to expedite the recovery and the outstanding amount against those MNAs/who had died should be written off. Efforts should be made more vigorously for recovery from others and a report has to be submitted to the Committee within one month.

On the 28th December, 2010 the PAO informed the Committee that some details of recoveries have been provided to the Audit.

The Committee directed the PAO that outstanding amount against Parliamentarians should be written off. The Committee further directed to recover outstanding rent charges from rest of the defaulters and if required invoke Land Revenue Act.

On 1st February 2011 the PAO informed the Committee that except for one all other documents have been provided to Audit.

DIRECTIVE

The Committee directed the PAO to make sure that all the requisite record is provided to Audit in the next two weeks. The Committee recommended the para for settlement subject to verification of record by Audit.

MINISTRY OF INDUSTRIES AND PRODUCTION

1. OVERVIEW

Appropriation Accounts / Audit Reports / Audit Report Public Sector Enterprises for the year 1992-93 pertaining to the Ministry of Industries and Production were discussed by Special Committee-II of the PAC in Committee Room No.2, Parliament House Islamabad on August 17th, 2010, December 21st, 2010 & March 2nd, 2011. Decisions taken are summarized below:

- 1.1** Eight (08) grants were reported by AGPR. Three hundred and five (305) Paras of Audit and of Audit's Report on Public Sector Enterprises were also presented by Audit
- 1.2** On presentation of the grants by the AGPR, the Committee observed that budgeting and monitoring systems in the Ministry should be strengthened so that requirements of funds are accurately estimated and budgetary allocations are efficiently utilized.
- 1.3** The Committee while discussing Para No.136- directed the PAO to follow the case with the NAB vigorously and submit a report to the Committee.
- 1.4** While discussing No.140 Committee expressed its displeasure over the delay in handling the case and observed that the case was investigated and brought before the Committee after the officials had retired. It directed the PAO to take action against the officials responsible for the delay.

2. APPROPRIATION ACCOUNTS CIVIL VOL-I 1992-93

i. GRANT NO.79-MINISTRY OF INDUSTRIES

Saving Rs. 116,139/-

AGPR pointed out that the grant closed with a saving of Rs. 163,103,345 (35.91% of the total grant). An amount of Rs. 162,987,206 (35.89%) was surrendered, leaving net saving of Rs. 116,139 (0.2%).

The PAO informed the Committee that the saving occurred due to non-utilization of funds provided for setting up investment promotion centre within/outside the country as this work was transferred Pakistan Investment Board which had been establishment under the administrative control of PM Secretariat.

DIRECTIVE

The Committee recommended regularization of the grant with the direction that budgeting and monitoring systems in the Ministry should be strengthened so that requirements of funds are accurately estimated and budgetary allocation efficiently utilized.

ii. GRANT NO.80-INDUSTRIES

<u>Budget</u>		<u>AGPR Figures</u>		<u>Department Figures</u>	<u>Difference</u>
Saving	(-)	493,161	(-)	433,853	59,308

AGPR pointed out that after accounting for supplementary grant of Rs 979,000, the grant closed with a saving of Rs. 433,853.

The PAO informed the Committee that the saving was due to non-release of funds (Rs. 433.833) by the Finance Division, which was surrendered after the due date.

DIRECTIVE

The Committee recommended regularization of the grant.

iii. **GRANT NO.81-DEPARTMENT OF INVESTMENT PROMOTION AND SUPPLIES**

Saving Rs. 673,792/-

AGPR pointed out that the grant closed with a saving of Rs. 1,001,792 (2.52% of the total grant). An amount of Rs. 328,000 (0.82%) was surrendered, leaving net saving of Rs. 673,792 (1.69%).

The PAO informed the Committee that the saving was mainly due to vacant posts, ban on expenditure and non-completion of necessary formalities.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that the entire saving should have been surrendered in time.

iv. **GRANT NO.82-OTHER EXPENDITURE OF MINISTRY OF INDUSTRIES**

Saving Rs. 10,071,820/-

AGPR pointed out that the grant closed with a saving of Rs. 10,152,820 (34.05% of the total grant). An amount of Rs. 81,000 (0.27%) was surrendered, leaving net saving of Rs. 10,071,820 (33.79%).

The PAO informed the Committee that the saving of Rs. 9,776,000 was mainly due to non-release of funds to Utility Stores Corporation by Finance Division.

DIRECTIVE

The Committee recommended regularization of the grant.

v. **GRANT NO.114- MINISTRY OF PRODUCTION**
Saving Rs. 110,710/-

AGPR pointed out that after taking into account supplementary grant of Rs. 2,010,000 the grant closed with a saving of Rs. 110,710 (0.39% of the total grant).

DIRECTIVE

The Committee recommended regularization of the grant.

vi. **GRANT NO.138-CAPITAL OUTLAY ON MISCELLANEOUS STORES**
Saving Rs. 508,577/-

AGPR pointed out that the grant closed with a saving of Rs. 508,577 (30.51% of the total grant).

The PAO informed the Committee that the saving was mainly due to non-receipt of material from AOIS & F, Karachi.

DIRECTIVE

The Committee recommended regularization of the grant.

vii. **GRANT NO.165-DEVELOPMENT EXPENDITURE OF MINISTRY OF INDUSTRIES**

viii. **GRANT NO.194- CAPITAL OUTLAY ON INDUSTRIAL DEVELOPMENT**

A.G.P.R. and PAO pointed out that in the above-mentioned two (02) grants the budgetary provisions had been fully utilized.

DIRECTIVE

The Committee recommended regularization of the above-mentioned two (02) grants.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF INDUSTRIES & PRODUCTION FOR THE YEAR 1992-93.

**3.1 PARA-1 (PAGE-153) AR-1992-93
NON-COMPLIANCE OF THE DECISION OF THE PUBLIC ACCOUNTS COMMITTEE SUBMISSION OF CONTRACT FILES TO AUDIT**

The PAO informed the Committee that as per directives of the DAC an Inquiry was conducted regarding the missing 822 files which had not been made available to Audit. The inquiry officer had concluded that the record had been inspected by a three member committee which had recommended its destruction on the grounds that as it was too old, moth eaten and affected by rain water, it had lost its identification. However, PAC's direction for regular submission of files/record relating to Audit and clear instructions of the Ministry that files needed by any agency including PAC/Audit should not be destroyed had not been complied with. After abolition of the Department in 2002, the officer who handled this case was no longer in service. Hence no action could be taken against him.

DIRECTIVE

The Committee expressed its dissatisfaction over non compliance with PAC direction and clear violation of instructions relating to non destruction of record which is subject to Audit or the subject of an Audit para. It directed Audit to examine the Inquiry Report in detail. The para was settled subject to satisfaction of Audit that further action was possible in the circumstances.

**3.2 PARA-2 (PAGE-153) AR-1992-93
LOSS DUE TO AWARD OF CONTRACT AT HIGHER PRICE Rs. 318,060/-.**

The PAO requested that the Ministry be allowed some time to make an effort to search and provide the relevant record to Audit.

Accepting the request of the PAO, the Committee recommended settlement of the Para subject to verification of record by Audit. A compliance report has to be submitted to the Committee within two weeks.

On 21st December, 2010 the Committee observed that once a Para comes to PAC relevant record can neither be destroyed nor the file can be closed. The Committee directed the PAO to produce the relevant record before the PAC. In case it is not found responsibility should be fixed as to who lost that record and action should be taken in this regard. The Committee directed the PAO to submit an inquiry report within one month.

Audit stated on 24th February, 2011 that details of inquiry report had not yet been provided.

The PAO explained that since the department was defunct now hence a difficulty is being faced in tracing out the file. He said that the file would be traced within 15 days.

DIRECTIVE

The Committee directed the PAO to make every effort to trace the file and provide it to Audit within 15 days. The Committee recommended the para for settlement subject to verification by Audit.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE ACCOUNTS OF MINISTRY OF INDUSTRIES & PRODUCTION FOR THE YEAR 1992-93

PAKISTAN STEEL MILLS CORPORATION LTD

4.1 PARA NO 136-PAGE NO. 88

Loss of Rs 93.623 million on account of markup due to unnecessary purchase of Ferre Magnese

The Chairman Pakistan Steel Mill Corporation informed the Committee that the Principal Executive (Procurement) had recommended the procurement of material and accordingly sought MOIP's approval, which was conveyed after obtaining certain clarifications. Pakistan Steel had placed purchase order dated

28th September 1989 on M/s S. Iqbal Corporation for supply of 5000 M.Tons of Ferro Manganese at a rate of Rs 42,750.

The Chairman further explained that as desired by Audit internal investigation was conducted which revealed that the material was purchased without taking into consideration the stock position. The concerned department i.e. Production Planning & Control was also not consulted before making such purchase. The liquidity position of the Corporation at that time did not warrant the tying up of funds for such purchase. The material was purchased in spite of some observations raised by the Finance Department.

The Chairman of PSMC further informed that investigation officer had concluded that responsibility of the loss sustained by Pakistan Steel can be attributed to the following:-

- i. The authority of MOIP who directed Pakistan Steel to consider the proposal of M/s. S. Iqbal Corporation and accorded approval thereof.
- ii. Maj. Gen. (Ret.) Shujaat Ali Bukhari, Ex Chairman Pakistan Steel (who is abroad).
- iii. Ex Principal Executive (Procurement), Mr. Azizuddin (late).

On 17th August, 2010 the Committee directed the PAO to personally look into all the aspects of the matter, fix responsibility and take action as admissible under the Rules and the law.

The Committee observed on 21st December, 2010 that action should have been initiated much earlier as per previous directive of the PAC. The Committee asked the PAO to hold a DAC meeting, fix responsibility, take action and inform the Committee within two weeks.

On 24th February, 2011 Audit stated that no progress report has been received on the PAC's last directive.

The PAO stated that in compliance of PAC's directive the case has been referred to NAB and result is still awaited.

DIRECTIVE

The Committee directed the PAO to follow the case with the NAB vigorously and submit a report to the Monitoring and Implementation Committee of the PAC for further action.

PAKISTAN STEEL MILLS CORPORATION LTD

4.2 **PARA-137 (PAGE-90) ARPSE-1992-93 Vol-X-D**
UNDUE FAVOUR EXTENDED TO THE SUPPLIER LOSS OF RS 9.102
MILLION.

The Chairman PSTM informed the Committee that the opening of L/C for purchase of 1000 m tons Zinc was delayed because in those days permission was required from CCI & E which took 14 to 15 days. The period of 24 days given for delivery was unrealistic because supplies from Europe normally take about 90 days after opening of the LC. Therefore execution had to be given the Mills had to buy 700 M. ton from the local supplier at enhanced price. The Chairman admitted that the case had been mishandled. An investigation had been carried out but no responsibility had been fixed.

On 17th August, 2010 the Committee directed the PAO to carry out an Inquiry at the Ministerial level fix responsibility and take action against persons at fault report to the Committee within one month.

(The said report was not received hence it has no to be submitted to the Monitoring and Implementation Committee of the PAC for further action.)

DIRECTIVE

On 21st December, 2010 the Committee recommended the para for settlement subject to satisfaction of Audit.

3.3 **PARA-138 (PAGE-90) ARPSE-1992-93 Vol-X-D**
PAYMENT OF DEMURRAGE CHARGES; LOSS OF RS 4.044 MILLION

The Chairman informed the Committee that during the years 1989-90 and 1990-91, the liquidity position of the Corporation was precarious. Due to non-availability of funds, the L/C documents could not be retrieved in time with the result that the vessels went into demurrage.

The Chairman further informed that relevant record had been provided to Audit for verification.

DIRECTIVE

The Committee referred the Para to the DAC for consideration/verification of the record. Report should be submitted to the Committee within one month. (The said report was not received hence it has to be presented before the Monitoring and Implementation of the Committee for further action.)

3.4 **PARA-140 (PAGE-90) ARPSE-1992-93 Vol-X-D**
UNNECESSARY DELAY IN PLACING PURCHASE ORDER; LOSS OF RS 2.352 MILLION

The Chairman informed the Committee that as desired by Audit, the case was internally investigated in 2004. The investigation officer had concluded that Purchase Department was mainly responsible for delay in placement of the purchase order for chrome magnesite bricks, which caused a loss of Rs 2.35 million to the Corporation.

The Chairman further informed that the following five officials were held responsible for delay in handling the case:-

- 1.Mr. S.H.A. Abedi Ex-Assistant, Purchase Department (retired under VRF).
- 2.Mr. M.B. Rafiuddin, Ex- Asstt, Manager (Purchase) retired under VRF).
- 3.Mr. M.Abu Sufyan Ahsan Ex.G.M.(Purchase) (retired) .
- 4.Mr. Moinuddin Ali Khan the then Supdit(Technical Wing) retired.

5. Mr. Muhammad Ismail the then Supdt. Steel Making Department. (retired).

This case was also referred to the NAB. However, the NAB did not accept the case because the officials had retired.

DIRECTIVE

The Committee expressed its displeasure over the delay in handling the case and observed that the case was investigated and brought before the Committee after the officials had retired. It directed the PAO to take action against the officials responsible for the delay and report back to the Committee within two months.

(The said report was not received hence it has no to be submitted to the Monitoring and Implementation Committee of the PAC for further action.)

4.5 **PARA-143 (PAGE-95) ARPSE-1992-93 Vol-X-D**
LOSS OF RS 1.028 MILLION BY IGNORING THE LOWEST BIDDER ON
ACCOUNT OF GROSS NEGLIGENCE

The Chairman Pakistan Steel informed the Committee that as the stock of Ziroconia Nozzles for was near depletion, to face the emergent situation it was necessary that the trial test offer of M/s Norin Paco (@ DM 90 per piece) accepted. Fresh tenders were proposed to be floated for procurement of material from other sources.

The Chairman further informed that in the fresh tenders, the offer of M/s Progressive (Local Agent of M/s Didier Works of Germany) was accepted technically and purchase order was placed on them for supply of 4000 pieces of Zirconia 40mn Nozzles @ DM 113 per piece on 23.8.1989. Thus the placement of purchase order on M/s Progressive did not have any relevance to purchase order placed on M/s Norin Paco (Local agent of M/s Radex Germany).

DIRECTIVE

After hearing the Chairman at length regarding the technical requirements of the two types of nozzles, the Committee recommended the para for settlement.

PAKISTAN INSTITUTE OF MANAGEMENT

- i. Para-11-(ARPSE-1992-93-VOL-X-D)-Page-17
- ii. Para-12-(ARPSE-1992-93-VOL-X-D)Page-17

FEDERAL CHEMICAL AND CERAMICS CORPORATION (PVT) LTD

- iii. Para-14-(ARPSE-1992-93-VOL-X-D)-Page-19
- iv. Para-15-(ARPSE-1992-93-VOL-X-D)-Page-20
- v. Para-16-(ARPSE-1992-93-VOL-X-D)-Page-20

ITTEHAD CHEMICALS LIMITED

- vi. Para-17-(ARPSE-1992-93-VOL-X-D)-Page-21
- vii. PARA-18 (ARPSE-1992-93-VOL-X-D)-Page-22
- viii. Para-19-(ARPSE-1992-93-VOL-X-D)-Page-22
- ix. Para-20-(ARPSE-1992-93-VOL-X-D)-Page-22
- x. Para-21-(ARPSE-1992-93-VOL-X-D)-Page-22
- xi. Para-22-(ARPSE-1992-93-VOL-X-D)-Page-22
- xii. Para-23-(ARPSE-1992-93-VOL-X-D)-Page-22
- xiii. Para-24-(ARPSE-1992-93-VOL-X-D)-Page-23

Undue favour in the sale of pesticides on credit and non-recovery of Rs 88,500 from a party

NOWSHERA D.D.T FACTORY

- xiv. Para-25-(ARPSE-1992-93-VOL-X-D)-Page-24
- xv. Para-26-(ARPSE-1992-93-VOL-X-D)-Page-25
- xvi. Para-27-(ARPSE-1992-93-VOL-X-D)-Page-25

NOWSHERA PVC COMPANY (PRIVATE) LIMITED

- xvii. Para-28-(ARPSE-1992-93-VOL-X-D)-Page-26
- xviii. Para-29-(ARPSE-1992-93-VOL-X-D)-Page-27
- xix. Para-30-(ARPSE-1992-93-VOL-X-D)-Page-27
- xx. Para-31-(ARPSE-1992-93-VOL-X-D)-Page-27
- xxi. Para-32-(ARPSE-1992-93-VOL-X-D)-Page-27
- xxii. Para-33-(ARPSE-1992-93-VOL-X-D)-Page-27

RAVI RAYON LIMITED

- xxiii. Para-34-(ARPSE-1992-93-VOL-X-D)-Page-28
- xxiv. Para-35-(ARPSE-1992-93-VOL-X-D)-Page-29
- xxv. Para-36-(ARPSE-1992-93-VOL-X-D)-Page-29
- xxvi. Para-37-(ARPSE-1992-93-VOL-X-D)-Page-29
- xxvii. Para-38-(ARPSE-1992-93-VOL-X-D)-Page-29

RAVI ENGINEERING LIMITED

- xxviii. Para-39-(ARPSE-1992-93-VOL-X-D) -Page-30
- xxix. Para-40-(ARPSE-1992-93-VOL-X-D)-Page-31
- xxx. Para-41-(ARPSE-1992-93-VOL-X-D)-Page-31

SWAT CERAMICS COMPANY (PVT) LIMITED

- xxxi. Para-42-(ARPSE-1992-93-VOL-X-D)-Page-32
- xxxii. Para-43-(ARPSE-1992-93-VOL-X-D)-Page-33
- xxxiii. Para-44-(ARPSE-1992-93-VOL-X-D)-Page-33
- xxxiv. Para-45-(ARPSE-1992-93-VOL-X-D)-Page-33
- xxxv. Para-46-(ARPSE-1992-93-VOL-X-D)-Page-33

SWAT ELUTRIATION PLANT

- xxxvi. Para-47-(ARPSE-1992-93-VOL-X-D)-Page-34
- xxxvii. Para-48-(ARPSE-1992-93-VOL-X-D)-Page-34
- xxxviii. Para-49-(ARPSE-1992-93-VOL-X-D)-Page-34

PAKISTAN AUTOMOBILE CORPORATION LIMITED

- xxxix. Para-81-(ARPSE-1992-93-VOL-X-D)-Page-56

NON-SUBMISSION OF ACCOUNTS

- xl. Para-82-(ARPSE-1992-93-VOL-X-D)-Page-57
- xli. Para-83-(ARPSE-1992-93-VOL-X-D)-Page-57
- xlii. Para-84-(ARPSE-1992-93-VOL-X-D)-Page-57

BELA ENGINEERS LIMITED

- xl.iii. Para-85-(ARPSE-1992-93-VOL-X-D)-Page-58
- xliv. Avoidable demurrage charges Rs 219,575
- xlv. Para-86-(ARPSE-1992-93-VOL-X-D)-Page-59
- xlvi. Para-87-(ARPSE-1992-93-VOL-X-D)-Page-60

BOLAN CASTINGS LIMITED

- xlvi. Para-88-(ARPSE-1992-93-VOL-X-D)-Page-60
xlviii. Para-89-(ARPSE-1992-93-VOL-X-D)-Page-60

REPUBLIC MOTORS (PVT) LTD

- xlix. Para-90-(ARPSE-1992-93-VOL-X-D)-Page-61
1. Para-91-(ARPSE-1992-93-VOL-X-D)-Page-62

SINDH ENGINEERING (PVT) LIMITED

- li. Para-92-(ARPSE-1992-93-VOL-X-D)-Page-63
lii. Para-93-(ARPSE-1992-93-VOL-X-D)-Page-64
liii. Para-94-(ARPSE-1992-93-VOL-X-D)-Page-64

PAKISTAN INDUSTRIAL DEVELOPMENT CORPORATION (PVT)
LIMITEDPIDC COTTON GINNING FACTORY (PVT) LTD

- liv. Para-96-(ARPSE-1992-93-VOL-X-D)-Page-66
NON-SUBMISSION OF ACCOUNTS

PAKISTAN INDUSTRIAL DEVELOPMENT CORPORATION (PVT)
LIMITED

- lv. Para-97-(ARPSE-1992-93-VOL-X-D)-Page-66
lvi. Para-98-(ARPSE-1992-93-VOL-X-D)-Page-67

PIDC DIR FOREST INDUSTRIES COMPLEX (PVT) LIMITED

- lvii. Para-99-(ARPSE-1992-93-VOL-X-D)-Page-68
lviii. Para-100-(ARPSE-1992-93-VOL-X-D)-Page-68
lix. Para-101-(ARPSE-1992-93-VOL-X-D)-Page-69
lx. Para-102-(ARPSE-1992-93-VOL-X-D)-Page-69
Blockade of funds amounting to Rs 307,274 due to unnecessary
procurement of stores

HARNAI WOOLLEN MILLS LIMITED

- lxi. Para-103-(ARPSE-1992-93-VOL-X-D)-Page-70
lxii. Para-104-(ARPSE-1992-93-VOL-X-D)-Page-70

INDUS STEEL PIPES LIMITED

- lxiii. Para-105-(ARPSE-1992-93-VOL-X-D)-Page-71

- lxiv. **Para-106-(ARPSE-1992-93-VOL-X-D)-Page-72**
PIDC MEDICAL CENTRE
- lxv. **Para-107-(ARPSE-1992-93-VOL-X-D)-Page-73**
lxvi. **Para-108-(ARPSE-1992-93-VOL-X-D)-Page-73**
PIDC PRINTING PRESS (PVT) LIMITED
- lxvii. **Para-109-(ARPSE-1992-93-VOL-X-D)-Page-74**
PIDC TALPUR TEXTILE MILLS LIMITED
- lxviii. **Para-110-(ARPSE-1992-93-VOL-X-D)-Page-75**
lxix. **Para-110-(ARPSE-1992-93-VOL-X-D)-Page-75**
PAKIRAN TEXTILES (PVT) LIMITED
- lxx. **Para-112-(ARPSE-1992-93-VOL-X-D)-Page-76**
LARKANA SUGAR MILLS (PVT) LIMITED
- lxxi. **Para-113-(ARPSE-1992-93-VOL-X-D)-Page-77**
lxxii. **Para-114-(ARPSE-1992-93-VOL-X-D)-Page-78**
lxxiii. **Para-115-(ARPSE-1992-93-VOL-X-D)-Page-77**
lxxiv. **Para-116-(ARPSE-1992-93-VOL-X-D)-Page-77**
LARKANA SUGAR MILLS (PVT) LIMITED
- lxxv. **Para-117-(ARPSE-1992-93-VOL-X-D)-Page-79**
Non- recovery of loans from growers expected loss of Rs 6.223 million
- lxxvi. **Para-118-(ARPSE-1992-93-VOL-X-D)-Page-79 & 80**
Purchase of poly-propylene bags at an exorbitant rates resulting in a loss of Rs 735,000
- lxxvii. **Para-119-(ARPSE-1992-93-VOL-X-D)-Page-80**
Shortage of stores and spares worth Rs 280,200
SHAHDADKOT TEXTILE MILLS (PVT) LIMITED
- lxxviii. **Para-120-(ARPSE-1992-93-VOL-X-D)-Page-81**
PIDC SPECIALIZED REFRACTORY PROJECT
- lxxix. **Para-121-(ARPSE-1992-93-VOL-X-D)-Page-83**

PAKISTAN STEEL MILLS CORPORATION LTD

- lxxx.** Para-124-(ARPSE-1992-93-VOL-X-D)-Page-85
- lxxxi.** Para-125- (ARPSE-1992-93-VOL-X-D) -Page-86
- lxxxii.** Para-126-(ARPSE-1992-93-VOL-X -D)-Page-86
- lxxxiii.** Para-127-(ARPSE-1992-93-VOL-X-D)-Page-87
- lxxxiv.** Para-128-(ARPSE-1992-93-VOL-X-D)-Page-87
- lxxxv.** Para-129-(ARPSE-1992-93-VOL-X-D)-Page-87
- lxxxvi.** Para-130- (ARPSE-1992-93-VOL-X-D)-Page-87
- lxxxvii.** Para-131- (ARPSE-1992-93-VOL-X-D)-Page-87
- lxxxviii.** Para-132-(ARPSE-1992-93-VOL-X-D)-Page-88
- lxxxix.** Para-133-(ARPSE-1992-93-VOL-X-D)-Page-88
- xc.** Para-134-(ARPSE-1992-93-VOL-X-D)-Page-88
- xc.** Para-135-(ARPSE-1992-93-VOL-X-D)-Page-88

PAKISTAN STEEL MILLS CORPORATION LTD

- xcii.** Para-139-(ARPSE-1992-93-VOL-X-D)-Page-91
Escalation of overtime and incentive payment of Rs 3.127 million
- xciii.** Para-141- (ARPSE-1992-93-VOL-X-D)-Page-93
Payment of demurrage R 1.908 million
- xciv.** Para-142-(ARPSE-1992-93-VOL-X-D)-Page-94
Loss of Rs 1.643 million due to leakage/ wastage of water during transmission
- xcv.** Para-144-(ARPSE-1992-93-VOL-X-D)-Page-96
Non- recovery of advance from supplier; Rs 682,053
- xcvi.** Para-145-(ARPSE-1992-93-VOL-X-D)-Page-97
Fine imposed by the customs on import of ban items, loss Rs 339,725 in addition to a wasteful expenditure of Rs. 150,000 on this account
- xcvii.** Para-146-(ARPSE-1992-93-VOL-X-D)-Page-97
Loss of Rs 286,200 due to procurement of material without observance of procedure
- xcviii.** Para-147-(ARPSE-1992-93-VOL-X-D)-Page-98
Non-recovery of Rs 222,976 on account of dumper hire charges from a private party
- xcix.** Para-148-(ARPSE-1992-93-VOL-X-D)-Page-99
Non-recovery of appliances valuing Rs 162, 117 from Ex-officers

PAKISTAN STEEL FABRICATING COMPANY (PVT) LIMITED

- c.** Para-123-(ARPSE-1992-93-VOL-X-D)-Page-84
NON-SUBMISSION OF ACCOUNTS

PEOPLES STEELS MILLS LIMITED

- ci. Para-123-(ARPSE-1992-93-VOL-X-D)-Page-84
NON-SUBMISSION OF ACCOUNTS

NOKKUNDI IRON ORE PROJECT

- cii. Para-149-(ARPSE-1992-93-VOL-X-D)-Page-101
ciii. Para-150-(ARPSE-1992-93-VOL-X-D)-Page-101
civ. Para-151-(ARPSE-1992-93-VOL-X-D)-Page-101
cv. Para-152-(ARPSE-1992-93-VOL-X-D)-Page-101

STATE CEMENT CORPORATION OF PAKISTAN (PVT) LIMITED

- cvi. Para-155-ARPSE-1992-93-VOL-X-D)-Page-103

ASSOCIATED CEMENT ROHRI

- cvii. Para-156-(RPSE-1992-93-VOL-X-D)-Page-105
cviii. Para-157-(RPSE-1992-93-VOL-X-D)-Page-106
cix. Para-158-(RPSE-1992-93-VOL-X-D)-Page-107
cx. Para-159-(RPSE-1992-93-VOL-X-D)-Page-107
cxii. Para-160-(ARPSE-1992-93-VOL-X-D)-Page-107
cxiii. Para-161-(ARPSE-1992-93-VOL-X-D)-Page-107
cxiiii. Para-162-(ARPSE-1992-93-VOL-X-D)-Page-107

Associated Cement Wah Limited

- cxiv. Para-163-(ARPSE-1992-93-VOL-X-D)-Page-108
cxv. Para-164-(ARPSE-1992-93-VOL-X-D)-Page-109
cxvi. Para-165-(ARPSE-1992-93-VOL-X-D)-Page-109
cxvii. Para-166-(ARPSE-1992-93-VOL-X-D)-Page-109
cxviii. Para-167-(ARPSE-1992-93-VOL-X-D)-Page-109
cxix. Para-168-(ARPSE-1992-93-VOL-X-D)-Page-109
cxx. Para-169-(ARPSE-1992-93-VOL-X-D)-Page-110
Loss of Rs 21.922 million due to excess consumption of various material,
fuel in the production of cement

GENERAL REFRACTORIES LIMITED

- cxxi. Para-170-(ARPSE-1992-93-VOL-X-D)-Page-111
cxxii. Para-171-(ARPSE-1992-93-VOL-X-D)-Page-111
cxxiii. Para-172-(ARPSE-1992-93-VOL-X-D)-Page-112
cxxiv. Para-173-(ARPSE-1992-93-VOL-X-D)-Page-112

INDUSTRIAL AND CEMENT ENGINEERS (PVT) LIMITED

- cxxv. Para-174-(ARPSE-1992-93-VOL-X-D)-Page-113
cxxvi. Para-175-(ARPSE-1992-93-VOL-X-D)-Page-113
cxxvii. Para-176-(ARPSE-1992-93-VOL-X-D)-Page-114

JAVEDAN CEMENT LIMITED

- cxxviii. Para-154-(ARPSE-1992-93-VOL-X-D)-Page-102
NON-SUBMISSION OF ACCOUNTS
cxxix. Para-177-(ARPSE-1992-93-VOL-X-D)-Page-115
Shortage of raw material and finished goods; loss of Rs 7.907 million

KOHAT CEMENT COMPANY

- cxxx. Para-178-(ARPSE-1992-93-VOL-X-D)-Page-116
Non-recovery of Rs 143,490 paid as compensation on behalf of the contractor

MUSTEHKAM CEMENT LIMITED

- cxxxii. Para-179-(ARPSE-1992-93-VOL-X-D)-Page-117
cxxxiii. Para-180-(ARPSE-1992-93-VOL-X-D)-Page-118
cxxxiii. Para-181-(ARPSE-1992-93-VOL-X-D)-Page-118

NATIONAL CEMENT INDUSTRIES (PVT) LIMITED

- cxxxiv. Para-182-(ARPSE-1992-93-VOL-X-D)-Page-119
cxxxv. Para-183-(ARPSE-1992-93-VOL-X-D)-Page-120
cxxxvi. Para-184-(ARPSE-1992-93-VOL-X-D)-Page-120

THATTA CEMENT COMPANY LIMITED

- cxxxvii. Para-185-(ARPSE-1992-93-VOL-X-D)-Page-121
cxxxviii. Para-186-(ARPSE-1992-93-VOL-X-D)-Page-122
cxxxix. Para-187-(ARPSE-1992-93-VOL-X-D)-Page-122

GHEE CORPORATION OF PAKISTAN (PVT) LIMITED

- cxli. Para-152-(ARPSE-1992-93-VOL-X)-Page-144
cxli. Para-153-(ARPSE-1992-93-VOL-X)-Page-145
cxlii. Para-154-(ARPSE-1992-93-VOL-X)-Page-145
cxliii. Para-155-(ARPSE-1992-93-VOL-X)-Page-145
cxliv. Para-156-(ARPSE-1992-93-VOL-X)-Page-145
cxlv. Para-157-(ARPSE-1992-93-VOL-X)-Page-145
cxlvi. Para-158-(ARPSE-1992-93-VOL-X)-Page-145

SARGROH VEGETABLE GHEE AND GENERAL MILLS

- cxlvii. Para-159-(ARPSE-1992-93-VOL-X)-Page-146
- cxlviii. Para-160-(ARPSE-1992-93-VOL-X)-Page-147
- cxlix. Para-161-(ARPSE-1992-93-VOL-X)-Page-147
- cl. Para-162-(ARPSE-1992-93-VOL-X)-Page-147

A & B INDUSTRIAL GASES LIMITED

- cli. Para-163-(ARPSE-1992-93-VOL-X)-Page-148
- clii. Para-164-(ARPSE-1992-93-VOL-X)-Page-149
- cliii. Para-165-(ARPSE-1992-93-VOL-X)-Page-150
- cliv. Para-166-(ARPSE-1992-93-VOL-X)-Page-150

BURMA OIL MILLS LIMITED

- clv. Para-167-(ARPSE-1992-93-VOL-X)-Page-151
- clvi. Para-168-(ARPSE-1992-93-VOL-X)-Page-152
- clvii. Para-169-(ARPSE-1992-93-VOL-X)-Page-152

E.M. OIL MILLS AND INDUSTRIES LIMITED

- clviii. Para-170-(ARPSE-1992-93-VOL-X)-Page-153
- clix. Para-171-(ARPSE-1992-93-VOL-X)-Page-154
- clx. Para-172-(ARPSE-1992-93-VOL-X)-Page-154

KOHINOOR OIL MILLS LIMITED

- clxi. Para-173-(ARPSE-1992-93-VOL-X)-Page-155
- clxii. Para-174-(ARPSE-1992-93-VOL-X)-Page-156
- clxiii. Para-175-(ARPSE-1992-93-VOL-X)-Page-156
- clxiv. Para-176-(ARPSE-1992-93-VOL-X)-Page-156
- clxv. Para-177-(ARPSE-1992-93-VOL-X)-Page-156

MAQBOOL COMPANY LIMITED

- clxvi. Para-178-(ARPSE-1992-93-VOL-X)-Page-157
- clxvii. Para-179-(ARPSE-1992-93-VOL-X)-Page-158
- clxviii. Para-180-(ARPSE-1992-93-VOL-X)-Page-158

MORAFKO INDUSTRIES LIMITED

- clxix. Para-181-(ARPSE-1992-93-VOL-X)-Page-159
- clxx. Para-182-(ARPSE-1992-93-VOL-X)-Page-160
- clxxi. Para-183-(ARPSE-1992-93-VOL-X)-Page-160

- clxxii. Para-184-(ARPSE-1992-93-VOL-X)-Page-160
clxxiii. Para-185-(ARPSE-1992-93-VOL-X)-Page-160

PUNJAB VEGETABLE GHEE AND GENERAL MILLS LIMITED

- clxxiv. Para-186-(ARPSE-1992-93-VOL-X)-Page-161
clxxv. Para-187-(ARPSE-1992-93-VOL-X)-Page-161

UNIVERSAL OIL VEGETABLE GHEE MILLS LIMITED

- clxxvi. Para-188-(ARPSE-1992-93-VOL-X)-Page-162
clxxvii. Para-189-(ARPSE-1992-93-VOL-X)-Page-163
clxxviii. Para-190-(ARPSE-1992-93-VOL-X)-Page-163
clxxix. Para-191-(ARPSE-1992-93-VOL-X)-Page-163
clxxx. Para-192-(ARPSE-1992-93-VOL-X)-Page-163
clxxxi. Para-193-(ARPSE-1992-93-VOL-X)-Page-163

GCP SEED DIVISION

- clxxxii. Para-194-(ARPSE-1992-93-VOL-X)-Page-164
Loss on Rs 654,795 due to supply on impure seed to the growers

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned one hundred and eighty-one (181) Audit Paras.

5. AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE ACCOUNTS OF MINISTRY OF INDUSTRIES & PRODUCTION FOR THE YEAR 1992-93

UTILITY STORES CORPORATION OF PAKISTAN (PVT) LIMITED

Para-149-ARPSE-1992-93-Page-142

The PAO informed the Committee that the relevant record relating to recovery of receivables for the relevant years would be provided to the Audit for verification.

DIRECTIVE

The Committee directed the PAO to provide the requisite record to the Audit and recommended the Para for settlement subject to verification of record by Audit.

5.1 **Para-150-ARPSE-1992-93-Page-143**

The Chairman Utility Stores Corporation of Pakistan informed the Committee that the custom authorities had purchased certain confiscated goods from USC while making deliveries. Some discrepancies amounting to Rs. 1.599 Million were detected. After necessary reconciliation the matter was investigated and necessary disciplinary action was initiated against persons found involved in this misappropriation.

The Chairman Corporation further informed that suit for recovery of Rs.1.559 million had been filed against Mr. Imran Qadri Ex-procurement officer (BPS-17), USC, Karachi was pending before Senior Civil Judge, Karachi (East).Next hearing is on 20-08-2010. A copy of the proceedings would be provided to the Committee as well as to the Audit.

The Committee directed the Chairman to pursue the case vigorously till full amount is recovered. The Committee further directed the Chairman to send a regular progress report of recovery to the Audit.

DIRECTIVE

On 21st December, 2010 the Committee recommended the para for settlement and asked the PAO to send a progress report of recovery to PAC Sectt./Audit.

(The said report was not received hence it has no to be submitted to the Monitoring and Implementation Committee of the PAC for further action.)

5.2 **Para 151-Page 143-ARPSE- 1992-93**

The Chairman Corporation informed the Committee that the Para related to furnishing of approval for donations in kind of Rest. 188,950. He explained that goods worth Rs. 188,950 were distributed among the poor in Ramzan and among flood victims during 1992-93 to provide some help in kind to the deserving people.

The Chairman, Corporation further informed that the Corporation would provide the relevant record to the Audit for verification.

DIRECTIVE

The Committee recommended the Para for settlement subject to verification by Audit of the relevant record relating to approval of donations by the Board.

STATE ENGINEERING CORPORATION PRIVATE LIMITED

5.3 **Para-189-ARPSE-1992-93-Page-124**

The Chairman informed the Committee that the accumulated losses of the Corporation amounting to Rs. 684.056 million include a book adjustment of Rs.558.975 million.

It was stated that the Corporation was not a production unit and does not receive any funds/grant from the Government. It meets its operational expenses from the service charges, which it receives from its subsidiary companies. These services charges were approved every year by the Boards of Directors of the Corporation taking into consideration the paying capacity of each company.

The Chairman further informed that the Corporation had wiped out its accumulated losses and is now in profit. Copy of its accounts would be provided to Audit for verification.

DIRECTIVE

The Committee recommended the Para for settlement subject to verification of the relevant record by Audit.

The DAC recommended the following Audit Paras for settlement by the Special Committee:-

HEAVY ELECTRICAL COMPLEX (PVT) LIMITED TAXILA

- i. **Para 192-Page 126-ARPSE- 1992-93**
- ii. **Para 193-Page 126-ARPSE- 1992-93**

PAKISTAN MACHINE TOOL FACTORY (PVT) LTD

- iii. **Para-203-Page-132-ARPSE-1992-93**
- iv. **Para-205-Page-133-ARPSE-1992-93**

SUMMARY OF PARAS

UTILITY STORES CORPORATION

- v. **Para No. 147**
Working results of the Corporation for the year 1992-93 indicated that corporation earned profit of Rs.2.805 million in 1992-93 as compared to Rs.0.816 million in 1991-92.
- vi. **Para No. 148**
Provision for current taxation is based on taxable income without considering the provisions of section 80-D of the Income Tax Ordinance, 1979 on the contention that the company expects to be exempted from the provisions of the said section.

GHEE CORPORATION OF PAKISTAN (PVT). LIMITED

- vii. **Para No.152**
Working results of the Corporation indicated that Corporation sustained loss of Rs.79.634 million in 1991-92 as compared to profit of Rs.37.949 million in 1990-91.
- viii. **Para No.153**
Income tax deducted at source payable to statutory authority stood at Rs.0.304 million as on June 30, 1992 as against Rs.0.182 million as on June 30, 1991.

- ix. **Para No. 154**
Suspense accounts rose to Rs 7.488 million as on June 30, 1992 from Rs 0.770 million as on June 30, 1991.
- x. **Para No. 155**
Trade debtors and other receivables stood at Rs.136.417 million on June 30, 1992 as compared to Rs 143.418 million as on June 30, 1991.
- xi. **Para No. 156**
Loans and advances were Rs 141.254 million as on June 30, 1992 as against Rs.133.144 million as on June 30, 1991.
- xii. **Para No. 157**
Cash and bank balances were Rs.30.449 million at the end of the year 1991-92 as against Rs 4.485 million in the previous year.
- xiii. **Para No.158**
Accounts for the year were not yet approved by the Board of Directors of the Corporation.

SARGROH VEGETABLE GHEE AND GENERAL MILLS

- xiv. **Para No. 159**
Working results of the Mills for the year 1992-93 indicated that Mills sustained loss of Rs.20.864 million.
- xv. **Para No. 160**
Current assets stood at Rs.35.309 million as on June 30, 1993 against which current liabilities stood at Rs 29.697 million.
- xvi. **Para No. 161**
Tax deducted at source payable to the Government stood at Rs 42,046 as on June 30, 1993. This amount was required to be deposited in Government treasury as soon as it was deducted.
- xvii. **Para No.162**
The value of stock in trade increased from Rs 8.987 million at the end of the prior year to Rs 20.216 million as on June 30, 1993, which showed an increase of 124.95%.

A & B INDUSTRIAL GASES LIMITED

- xviii. **Para No.163**
Working results of the Company for the year 1992-93 indicated that it sustained loss of Rs.21.827 million.
- xix. **Para No. 164**
Current assets and current liabilities amounted to Rs.51.637 million and Rs.81.618 million as on June 30, 1992 and Rs.54.198 million and Rs.105.715 million as on June 30, 1993 respectively.
- xx. **Para No. 165**
Stock-in trade valued Rs.25.533 million as on June 30, 1992 and increased to Rs. 35.066 million as on June 30, 1993.

- xxi. Para No.166**
Advances deposits and prepayments amounted to Rs 1.650 million as on June 30, 1992 and Rs 5.148 million as on June 30, 1993.

BURMA OIL MILLS LIMITED

- xxii. Para No. 167**
Working results of the Company for the year 1992-93 indicated that it sustained loss of Rs.34.146 million.
- xxiii. Para No. 168**
Accumulated loss stood at Rs 133.706 million as on June 30, 1993 which eroded the paid up capital, capital reserve and general reserves amounting to Rs 32.314 million and showed a negative net worth of Rs.101.392 million.
- xxiv. Para No. 169**
Current ratio of 0.22:1 (Rs 31.400 million- Rs 142.581 million) reflected a poor liquidity position of the company.

E.M. OIL MILLS AND INDUSTRIES LIMITED

- xxv. Para No. 170**
Working results of the Company for the year 1992-93 indicated that it sustained loss of Rs.74.300 million.
- xxvi. Para No. 171**
Accumulated loss stood at Rs 278.523 million as on June 30, 1993 which eroded the entire equity of the company amounting to Rs 26.774 million which shows a negative net worth of Rs 251.749 million.
- xxvii. Para No. 172**
Current ratio of the company worked out to 0.14:1 which reflects a poor liquidity position of the company. It is far below the satisfactory ratio of 2/1.

KOHINOOR OIL MILLS LIMITED

- xxviii. Para No. 173**
Working results of the Company for the year 1992-93 indicated that it sustained loss of Rs.62.321 million..
- xxix. Para No. 174**
The company has been running in continuous heavy losses since many years and its accumulated losses of Rs 231.174 million as on June 30, 1993 have eaten up its entire paid up capital and reserves.
- xxx. Para No. 175**
Tax deducted at source payable to statutory authority stood at Rs 495,391 as on June 30, 1993 as against Rs 300,452 as on June 30, 1992.

xxxi. **Para No. 176**
GCP Services charges increased from Rs.4.798 million on June 30, 1992 to Rs.6.760 million on June 30, 1993.

xxxii. **Para No. 177**
Trade debts increased from Rs.1.202 million on June 30,1992 to Rs.3.286 million on June 30, 1993, which registered an increase of 173.38% over the previous year.

MAQBOOL COMPANY LIMITED

xxxiii. **Para No. 178**
Working results of the Company for the year 1992-93 indicated that it sustained loss of Rs.40.718 million.

xxxiv. **Para No. 179**
Accumulated loss stood at Rs.131.563 million as on June 30, 1993 which eroded the paidup capital and general reserves amounting to Rs.5.420 million and showed a negative net worth of Rs.126.143 million.

xxxv. **Para No. 180**
The increase in expenses when the production and sales of ghee decreased by 33.70% and 24.77% respectively over the previous year shows lack of internal control/checks.

MORAFCO INDUSTRIES LIMITED

xxxvi. **Para No. 181**
Working results of the Company for the year 1992-93 indicated that it sustained loss of Rs.38.474 million.

xxxvii. **Para No. 182**
The company has been running in continuous heavy losses for the last six years and its accumulated losses stood at Rs 103.834 million as on June 30, 1993 which has eroded the entire equity amounting to Rs 11.329 million of the company.

xxxviii. **Para No. 183**
GCP services charges have increased from Rs 3.823 million as on June 30, 1992 to Rs 6.194 million as on June 30, 1993.

xxxix. **Para No. 184**
Trade debts (un-secured) amounted to Rs 1.867 million on June 30, 1993 as against Rs 0.574 million on June 30, 1992 registering an increase of 225.26%.

xl. **Para No. 185**
Stores, spares and loose tools worth Rs.10.842 million were held by the company at the close of the year under review as against Rs.9.424 million held at the close of the previous year, which shows an increase by 15.05%.

PUNJAB VEGETABLE GHEE AND GENERAL MILLS LIMITED

xli. Para No. 186

Working results of the Company for the year 1992-93 indicated that it sustained loss of Rs.0.709 million.

xlii. Para No. 187

Since the case regarding disinvestments of the Factory is pending with the Commission the revaluation of its assets may be arranged specially in view of the appreciation of the cost of land of the Factory.

UNIVERSAL OIL VEGETABLE GHEE MILLS LIMITED

xliii. Para No. 188

Working results of the Company for the year 1992-93 indicated that it sustained loss of Rs.49.152 million.

xliv. Para No. 189

The company has been running in continuous heavy losses for the last eight years and its accumulated loss of Rs.227.466 million as on June 30, 1993 have eaten up the entire equity of the company.

xlv. Para No. 190

GCP services charges have increased from Rs 3.407 million as on June 30, 1992 to Rs.8.877 million as on June 30, 1993.

xlvi. Para No. 191

Raw materials, stores, spares and loose tools worth Rs 23.964 million were held by the company at the end of the year under review as against Rs 15.846 million held at the close of the previous years which showed an increase by 51.23%.

xlvii. Para No. 192

Tax deducted at source payable to statutory authority stood at Rs 65,594 as on June 30, 1993.

xlviii. Para No. 193

Cash and bank balances were Rs 2.308 million at the end of the year, 1992-93 as against Rs 0.688 million at the end of the previous year.

EXPERT ADVISORY CELL

xlix. PARA No.05

The Experts Advisory Cell was set up by the Government through a Resolution Published in the Gazette on Dec 22, 1979. The Cell comprised professional and experts to assist the Ministry in the performance of its functions.

1. PARA No. 06

Un-secured loan amounting to Rs.3.548 million is considered doubtful as a provision to this effect has been made in the accounts.

- ii. **PARA No. 07**
Accounts receivable amounting to Rs.3.354 million were outstanding as on June 30, 1992 showing an amount of Rs 3.129 million recoverable from various Corporations.
- iii. **PARA No. 08**
Fixed Assets were valued at Rs.23.028 million as on June 30, 1992. These assets were not physically verified at the end of the year.
- liii. **PARA No. 09**
As already pointed out in the previous years audit comments that unsecured loan amounting to Rs 3.548 million were outstanding against State Engineering Corporation.
- liv. **PARA No.10**
The accounts of the Cell have not been approved by the Board of Governors.

NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PVT) LIMITED

- iv. **PARA No. 50**
Working results of the units under the Company for the year 1992-93 have been provided.
- lvi. **PARA No. 51**
The corporation earned profits of Rs.368.927 million in 1987-88, Rs.301.367 million in 1988-89, Rs.321.625 million in 1989-90, Rs.535.627 million in 1990-91 Rs.775.329 million in 1991-92 and Rs.870.786 million in 1992-93.
- lvii. **PARA No. 52**
Loans, advances, deposits, prepayments and other receivables includes a sum of Rs.169.200 million due from Government of Pakistan since last year.

FERTILIZER RESEARCH AND DEVELOPMENT INSTITUTE PRIVATE LIMITED

- lviii. **PARA No. 53**
The activities of the Institute are being managed on "no profit no loss basis" and its net deficit is shared by NFC companies in specified ratio. There is a need for making the activities of the Institute measurable
- lix. **PARA No. 54**
Out of total R&D expenses amounting to Rs.6.551 million an amount of Rs.4.638 million was incurred on salaries benefits and staff welfare which is about 70% of the total R&D expenses

HAZARA PHOSPHATE FERTILIZER (PVT) LIMITED

- ix. PARA No. 55**
Working results of the Company for the year 1992-93 indicated that it earned Rs.12.168 million.
- lxi. PARA No. 56**
Stores, spares and tools stood atRs.21.844 million as on June 30, 1993
- lxii. PARA No. 57**
Stock in trade valuing Rs.36.859 million as on June 30, 1993 included an amount ofRs.7.581 million on account of raw material in transit which need to be cleared early.

LYALLPUR CHEMICALS AND FERTILIZER LIMITED

- lxiii. PARA No. 58**
Working results of the Company for the year 1992-93 indicated that it earned profit Rs.1.385 million.
- lxiv. PARA No. 59**
Receivable from Government of Pakistan amounting to Rs.401.492 million are the incidental charges for regulated product sold by the company for the years ended June 30, 983 to 1991.
- lxv. PARA No. 60**
The company paid demurrage charges due to delay in unloading the ships Rs.8.673 million.

NFC TECHNICAL TRAINING CENTRE (PVT) LIMITED.

- lxvi. PARA No. 61**
Working results of the Company for the year 1992-93 indicated that it sustained loss of Rs.10.661 million.
- lxvii. PARA No. 62**
Provision for turn over tax to the extent of Rs.7.331 has been made in the year 1992-93.

NATIONAL FERTILIZER MARKETING LIMITED.

- lxviii. PARA No. 63**
Working Results of the Company for the year 1992-93 indicated decrease in sales as compared to the previous year.
- lxix. PARA No. 64**
Although sales volume decreased by 6.35% (129,234 M.Tons) but the sales value increased by 0.11% (R.7.269 million) in 1992-93 over last year 1991-92 due to increase in sale price.

- lxx.** **PARA No. 65**
The Company operates on “no profit no loss” basis. Accordingly the incidentals were to be allowed by the Government of Pakistan on actual basis without any profit or loss to the Company. The actual incidentals were not paid by the Government.
- lxxi.** **PARA No. 66**
Trade debts amounted to Rs.15.009 million as on June 30, 1992 increased by 134% to Rs.35.093 million as on June 30, 1993.
- lxxii.** **PARA No. 67**
Advances, deposits, prepayments and other receivables increased from Rs.21.679 million on 30.06.1992 to Rs.41.529 million on 30.06.1993.
- lxxiii.** **PARA No. 68**
Shortage claims of fertilizer of Rs.1.495 million were pending on 30.06.1991.

PAK-AMERICAN FERTILIZERS LIMITED

- lxxiv.** **PARA No. 69**
Working results of the Company for the year 1992-93 indicated profit before tax Rs.13.976 million.
- lxxv.** **PARA No. 70**
Although the production level remained the same during the year under review as registered in the previous year yet the fuel power charges increased by 50.30%.
- lxxvi.** **PARA No. 71**
Current assets as on June 30, 1993 included an amount of Rs.39.306 million receivable from the Government of Pakistan on account of incidentals.
- lxxvii.** **PARA No. 72**
The liquidity position of the company is not satisfactory as current ratio worked to 1:1.83 as against the generally accepted ratio of 2:1.
- lxxviii.** **PARA No. 73**
Owing to adverse operating and financial results prevailing in the past years, the company had been operating with negative equity of Rs.91.063 million as on June 30, 1993.

PAK-ARAB FERTILIZER (PVT) LIMITED

- lxxix.** **PARA No. 74**
Working results of the Company for the year 1992-93 indicated it earned profit of Rs.250.852 million.
- lxxx.** **PARA No. 75**
Stores and spares valued Rs.480.042 million as on June 30, 1991: Rs.508.171 million as on June 30, 1992 and Rs.606.580 million as on June

30, 1993 which indicate increase to the extent of Rs.28.129 million in 1991-92 and of Rs.98.409 million in 1992-93.

lxxxii. PARA No. 76

Capital work in progress amounted to Rs.70.628 million as on June 30, 1992 and decreased to Rs.2.991 million as on June 30, 1993.

lxxxiii. PARA No. 77

The book value and the cost of vehicles included in operating fixed assets amounted to Rs.9.700 million and Rs.41.435 million respectively as on June 30, 1993.

PAK-SAUDI FERTILIZER LIMITED

lxxxiiii. PARA No. 78

Working results of the Company for the year 1992-93 indicated that it earned profit of Rs.825.553 million.

lxxxv. PARA No. 79

The overall performance of the Company is satisfactory. Efforts are required to maintain such performance.

STATE ENGINEERING CORPORATION (PVT) LIMITED

lxxxvi. PARA No. 188

Working results of the Corporation and its units are given.

lxxxvii. PARA No. 190

Long term loan and advances as on June 30, 1993 amounting to Rs.204.470 million represent fund disbursed to HEC by Government of Pakistan for issuing of shares of SEC.

lxxxviii. PARA No. 191

Current assets stood at Rs. 120.862 million on June 30, 1993 against which current liabilities amounted to Rs. 139.993 million.

HEAVY MECHANICAL COMPLEX (PVT) LIMITED TAXILA

lxxxix. PARA No. 194

Working results of the company for the year 1992-93 indicated profit of Rs.36.216 million.

lxxxix. PARA No. 195

Provision for obsolete stores and spares, tool and stock in trade amounting to Rs.26.197 million, Rs.6.153 million and Rs.1.338 million respectively on 30.06.1993.

xc. PARA No. 196

Provision for doubtful debts and doubtful receivables amounting to Rs.36.362 million and Rs.9.131 million respectively on 30.06.1993.

- xcii.** **PARA No. 197**
Cash and Bank Balance amounting to Rs.37.364 million as at June 30, 1993 included an amount of Rs.20.290 million kept in current accounts.
- xcii.** **PARA No. 198**
Capital work in progress amounting to Rs.44.379 as on June 30, 1993 included an amount of Rs.2.612 million on account of “others” which needs to be clarified.

PAKISTAN ENGINEERING COMPANY LIMITED

- xciii.** **PARA No. 199**
Working results of the Company for the year 1992-93 indicated that production of the products was below the assessed capacity.
- xciv.** **PARA No. 200**
According to the financial results of the company for the year 1992-93, sales increased by 29.13% in 1992-93 whereas the cost of goods sold also registered an increase of 30.50% in 1992-93 over the last year 1991-92.
- xcv.** **PARA No. 201**
Current ratio works out to 0.78:1 in 1992-93 as against 0.89:1 in 1991-92 which shows a weak liquidity position of the company.
- xcvi.** **PARA No. 202**
The Economic Co-ordination Committee (ECC) of the Cabinet approved the rehabilitation plan of the company in March 1993. Progress of implementation plan needs to be stated.

PAKISTAN MACHINE TOOL FACTORY (PVT) LIMITED

- xcvii.** **PARA No. 204**
Working results of the Company for the year 1992-93 indicated that it earned net profit of Rs.32.342 million.
- xcviii.** **PARA No. 206**
Export sale decreased from Rs.13.287 million of 1991-92 to zero in 1992-93.
- xcix.** **PARA No. 207**
Trade debts (unsecured) of the factory at the close of the year 1992-93 stood at Rs.80.498 million as against Rs.77.459 million at the end of the previous year showing an increase of 3.92%.
- c.** **PARA No. 208**
Advances, deposits, prepayments and other receivables stood at Rs.23.399 million during the year 1992-93 as against Rs. 12.015 million in 1991-92 showing an increase of 94.74%.
- ci.** **PARA No. 209**
A sum of Rs.51.356 million has been shown in current account as on June 30, 1993 under the head cash and bank balances as against the cash

balances in current account Rs. 1.750 million as on June 30, 1992 showing an increase of 2,834.63%

SPINNING MACHINERY COMPANY OF PAKISTAN (PVT) LIMITED

- cii. **PARA No. 210**
Working results of the Corporation for the year 1992-93 indicated that production of the Company was below the production capacity.
- ciii. **PARA No. 211**
According to the financial results of the company for the year 1992-93 it sustained net loss of Rs.31.995 million.
- civ. **PARA No. 212**
The Company sustained net losses of Rs.31.995 million during the year 1992-93 besides penal interest and additional interest aggregating to Rs.128 million, not accounted for upto June 1993.
- cv. **PARA No. 213**
Trade debts increased to Rs.8.989 million as on June 30, 1993 from Rs.7.293 million as on June 30, 1992.
- cvi. **PARA No. 214**
Blockage of funds of Rs. 1.418 million due to disposal of manufactured parts/machinery items.

TEXTILE MACHINERY COMPANY (PVT) LIMITED

- cvii. **PARA No. 215**
Working results of the Corporation for the year 1992-93 indicated that it sustained loss of Rs.13.269 million.
- cviii. **PARA No. 216**
Balance of stores and spares increased from Rs. 10.775 million in 1991-92 to Rs.14.008 million during the year 1992-93
- cix. **PARA No. 217**
Trade debts increased from Rs.3.534 million on 30.06.1992 to Rs.4.295 million as on June 30, 1993.
- cx. **PARA No. 218**
Provision for dead and slow moving stock valuing Rs. 1.800 million stood as on June 30, 1993.
- cxi. **PARA No. 219**
Accumulated losses of the company were Rs.48.064 million during current year as compared to Rs.34.389 million of the previous year showing increase of 39.77%.

ENAR PETROTECH SERVICES (PVT) LIMITED.

- cxii. PARA No. 226**
Working results of the Company for the year 1992-93 indicated that it earned profit of Rs.0.187 million.
- cxiii. PARA No. 227**
At the close of the year 1992-93 the other debtors were Rs.7.414 million as against Rs.2.900 million in the preceding year.
- cxiv. PARA No. 228**
Consultant's fee and expenses incurred during the year were Rs.2.080 million as against Rs.0.352 million in the preceding year.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned one hundred and fourteen (114) Audit Paras.

MINISTRY OF INFORMATION TECHNOLOGY & TELECOMMUNICATIONS

1. OVERVIEW

Audit Reports of Telecommunication Sector for the year 1992-93 pertaining to the Ministry of Information Technology & Telecommunications were taken up for examination by Special Committee-II of the PAC in the meetings held on July 22nd, 2010, February 2nd, 2011 & March 8th, 2011. Decisions taken are summarized below:

- 1.1 One grant and forty two (42) Paras were reported by AGPR / Audit.
- 1.2 On presentation of the Committee observed that when the Ministry was aware of the delay in finalization of the contract then an amount to the tune of Rs.10 million should have been surrendered in time which could have been utilized elsewhere for more useful purposes. The Committee directed that such financial mismanagement should not recur.
- 1.3 The Committee endorsed recommendation of the DAC for settlement of thirty-six (36) Paras.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.186- CAPITAL OUTLAY ON COMMUNICATION WORKS Saving Rs. 9,983,642/-

AGPR stated that the grant closed with a saving of Rs.9,983,642 (38.51% of the total grant)

In another meeting held on 2nd February, 2011 the Committee accepted the request of the PAO and referred the grant back to the DAC for detailed examination.

When the grant came up for consideration again on 8th March, 2011 AGPR stated that the department had explained that out of saving of Rs. 9.983 million contracts of Rs. 6.589 million had been finalized and signed before 30th June, 1993 while contracts for the remaining amount could not be finalized.

The PAO acknowledged that there had been procedural delay in the award of contracts of Rs. 6.589 million. The contracts had been finalized but the advance payment was not allowed to be paid at that time.

DIRECTIVE

The Committee observed that when the Ministry was aware of the delay then an amount to the tune of Rs. 10 million should have been surrendered in time which could have been utilized else where for more useful purposes. The Committee recommended the grant for regularization with the direction that such financial mismanagement should not recur.

3. AUDIT REPORT ON THE ACCOUNTS OF TELECOMMUNICATION SECTOR MINISTRY OF INFORMATION TECHNOLOGY & TELECOMMUNICATION FOR THE AUDIT YEAR 1992-93.

SPECIAL COMMUNICATION ORGANIZATION

3.1 PARA- No.4.3 (Page 254) AR- 1992-93 **Non preparation of Completion Report**

Audit stated that a total of 38 projects had been included in the annual development programme of the Organization during the last 17 years. No project report in Form PC-IV had been prepared for any completed project, in the absence of which it was not possible to check if targets of each project were met within the scheduled time and approved cost.

The PAO informed the Committee that most of the projects were completed but no record is traceable at this stage for preparation of PC-IV.

The Committee directed the PAO to make further efforts to trace the relevant record. In future, completion reports must be prepared for all projects. The Committee also directed that inter-Ministerial meeting should be held between Ministries of I.T., Defence, Finance and Audit authorities to streamline administrative and financial issues relating to the SCO. Report should be submitted to the Committee within one month.

(The said report was not received hence it has no to be submitted to the Monitoring and Implementation Committee of the PAC for further action.)

DIERCTIVE

In a subsequent meeting held on 2nd February, 2011 the Committee recommended the para for settlement subject to the above observations.

3.2 **PARA- No.9 (Page 257) AR- 1992-93** **STORE INVENTORY**

Audit stated that a fairly large store dump is being maintained to cater for the requirement of development and maintenance works. Only numerical store inventories are being maintained, and thus the total value of store in stock cannot be determined. The store is already charged off either to capital or working expenses.

The PAO explained that SCO is a military Organization and was maintaining its inventory on military lines and procedures. However, the Ministry would provide the requisite information to Audit, except for certain classified documents.

The Committee directed the PAO to provide requisite documents to Audit for verification purposes. Report should be submitted to the Committee within one month.

DIERCTIVE

In another meeting held on 2nd February, 2011 the Committee recommended the para for settlement.

3.3 **PARA- No.10 (Page 257) AR- 1992-93** **Determination of Value of Assets**

Audit stated that the value of fixed assets owned by Special Communications Organizations were not maintained. The value of assets made over by the erstwhile T &T Department in 1976 was not transferred to Special Communications Organization and thus there was no continuity of record of fixed assets.

The Committee directed the PAO to provide the requisite valuation of assets to Audit and to submit a report to the Committee within one month.

DIERCTIVE

In another meeting held on 2nd February, 2011 the Committee recommended the Para for settlement subject to verification by Audit.

3.4 **PARA- No.11.1 & 11.2 (Page 257) AR- 1992-93** **OUTSTANDING DUES**

Audit stated that outstanding dues of the organization at the end of June 1993 had accumulated to Rs. 16.286 million. Major portion of Rs.11.2 million was outstanding against Government connections.

The PAO informed the Committee that position of telephone dues recoverable from Government subscribers had improved while strict action had been taken to recover the dues outstanding against other subscribers.

The Committee directed the PAO that efforts for recovery should be intensified. DO letters should be written to the Chief Secretary AJK in respect of

dues of AJK Report should be submitted to the Committee regarding recovery position within one month.

DIERCTIVE

In another meeting held on 2nd February, 2011 the Committee referred the Para to the Monitoring and Implementation Committee of the PAC for monitoring of recovery efforts.

SPECIAL COMMUNICATION ORGANIZATION

- i. **PARA- No.4.1 (Page 254) AR- 1992-93**
Under utilization of allocation
- ii. **PARA- No.4.2 (Page 254) AR- 1992-93**
Under utilization of allocation
- iii. **PARA- No.4.4 (Page 254) AR- 1992-93**
- iv. **PARA- No.5.1 (Page 254) AR- 1992-93**
Under utilization of allocation
- v. **PARA- No.5.2 (Page 255) AR- 1992-93**
Operational Results
- vi. **PARA- No.5.3 (Page 255) AR- 1992-93**
Operational Deficits
- vii. **PARA- No.6.1 (Page 255.256) AR- 1992-93**
Comparison with PTC of average revenue/expenditure per telephone line
- viii. **PARA- No.6.2 (Page 255) AR- 1992-93**
- ix. **PARA- No.7.1 (Page 256.257) AR- 1992-93**
Staff Standards
- x. **PARA- No.8.1 (Page 257) AR- 1992-93**
Service Efficiency Standard
- xi. **PARA- No.13.1 (Page 260) AR- 1992-93**
Recommendations
- xii. **PARA- No.13.2 (Page 260) AR- 1992-93**
Recommendations
- xiii. **PARA- No.13.3 (Page 260) AR- 1992-93**
Recommendations
- xiv. **PARA- No.13.4 (Page 260) AR- 1992-93**
Recommendations
- xv. **PARA- No.13.5 (Page 260) AR- 1992-93**
Recommendations

- xvi. PARA- No.13.6 (Page 260) AR- 1992-93
Recommendations
- xvii. PARA- No.13.7 (Page 260) AR- 1992-93
Recommendations
- xviii. PARA- No.13.8 (Page 260) AR- 1992-93
Recommendations

TELEPHONE INDUSTRIES OF PAKISTAN (TIP)

- xix. PARA- No.1 (Page 277) AR- 1992-93
- xx. PARA- No.2 (Page 277) AR- 1992-93
- xxi. PARA- No.3 (Page 277) AR- 1992-93
- xxii. PARA- No.4 (Page 277-279) AR- 1992-93
- xxiii. PARA- No.5(i) (Page 280) AR- 1992-93
- xxiv. PARA- No.5(ii) (Page 280) AR- 1992-93
- xxv. PARA- No.5(iii) (Page 280) AR- 1992-93
- xxvi. PARA- No.5(iv) (Page 280) AR- 1992-93
- xxvii. PARA- No.5(v) (Page 280-281) AR- 1992-93
- xxviii. PARA- No.5 (B)(i) (Page 281) AR- 1992-93
- xxix. PARA- No.5 (B)(ii)(a) (Page 281) AR- 1992-93
- xxx. PARA- No.5 (B)(ii)(b) (Page 281) AR- 1992-93
- xxxi. PARA- No.5 (B)(ii)(c) (Page 281) AR- 1992-93
- xxxii. PARA- No.5 (B)(ii)(d) (Page 281) AR- 1992-93
- xxxiii. PARA- No.5 (B) (iii) (Page 281) AR- 1992-93
- xxxiv. PARA- No.5 (B)(iv) (Page 282) AR- 1992-93
- xxxv. PARA- No.6 (Page 282-285) AR- 1992-93
- xxxvi. PARA- No.7 (Page 285-286) AR- 1992-93
- xxxvii. PARA- No.8(i) (Page 286) AR- 1992-93
Loss due to payment of demurrage charges Rs. 921.297

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned thirty seven (37) Audit Paras.

MINISTRY OF INFORMATION & BROADCASTING

1. OVERVIEW

Appropriation Accounts (Civil-Vol-1) and Audit Report of Federal Government for the year 1992-93 pertaining to Ministry of Information & Broadcasting were taken up for examination by the Special Committee of the PAC on June 3rd, 2010, February 1st, 2011 & March 10th, 2011 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Seven (07) grants and three (03) Paras were reported by AGPR / Audit. Thirteen (13) Paras of Audit Report on Public Sector Enterprises were presented by Audit. One Performance Audit Report was also reported by Audit.
- 1.2** On presentation of the grants, the Committee observed that in one grant on the one hand huge supplementary was obtained (nearly twice the amount of the original grant) and excess expenditure incurred and on the other hand surrender was made, increasing the excess which reflected poor financial management.
- 1.3** While discussing Audit Para No.01, the Committee directed the PAO to submit a report on purchase of plots for office building indicating the exact purpose for which these would be utilized. The Committee further directed that an up to date progress report on the payment, demarcation and the department's future plans on the subject be submitted to the Committee.
- 1.4** During discussion on Para relating to Associated Press of Pakistan, the Committee observed that this organization has to move with the time and no public organization can be allowed to be continuously lost when each and every rupee is required for other developmental projects and to eradicate poverty etc. such organizations can not be allowed to continuously lose public money. The Committee further observed that the PAO should carryout a comprehensive review of all such organization in the Ministry with a view of making them

profitable. The Committee observed that this was a service providing organization and it should recover money.

- 1.5 While discussing Audit Para No.214, on Pakistan Television Corporation (Ptv) of the Public Sector Enterprises the Committee observed that the government has now sanctioned a grant of Rs. 1 billion for non-viable projects only on the suggestion of PAC. The Committee further observed that PTV should continue to obtain separate grant for such projects from the government. The Committee directed the PAO to run PTV as a proper commercial organization in competition with other channels. The Committee directed the PAO to submit a report on the measures that have been taken by PTV to improve its financial position.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1 1992-93

i. **GRANT NO. 83- MINISTRY OF INFORMATION AND BROADCASTING:**

Excess Rs. 5,890,204/-.

A.G.P.R. pointed out that the grant closed with an excess of Rs. 5,890,204 (14.95% of the total grant).

The PAO informed the Committee that the excess in the grant was due to creation of some additional posts and the revision of pay scales.

DIRECTIVE

The Committee recommended regularization of the grant.

ii. **GRANT NO.84- DIRECTORATE OF PUBLICATIONS NEWSREELS AND DOCUMENTARIES.**

Excess Rs. 1,740,037/-

A.G.P.R. pointed out that the grant closed with an excess of Rs.1,740,037 (6.21% of the total grant).

The PAO explained to the Committee that it was mostly due to revision of the pay scales.

DIRECTIVE

The Committee recommended regularization of the grant as the excess as basically due to the revision of pay scales.

iii. **GRANT NO.85- PRESS INFORMATION DEPARTMENT**
Excess Rs. 7,482,633/-

A.G.P.R. pointed out that the grant closed with an excess of Rs. 3,710,633 (4.06% of the total grant). An amount of Rs.3,772,2000 (4.12%) was surrendered increasing net excess to Rs.7,482,633 (8.18%).

The PAO informed the Committee that the excess was due to the revision of basic pay scales, expenditure on Independence Day celebrations, Intensified activities of Press Information Department, expenditure of APNS claim for payment of outstanding dues of advertisement as well as on media campaign.

DIRECTIVE

The Committee observed that on the one hand huge supplementary grant was obtained (nearly twice the amount of the original grant) and excess expenditure incurred and on the other hand surrender was made, increasing the excess. This reflected poor financial management. The Committee recommended regularization of the grant with the observation that the PAO should make all efforts to ensure that resort is not made to supplementary grants in future, especially where expenditures can be foreseen and budgeted accordingly.

iv. **GRANT NO.86- INFORMATION SERVICES ABROAD**
Saving Rs. 515,513/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 1,215,513 (1.51% of the total grant). An amount of Rs. 700,000 was surrendered leaving net saving of Rs. 515,513.

The PAO informed the Committee that the saving occurred due to vacancy of posts of Information officers in Pakistan Missions Abroad which were not filled in time.

DIRECTIVE

The Committee recommended regularization of the grant.

v. **GRANT NO.87- PAKISTAN NATIONAL CENTRE**
Saving Rs. 447,431/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 447,431 (2.13% of the total grant).

The PAO informed the Committee that Pakistan National Centres were being closed down at that particular time and due to transfer of Information Group Officers from PNC the posts remained vacant, which the reason for the saving.

DIRECTIVE

The Committee recommended regularization of the grant.

vi. **GRANT NO.88- OTHER EXPENDITURE OF MINISTRY OF INFORMATION AND BROADCASTING:**
Excess Rs. 277,000/-

A.G.P.R. pointed out that the grant closed with an excess of Rs. 277,000 (0.06% of the total grant), which was explained by the department as being nominal.

The PAO informed the Committee that the excess occurred due to the technical supplementary given to the Associated Press of Pakistan, Islamabad to meet the expenditure for Public Data Network (PDN) circuits, Pakistan Press International as well as to meet the expenditure on Special Publicity.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that even nominal excess / saving should be avoided in future.

- vii. **GRANT NO.166- DEVELOPMENT EXPENDITURE OF MINISTRY OF INFORMATION AND BROADCASTING:**
Excess / Saving : Zero.

The PAO explained that the grant was fully utilized.

DIRECTIVE

The Committee recommended regularization of the grant as the budgetary provision had been fully utilized.

3. **AUDIT REPORTS ON THE ACCOUNTS OF MINISTRY OF INFORMATION AND BROADCASTING FOR THE YEAR 1992-93**

- 3.1 **PARA-1 (PAGE-155)**
BLOCKAGE OF GOVERNMENT MONEY AMOUNTING TO RS.816,390 ON ACCOUNT OF PURCHASE OF PLOTS FOR THE CONSTRUCTION OF OFFICE BUILDING:

The Audit pointed out that Pakistan National Centre under Ministry of Information and Broadcasting was paid a sum of Rs. 816,390 in 1976 for the purchase of plots for the construction of office buildings at Islamabad, Rawalpindi and Karachi. In spite of making full payment of the plots construction work of the office Building had not started. The annual ground rent of Rs. 12,400 had also been paid to the Capital Development Authority for the plot at Islamabad. Since, 1976, considerable amount has been incurred on account of hiring of office

accommodation which could have been saved if construction work was carried out in time.

Departmental plea of lack of funds is not tenable as blockage of Government money since 1976 is not covered by any rules.

The PAO informed the Committee that the PC-2 had been finalized and Information House would be constructed on the plot at Islamabad. The PAO further explained that the Ministry can present documentary evidence of transfer of plots at Rawalpindi and Karachi and requested that the Ministry be allowed some time to resolve the matter.

Accepting the request of the PAO the Committee directed that the matter be resolved in consultation with Audit and a report on action taken be submitted within one month, after which the Para would be taken up again.

When the para came up again on 1st February, 2011, the PAO informed the Committee that the plots at Islamabad and Rawalpindi had been transferred to them.

The PAO requested the Committee that the Ministry be allowed some time to transfer the Karachi plot because the Ministry had been asked to pay an amount of Rs. 1,957,000/- for charges.

DIRECTIVE

The Committee directed the PAO to submit a report on these plots indicating the purpose for which these would be utilized. The Committee further directed that a upto-date progress report on the payment, demarcation and the departments future plans on the subject be submitted to the Committee. The Committee recommended the para for settlement.

3.2 **PARA-2-(PAGE-155).**

RECOVERY OF RS.1,860,000 ON ACCOUNT OF MARKUP ON LOAN SANCTIONED TO NPT:

Audit pointed out that in the Ministry of Information and Broadcasting a loan amounting to Rs. 7 million was advanced at markup of 14% per annum on 31st May 1988 for completion of a building for Mashriq at Lahore. Neither any written agreement stipulating the terms and conditions regarding mode of repayment etc. were drawn nor any guarantees were available to the Government in case of default by NPT. First and second installment of markup amounting to Rs. 980,000 each fell due in June 1989 and 1990 respectively which were not paid back.

No steps were taken to recover the amount and no penalty was imposed on the defaulter. A sum of Rs. 1.86 million was due to be paid by June 1990, which had not been paid. Moreover, in the absence of any agreement, no penalty was imposed for default, which amounts to undue favor to loanee. No progress was reported despite lapse of considerable time.

The PAO informed the Committee that due to poor financial position of Mashriq (Pvt) Ltd and National Press Trust, neither markup nor installment could be recovered. Meanwhile, the Government had taken over liable NPT. The PAO expressed the view that the matter would be resolved with Audit after tracing the original documentation relating to the building / loan.

DIRECTIVE

The Committee directed the PAO to discuss the matter in the DAC and submit a report within one month, after which the Para would be taken up again.

(The para could not be discussed even in the subsequent meetings held on 1st February, 2011 and 10th March, 2011 hence it has to be considered by the Monitoring and Implementation Committee of the PAC for further action.)

3.3 **PARA-3 (PAGE-156).**
IRREGULAR EXPENDITURE OF RS.859,524 INCURRED ON PAYMENT TO EDITOR-IN-CHIEF OF PAKISTAN FEATURE SERVICE:

The Audit pointed out that in the Ministry of Information and Broadcasting a payment of Rs. 859,524 for the period 1985-86 to 1988-89 was made to a retired Director of Department of Films and Publications became Editor-in-Chief of a private agency. Out of total payment of Rs. 859,524/-, a sum of Rs 132,000/- per annum was paid as remuneration of the staff of the agency. The payment is irregular because the retired Director had been engaged without observing the prescribed procedure. The action of the Ministry was against the provision of para-144 of GFR.

The PAO informed the Committee that the Ministry had written to Finance Division for regularization of the expenditure.

DIRECTIVE

The Committee directed the PAO to discuss the issue personally with Secretary of Finance and submit a report to the Committee on action taken within one month.

(The said report was not received hence it has no to be submitted to the Monitoring and Implementation Committee of the PAC for further action.)

4. **AUDIT REPORT ON PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1992-93.**

ASSOCIATED PRESS OF PAKISTAN

4.1 **PARA-199 (PAGE-168-169):**

DAC recommended the Audit Para for settlement.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the para.

4.2 PARA-200 (PAGE-169)

Audit pointed out that subscription receivable stood at Rs. 2.927 million as on June 30, 1993 as against Rs. 4.578 million outstanding at the close of the previous year. Efforts were required to be made to effect recovery of the outstanding amount.

The PAO informed the Committee that the main function of the Associated Press of Pakistan (APP) was to promote the Government view point more effectively through subscribers. Some of the subscribers had closed their businesses. The Managing Director of APP explained to the Committee that the outstanding dues had not been recovered in 57 years from 30 years old newspapers as most of these newspapers had closed down. The MD APP further explained to the Committee that they had given reminders to some of the newspapers which were still working to pay their outstanding dues to the Ministry.

The Committee took serious notice of non-recovery of dues from M/s Prestige's Publications, which was functioning well. The Committee directed the PAO to discuss this matter in the board meeting to evolve an effective policy for recovery. Report should be submitted to the Committee within one month as to what action had been taken by the APP Board to effect recovery.

On 10th March, 2011, Audit stated that the department had now provided details of their accounts after directives from the PAC.

The PAO informed the Committee this has been a non profitable organization since its inception. The organization helps advocate policy and point

of view of the government on various issues and thus we have to extend this service free of cost to some small news paper for this purpose. He further stated that every government has been aware of the utility of this organization for the last 50 years but this does not mean that recoveries should not be made. He stated that the department has been able to recover some amount from big news papers however recovery from small news papers has been very slow. The organization has also revised its rates and it was expected that its income would be increased.

DIRECTIVE

The Committee observed that this organization has to move with the time as no public organization can be allowed to continuously lose public money in times when each and every rupee is required for other developmental projects and to eradicate poverty etc. such organizations can not be allowed to continuously lose public money. The Committee further observed that the PAO should carryout a comprehensive review of all such organization in the Ministry with a view of making them profitable. The Committee observed that this was a service providing organization and it should recover money. The para was recommended for settlement subject to verification of full recovery amount by Audit.

PAKISTAN BROADCASTING CORPORATION (HQ), ISLAMABAD

4.3 PARA-205 (PAGE-171)

Audit pointed out that Grants-in-Aid stood at Rs. 809.449 million as at June 30, 1993 as against Rs. 741.113 million as at- June 30, 1992 showing an increase of Rs. 68.336 million during the year 1992-93. These grants have not been properly supported by documentation as to the terms of repayment or charge of interest. The matter needed clarification.

The PAO informed the Committee that Pakistan Broadcasting Corporation is a public service organization .It was Radio Pakistan before it became corporation. After becoming a corporation it was still running on Government

grants. The PAO stated that they would move a summary to the PM in consultation with the Finance Division, as whether the Government grants are to be treated as loan.

The Committee directed the PAO to move the requisite summary and obtain orders of the competent authority and submit a report to DAC within three months.

When the para came up again on 1st February, 2011, the PAO informed the Committee that the summary was pending with the Finance Division.

Representative Finance Division informed the Committee that the Finance Division was looking into the matter and report would be submitted to the Committee shortly.

The PAO informed the Committee that the Grants-in-Aid stood at Rs. 809.449 million as of June 30, 1993 as against Rs. 741.113 million as of June 30, 1992 showing an increase of Rs. 68.336 million during the year 1992-93.

The Committee directed the PAO to sort out the matter in consultation with the Finance Division. A report has to be submitted to the Committee within one month.

When the matter was taken up again on 10th March, 2011, Audit reported that PAC may like to inquire from the Ministry about that clarification to be sought from the M/o Finance as to whether the cash development loan has to be repaid by the corporation or not.

The PAO informed the Committee that the Ministry had taken up the case with the Prime Minister Sectt. which was still under consideration.

DIRECTIVE

The Committee directed the PAO to expedite the case and submit a compliance report to Monitoring and Implementation Committee of the PAC for further action.

4.4 **PARA-206 (PAGE-171):**

DAC recommended the Audit Para for settlement.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for the settlement of the para.

4.5 **PARA-209 (PAGE-172)** **NON-RECOVERY OF RS.1,905,831 FROM AN ADVERTISING AGENCY:**

Audit pointed out that as a result of credit sales facility extended by Pakistan Broadcasting Corporation, Lahore to the advertising agencies a sum of Rs. 1,847,698 was lying outstanding against M/s. MIDAS (Pvt) Limited as on June 30, 1990 which had piled up during the last ten years.

Instead of recovering the outstanding amount, the said agency was afforded further credit during the year 1990-91 and 1991-92, which raised the recoverable amount to Rs. 1,905,831 on Jan 31, 1993. The extending of further credit to a particular agency without making recovery of long outstanding heavy amount, showed favoritism of the management to the agency.

The reasons for non-recovery of long outstanding amount were enquired from the management in December, 1991 but despite a lapse of a period of about 2 years no reply had been received till the end of August, 1993. The matter was also reported to the Ministry / Management in November, 1993. The management

in their reply dated December 13, 1993 stated that efforts were being made to recover the dues of PBC but actually they failed to recover a single penny upto December 31, 1993.

The PAO informed the Committee that the Ministry had taken serious notice of it and the last DAC meeting gave the deadline of 27th July, 2010 to either recover it or blacklist the agency and pursue the case at all appropriate forums against it as it was still functioning.

The Committee expressed its displeasure that public money had not been recovered even after eighteen years from an agency which was still functioning. The Committee directed the PAO to recover the amount by 27th July, 2010 and submit a report to the Committee immediately thereafter as to how much money has been recovered and what legal action had been initiated. The Para would be taken up again after receipt of the report.

On 1st February, 2011, the PAO informed the Committee that an amount of Rs. 13 lacs had been recovered and the present outstanding amount is Rs. 7 millions. The PAO stated that the Ministry was paying Rs. 15 lacs in Installments every month and it would be recovered completely in 5 months.

The Committee recommended the para for settlement subject to regular submission of Installment (receipts) to Audit.

When the matter was taken up again on 10th March, 2011, Audit reported that the PAO may like to explain the latest position to the PAC.

The PAO informed the Committee that the entire amount of Rs. 1.9 million relating to the para has been recovered, however, a sum of Rs. 57 million of JANG group was still in litigation. The PAO further informed the Committee that so far as MIDAS Pvt Ltd. was concerned recovery from its Karachi branch has completely been made and its Lahore branch has been paying

a monthly installment of Rs. 15 lacs and the last installment would be received by 15th of this month however an amount of Rs. 4.952 million was still recoverable from its Islamabad branch out of which only a sum of Rs 4 lacs has been recovered and the department was considering to recover the balance amount through court.

DIRECTIVE

The Committee directed the PAO to send an updated report of the present recovery and its future plans for recovery from M/s MIDAS within two weeks. The para was recommended for settlement subject to full recovery report by Audit.

PAKISTAN TELEVISION CORPORATION (PTV)

4.6 PARA-212 (PAGE-174)

Audit pointed out that capital work in progress was valued at Rs. 113.735 million at the close of the financial year 1992-93. The balance included a sum of Rs. 88.658 million representing value of completed works which need to be transferred to final appropriate heads in capital account without delay so that they could be subjected to normal depreciation in the years to come.

The PAO informed the Committee that CDA had imposed penalty on plots. In last DAC meeting it was decided that PTVC should settle the dispute with CDA within three months.

The Committee directed the PAO to settle the matter with CDA and submit a report on action taken within three months.

When the matter was taken up again on 1st February, 2011, the PAO informed the Committee that the CDA had asked the Corporation to submit an amount of Rs. 7.65 million (fees, charges) for transfer of plots. The matter was

taken up in Board meeting for approval and a report would to be submitted to the Committee within one month.

The Committee recommended the Para for settlement subject to requisite approval of Audit within one month.

On 10th March, 2011, Audit informed the Committee that the para had been recommended for settlement subject to requisite approval. The PAO may like to explain.

The PAO informed the Committee that this issue would be considered and approved in the next meeting of the BOD.

DIRECTIVE

The Committee recommended the para for settlement subject to verification by Audit.

4.7 PARA-214 (PAGE-174)

Audit pointed out that the revenue income on non-viable projects amounted to Rs. 58.906 million resulting in deficit of Rs. 248.379 million during the year under review. Since the Government had undertaken to make up the deficit on non-viable projects, the matter should be taken up with the Ministry concerned for reimbursement of excess of expenditure over income so as to operate non-viable projects on “No profit-No loss” basis.

The PAO informed the Committee that expenditure on non-viable projects involved setting up boosters and stations in all remote areas of Pakistan. Loss on these non-viable projects had seriously affected the viability of the Corporation MD, PTV stated that PTV was in competition with private media, but was at a disadvantage because of these projects it required Government assistance to meet the deficit of these projects.

The Committee directed the PAO to prepare policy for approval of the Government whereby non-viable projects would be set up only with grant-in-Aid from the Government for the projects in question. The policy would also be put up before the Main Committee (PAC), for its endorsement and recommendation to the Government. The policy should inter alia be based on the following:-

- a). The total outstanding expenditure on non-viable projects should be worked out and reimbursement sought from the Government;
- b). In future as and when non-viable projects were given to PTV for implementation, it should seek a special grant for that purpose, so that it remains competitive in the market.

When the para came up again on 1st February, 2011, the PAO informed the Committee that there was no progress on non-viable projects.

Managing Director, PTV informed the Committee that policy draft for non-viable projects and Public Service Programms had been forwarded to the Ministry of Information & Broadcasting for approval.

The Committee directed the PAO to process the policy for non-viable projects soon and obtain requisite approval from Government. A report has to be submitted to the Committee within one month.

When the matter was taken up again on 10th March, 2011, Audit reported that the government had sanctioned an amount of Rs. 1.5 billion against these non viable projects and the amount was received after closing date of the balance sheet and accounted for by PTV against last years accounts which was strictly against international accounting standards.

The PAO informed the Committee that a grant of Rs.1 billion had been received for non viable projects which was accommodated in the accounts. Had this amount been removed from that account in 2009, then PTV would have gone in a loss of Rs. 93 crores. The PAO further informed the Committee that as desired by the PAC, PTV has formulated a policy regarding this issue and

identified the non viable projects and the report was under consideration in the Ministry.

DIRECTIVE

The Committee observed that the government has now sanctioned a grant of Rs. 1 billion for non-viable projects only on the suggestion of PAC. The Committee further observed that PTV should continue to obtain separate grant for such projects from the government. The Committee directed the PAO to run PTV as a proper commercial organization in competition with other channels. The Committee directed the PAO to submit a report on the measures that have been taken by PTV to improve its financial position.

SHALIMAR RECORDING COMPANY (LIMITED)

4.8 **PARA-215 (PAGE –175)**

Audit pointed out that the company is an unlisted Public Limited Company incorporated on December 18, 1974 under the Companies Act 1913 and is engaged in assembling and recording of audio and video cassettes including operating, telecasting and broadcasting facilities. Majority of its shares are held by the Government through Pakistan Corporation Limited and Idara-e-Saqafate-Pakistan, apart from shares held by members from the entertainment industry.

In spite of the fact that majority of the shares are held by the Government the management of the company had initially refused to entertain the Audit Department which was brought to the notice of the Government / PAC. However in compliance with PAC's directives, the Management of Shalimar Recording Company Limited (SRCL) had furnished their audited accounts to Audit.

The Managing Director of Shalimar Recording Company (Ltd) was of the view that the Federal Government did not own it as it is a Public Limited Company. However, the PAO stated the direction of the Main Committee (PAC)

as given in its meeting held on 1st June, 2010 would be followed, as the company was established by funding from PTV.

The Committee directed the PAO and the MD SRCL to examine the issue legally in light of the Eighteenth Amendment to the Constitution. If considered necessary / desirable, the matter may be resubmitted to the Committee / PAO for reconsideration.

When the matter was taken up again on 1st February, 2011, Audit reported that the Management of Shalimar Recording Company Limited (SRCL) had furnished their audited accounts to Audit. Therefore, the para may be recommended for settlement.

DIRECTIVE

The Committee directed the Audit to examine the accounts of S.R.C.L as soon as possible with these observations the Committee recommended the para for settlement.

- ii. **PARA-216 (PAGE-176):** Audit Comments.
- iii. **PARA-217 (PAGE-176):** Audit Comments.
- iv. **PARA-218 (PAGE-176):** Audit Comments.
- v. **PARA-219 (PAGE-176):** Audit Comments.
- vi. **PARA-220 (PAGE-176):** Audit Comments.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for the settlement of the above-mentioned five (5) Audit Paras.

SUMMARY OF PARAS:

(a). ASSOCIATED PRESS OF PAKISTAN

- i. **PARA-195:** Introductory para (Review).
- ii. **PARA-196:** The working of the formation resulted into excess.
- iii. **PARA-197:** Capital work in progress.

- iv. **PARA-198:** Subscription receivable.
- v. **PARA-201:** Expenses for the year under review.

**(b). PAKISTAN BROADCASTING CORPORATION (H.Q),
ISLAMABAD.**

- vi. **PARA-202:** The Corporation sustained.
- vii. **PARA-203:** Capital work in progress increased.
- viii. **PARA-204:** Stores and spares increased.
- ix. **PARA-207:** Against the collection of BR license fee.
- x. **PARA-208:** Funds to the tune of Rs. 38.914 million.

(c). PAKISTAN TELEVISION CORPORATION LIMITED

- xi. **PARA-210:** The Para is regarding working results of the corporation.
- xii. **PARA-211:** The Company earned revenue.
- xiii. **PARA-213:** Capital reserve amounting to Rs. 610.226 million.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for the settlement of the above-mentioned thirteen (13) Audit Paras.

**5. PERFORMANCE EVALUATION REPORT NO.131 ON
PAKISTAN TELEVISION CORPORATION MINISTRY OF
INFORMATION AND BROADCASTING, ISLAMABAD FOR
THE YEAR 1992-93**

- i. **PARA-3.1:** SUMMARISED BALANCE SHEET.
- ii. **PARA-3.1.1:** PAID UP CAPITAL.
- iii. **PARA-3.1.2:** LIQUIDITY
- iv. **PARA-3.1.3:** INVENTORY BUILD UP.
- v. **PARA-3.1.4:** ACCOUNTS RECEIVABLES
- vi. **PARA-3.1.5:** PREPAYMENTS.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for the settlement of the above-mentioned six (6) Audit Paras.

5.1 **PARA 3.2**
SUMMARISED PROFIT & LOSS

Audit pointed out that operating ratio turned unfavorable after 1990 because of possible transfer of business to NTM, more commission discount, persistent high default ratio of licenses, extra ordinary provision for staff gratuity, high cost of staff accommodation, increased depreciation, high overtime & medical charges, multiplicity of retirement benefits, ex-gratia payments in lieu of bonus to staff other controllable administrative heads.

The PAO informed the Committee that they would be complying with the directions of the Main Committee (PAC) regarding PTV.

DIRECTIVE

The Committee directed the PAO to ensure strict compliance with all decisions of the Main Committee (PAC), including submission of accounts to Audit.

- | | |
|-------------------------|--|
| i. PARA-3.2.1 | ADVERTISING INCOME |
| ii. PARA-3.2.2 | LICENSE FEE |
| iii. PARA-3.2.4 | MULTIPLICITY OF RETIREMENT
BENEFITS |
| iv. PARA-3.2.5 | STAFF ACCOMMODATION |
| v. PARA-4.1.1 | COST OF SELF PRODUCTION |
| vi. PARA-5.2 | MANAGEMENT INFORMATION SYSTEM |
| vii. PARA-5.3 | INTERNAL AUDIT |
| viii. PARA-5.4.1 | PERSONNEL STRENGTH |
| ix. PARA-5.6.1 | TRANSPORT |

DIRECTIVE

The Committee endorsed the recommendation of the DAC for the settlement of the above-mentioned (9) Audit Paras.

MINISTRY OF INTERIOR

1. OVERVIEW

Appropriation Accounts / Audit Reports for the year 1992-93 pertaining to the Ministry of Interior were taken up for examination by Special Committee-II of the PAC in the meetings held on June 8th, 2010, July 12th, 2010, October 19th, 2010, December 21st, 2010 & March 8th, 2011 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Eleven (11) grants and sixteen (16) Paras were reported by AGPR / Audit.
- 1.2 On presentation of the grants by the AGPR, the Committee directed the PAO to further strengthen financial / monitoring system, so as to ensure that there should be no excess / saving in future.
- 1.3 While discussing Audit Report of Ministry of Interior pertaining to the year 1992-93, the Committee endorsed the recommendation of the DAC for settlement of the sixteen (16) Audit Paras.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1 1992-93

- i. **GRANT NO. 89- INTERIOR DIVISION:**
Saving Rs. 29,736/- (0.08%)
- ii. **GRANT NO. 90- ISLAMABAD**
Excess Rs. 19,650,284/- (7.41%)
- iii. **GRANT NO.91- PASSPORT ORAGANIZATION**
Excess Rs. 2,490,206/- (5.29%)
- iv. **GRANT NO.92-CIVIL ARMED FORCES**
Excess Rs. 120,913,010/- (6.60%)
- v. **GRANT NO. 93- PAKISTAN COAST GUARDS**
Excess Rs.1,604,279/- (1.77%)
- vi. **GRANT NO. 94- PAKISTAN RANGERS**
Saving Rs. 33,325,928/- (3.73%)
- vii. **GRANT NO. 95- REGISTRATION ORAGANIZATION**
Excess Rs. 5,811,367/- (3.61%)
- vii. **GRANT NO. 96- CIVIL DEFENCE**
Excess Rs. 675,835/- (3.96%)

DIRECTIVE

On presentation of the above-mentioned eight (8) grants by AGPR, the Committee recommended regularization of the savings / excesses in the grants. However, the PAO was directed to further strengthen financial / monitoring system, so as to ensure that there should be no excess / saving in future.

ix. **GRANT NO. 97- FEDERAL INVESTIGATION AGENCY**
Excess Rs. 8,218,706/-

A.G.P.R. pointed out that the grant closed with an excess of Rs.8, 218,706 (9.97% of the total grant).

The PAO informed that an excess of Rs.8.218 million was under the head pay and allowances.

The Committee recommended regularization of the excess subject to verification of the record by Audit.

On 8th March, 2011 AGPR pointed out that the excess of 1.5 million is related to allowances and that of 6.5 million to pay. He further said that the department had not requested for supplementary grant in order to cover this excess.

The PAO while agreeing with AGPR stated that the Ministry should have asked for supplementary grant in order to avoid this excess.

DIRECTIVE

The Committee directed the PAO to make sure that such things do not recur in future.

- x. **GRANT NO.98 - OTHER EXPENDITURE OF MINISTRY OF INTERIOR AND NARCOTICS CONTROL**
Saving Rs. 121,459,936/- (5.74%)
- xi. **GRANT NO. 167- DEVELOPMENT EXPENDITURE OF INTERIOR DIVISION**
Saving Rs.1,082,286/-(5.74)

DIRECTIVE

On presentation of the above two (2) grants by the AGPR, the Committee recommended the excess / saving for regularization with the direction that due care be exercised to avoid such savings / excesses in future.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF INTERIOR FOR THE AUDIT YEAR 1992-93

- i. **PARA-1 (PAGE-157) AR-1992-93**
IRREGULAR USE OF GOVERNMENT VEHICLE RECOVERY OF Rs. 92,812/-
- ii. **PARA-3 (PAGE-157) AR-1992-93**
UN-AUTHORIZED EXPENDITURE ON ACCOUNT OF REPAIR OF VEHICLES AMOUNTING TO Rs.278,305/-
- iii. **PARA-4 (PAGE-158) AR-1992-93**
IRREGULAR PAYMENT OF Rs. 1,97,671/- TO RECRUITS AS ALLOWANCES.
- iv. **PARA-5 (PAGE-158) AR-1992-93**
IRREGULAR EXPENDITURE OF Rs.500,903/- BY SPLITTING UP THE SANCTION.
- v. **PARA-6 (PAGE-158) AR-1992-93**
LOSS OF Rs.4.378 MILLION DUE TO PURCHASE AT HIGHER RATES
- vi. **PARA-7 (PAGE-159) AR-1992-93**
RECOVERY OF Rs. 72,743/- ON ACCOUNT OF OFFICE CUM RESIDENCE ALLOWANCE TO OFFICERS WHO USED GOVERNMENT VEHICLE
- vii. **PARA-8 (PAGE-159) AR-1992-93**
IRREGULAR EXPENDITURE OF Rs. 715,533/- INCURRED ON PUBLICITY WITHOUT CALLING TENDERS
- viii. **PARA-9 (PAGE-159) AR-1992-93**
NON ADJUSTMENT OF ADVANCE PAYMENT OF Rs. 42.257 MILLION AGAINST SERVICES OR COMMODITIES.
- ix. **PARA-11 (PAGE-160) AR-1992-93**
IRREGULAR RE-APPROPRIATION OF RS. 443,994/- DURING 1990-91

- x. **PARA-12 (PAGE-160) AR-1992-93**
 - a) LOSS OF Rs. 248,767/- ON ACCOUNT OF PROCUREMENT OF LIVERIES AT HIGHER RATES.
 - b) IRREGULAR EXPENDITURE OF Rs.1,294,624/-
- xi. **PARA-13 (PAGE-161) AR-1992-93**
BLOCKAGE OF GOVERNMENT MONEY OF Rs. 352,450/- DUE TO UNNECESSARY PURCHASE OF STORES
- xii. **PARA-14 (PAGE-161) AR-1992-93**
NON DEPOSIT OF RECEIPT AMOUNTING TO Rs.28,489/- INTO GOVERNMENT ACCOUNT
- xiii. **PARA-15 (PAGE-162) AR-1992-93**
IRREGULAR/UN-AUTHORIZED PURCHASE OF IRCONDITIONER OF Rs.31,900/-
- xiv. **PARA-17 (PAGE-163) AR-1992-93**
EXCESS EXPENDITURE AGAINST THE BUDGET PROVISION Rs.0,058 MILLION
- xv. **PARA-18 (PAGE-163) AR-1992-93**
IRREGULAR PAYMENT ON ACCOUNT OF LABOUR CHARGES Rs. 179,823/-
- xvi. **PARA-19 (PAGE-163) AR-1992-93**
WASTEFUL EXPENDITURE OF Rs. 2.492 MILLION ON MAINTENANCE OF VEHICLE WORKSHOP

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above sixteen (16) Audit Paras.

MINISTRY OF KASHMIR AFFAIRS
AND NORTHERN AREAS

1. OVERVIEW

Appropriation Accounts and Audit Reports of Federal Government for the year 1992-93 pertaining to Ministry of Kashmir Affairs & Northern Areas were taken up for examination by sub-Committee and Special Committee-II of the PAC in the meetings held on July 18th , 2009, under the convenership of Khwaja Muhammad Asif, M.N.A and on 8th July 2010, 4th November 2010 and 28th December 2010 under the convenership of Mr. Zahid Hamid Khan .M.N.A in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Six (06) grants and eighteen (18) Paras were reported by AGPR / Audit. Five (05) Paras of Audit Report on Public Sector Enterprises were presented by Audit
- 1.2** On presentation of the grants by the AGPR, the Committee recommended regularization of the grants with the direction that there should be no savings / excesses in future. The Committee also observed it as bad financial management.
- 1.3** While discussing Audit Report pertaining to the year 1992-93, the Committee recommended eleven (11) Paras for settlement subject to verification by Audit.
- 1.4** On recommendation of the DAC, the Committee recommended five Audit Paras of ARPSE pertaining to the year for settlement
- 1.5** The Committee endorsed recommendations of the DAC for settlement of seven (07) Audit Paras .

2. **APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1992-93)**

i. **Grant # 130-Kashmir Affairs & Northern Affairs Division**
(Total grant Rs. 13,454,000 saving Rs 402,751)

AGPR pointed out the grant closed with a saving of Rs 402,751 (2.99% of the total grant).

ii. **Grant # 131-Nothern Areas**
(Total grant Rs. 280,177,000 excess Rs 41,840,722)

AGPR pointed out that the excess (14.93% of the total grant).

On presentation of the above two grants by the AGPR, the Sub-Committee recommended regularization of the grant with the direction that there should be no savings/excesses in future. The Sub-Committee also observed it as bad financial management .

i. **Grant # 132-Federal Govt. Educational Institute in Northern Areas**
(Total grant Rs. 112,221,000 excess Rs. 29,248551)

AGPR pointed out the excess was 26.06% of the total grant.

ii. **Grant # 133-Other Expenditure of Kashmir Affairs & Northern Affairs Division**
(Total grant Rs. 2,009,999,000 excess Rs. 12,728,226)

AGPR pointed out the excess worked out to 0.63% of the total grant.

iii. **Grant # 139-Capital Outlay on purchases by Kashmir Affairs and Northern Areas Division**
(Total grant Rs. 49,567,000 excess Rs. 6,758,451)

AGPR pointed out the excess worked out to 13.63% of the total grant.

iv. **Grant # 177-Development Expenditure of Kashmir Affairs and Northern Areas Division**

(Total grant Rs. 1,092,070,000 saving Rs. 310,762,424)

AGPR pointed out the excess worked out to 28.67% of the total grant. An amount of Rs 2,405,000 (0.22%) was surrendered leaving net saving of Rs 310,762,424(28.45%).

On the presentation of the above three grants by the AGPR, the Sub-Committee recommended the savings/excesses of the grants for regularization.

3. **AUDIT REPORT FOR THE YEAR 1992-93**

3.1 **Para 1 (Page-174-AR)**

Suspected Misappropriation of public funds in the absence of detailed accounts against the releases of Rs 33,474,145 made to Assistant Commissioners

Audit pointed out that the DC Skardu made Heavy releases amounting to Rs 33,474,145 to Assistant Commissioners Skardu, Kharmieng and Khaplu including other Officers/ Officials on account of Relief Fund, Land Compensations, Zakat Fund and Construction of Roads, etc. during the period under Audit. The adjustment accounts against these releases were out available with the D.C. Office. Non obtaining of the detailed accounts from the individuals amount to suspected misappropriation and serious laps on the part of local administration.

The PAO informed the Sub-Committee that as per directives of the Audit all the detailed accounts have been collected from all the Assistant Commissioners, Skardu, Kharmang, Shigar and Khaplu and kept ready for verification at the time of next audit. The adjustment accounts against these releases were not available with the D.C. office. Non obtaining of the detailed accounts from the undivided amount to suspected misappropriation and serious laps on the part of Local Administration.

The Sub-Committee recommended the para for settlement subject to verification of record by Audit.

DIRECTIVE

In another meeting of PAC-II held on 28th December, 2010 the Committee endorsed the decision of the sub-Committee and recommended the Para for settlement subject to verification by Audit.

3.2 **Para 2 (Page-174-AR)**

Suspected Mis-appropriation of Rs. 816,000 drawn in advance from public exchequer for the purchase of fire fighting equipment

Audit point out that in the office of the DC Skardu amount of Rs 816,000 was drawn in advance from public exchequer vide bill No. 1, dated 25th May 1990 for the purchase of Fire Fighting Equipment. Tenders were invited and two firms offered bids. Amount of Rs. 810,000 was handed over in advance to Minhas Crop. Rawalpindi, though they had offered an incomplete bid. The firm agreed to supply the equipment within 45 days but after receipt of full amount in advance, the firm un authorizedly kept the money for more then a year.

The PAO informed the Sub-Committee that an amount of Rs 816,000 was released for purchase of Fire Fighting Equipment. After the receipt of the funds, this office invited tenders through newspapers and on receipt of quotations; these were opened in presence of tenderers. On examination the samples produced by different agencies the samples of M/s Minhas Crop. Rawalpindi produced before the purchasing Committee were found superior and hence his quotation was accepted and the items required were purchased from them, which was in order. As regards advance drawl of the amount it is requested that the amount was drawn after completion of codal formalities. The details of purchase have been mentioned in the bills and the same were thoroughly checked and counted against which the amount was drawn.

The Sub-Committee recommended the para for settlement subject to verification of record by Audit.

DIRECTIVE

In another meeting of PAC-II held on 28th December, 2010 the Committee endorsed the decision of the sub-Committee and recommended the Para for settlement subject to verification by Audit.

3.3 **Para 3 (Page-175-AR)**

Purchase of two jeeps worth Rs 400,000 in clear disregard to the administrator orders

Audit pointed out that in the DC office Skardu, under M/o Kashmir Affairs & Northern Affairs Rs 400,000 were drawn as advance money from public exchequer vide FVC bill No. 103, dated 30th June 1989 for the purchase of two vehicles where as funds available under the sub-head were only Rs 233,000. the Administrator Northern Areas vide his letter dated 30th June 1989 also directed the DC office to purchase only one jeep and refused to re-appropriate the money under sub head 100 purchase of transport, as it was not permissible. Even then two jeeps worth Rs 375,000 were purchased by the office. Amount of Rs. 25,000 was also incurred for re-imburement POL & advertisement charges. The payment amounts to serious lapse on the part of local authorities.

The PAO informed the Sub-Committee that the matter was investigated by the Chief Secretary Office Gilgit through an Inquiry Committee and inquiry report/findings was sent to the KANA Division and Director General. Audit (FG) G-8/4, Islamabad vide Chief Secretary Office Gilgit No. Res2-A&A(2)/93 and 4th October, 1994 and 22nd July, 1996 respectively. The Inquiry Committee did not find any misappropriation in the case. Now a high level committee was constituted and report of the inquiry should be ready within one month.

On the assurance of the PAO, the Sub-Committee directed the PAO to

submit the report of the inquiry committee to PAC and fix responsibility with a report to PAC/Audit within one month

DIRECTIVE

In another meeting of PAC-II held on 28th December, 2010 the Committee endorsed the decision of the sub-Committee and recommended the Para for settlement subject to verification by Audit.

- i. **Para 4 (Page-176-AR)**
Un-necessary drawal of Rs.300,00/ for the purchase of vehicle retention of public money by an un concerned individual
- ii. **Para 5 (Page-176-AR)**
Irregular payment of Rs 15,043,809 to Northern Areas PWD Before preparation of PC I and without signing of agreement and without approval of Finance Division
- iii. **Para 6 (Page-177-AR)**
Irregular release of Rs 32,658,000/ on account of execution of accelerated development programme in Northern Areas
- iv. **Para 7 (Page-177-AR)**
Blockade of government money due to un necessary purchase of stores worth Rs 12.925 million
- v. **Para 8 (Page-178-AR)**
Misue of government vehicles by Non-entitled officers recovery of Rs 235.908/
- vi. **Para 9 (Page-178-AR)**
Unauthorized expenditure incurred for different payments of development schemes to avoid lapse of funds involving Rs 15.847 million
- vii. **Para 10 (Page-178-AR)**
Irregular drawal of Rs 600,000/ without any specific purpose and non production of adjustment account
- viii. **Para 11 (Page-179-AR)**
Loss due to purchase of defective plain paper copier Rs 96,802/

On the presentation of the above 8 paras, the Sub-Committee directed the Ministry to implement the recommended of the DAC.

DIRECTIVE

In another meeting of PAC-II held on 28th December, 2010 the Committee endorsed the decision of the sub-Committee and recommended the Para for

settlement subject to verification by Audit.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1992-93

- i. **Para 221(Page-179-ARPSE-1992-93)**
Audit Comments
- ii. **Para 222-ARPSE-1992-93)**
Purchase consideration payable amounting to rs 35,932 million
- iii. **Para 223-ARPSE-1992-93)**
Appreciation of Rs 1.5 million has been made in the value of land of the Corporation
- iv. **Para 224-ARPSE-1992-93)**
Sundry debtors stood at Rs. 2.097 million at the close of the year
- v. **Para 225-ARPSE-1992-93)**
Administrative expenses

DIRECTIVE

On the recommendation of the DAC, the Sub-Committee recommended the above five Audit Paras for settlement

5. AUDIT REPORT ON M/O KASHMIR AFFAIRS & NORTHERN AFFAIRS (NAPWD) FOR THE YEAR 1992-93

- i. **Para A-I.1(page-146-92-93)**
Overpayment of Rs. 61,273
- ii. **Para A-I.2(page-147-92-93)**
Short Recovery of Rs 25,704
- iii. **Para A-I.3(page-147-92-93)**
Overpayment of Rs 41,068
- iv. **Para A-I.4(page-147-92-93)**
Overpayment of Rs. 43,597
- v. **Para A-II.1(page-148-92-93)**
Overpayment of Rs. 67,570
- vi. **Para A-II.2(page-148-92-93)**
Overpayment of Rs. 25,032
- vii. **Para A-II.3(page-149-92-93)**
Overpayment of Rs. 21,900

DIRECTIVE

On the recommendation of the DAC, the Sub-Committee recommended the above 7 Audit paras for settlement.

MINISTRY OF LABOUR AND MANPOWER
AND OVERSEAS PAKISTANIS

1. OVERVIEW

Appropriation Accounts and Audit Reports of Public Sector Enterprises for the year 1992-93 pertaining to Ministry of Labour, Manpower & Overseas Pakistanis were taken up for examination by the Special Committee of the PAC on July 8th, 2010, October 7th, 2010 & February 23rd, 2011 in Committee Room No.2, Parliament House Islamabad.. Decisions taken are summarized below:

1.1 Five (05) grants and twenty five (25) Paras were reported by AGPR / Audit were presented by Audit

1.2 On presentation of Grant No.104, the Committee observed that there was no point in surrendering Rs. 300,000 when the grant was in huge excess.

The Committee directed that the initial budgetary allocation should be obtained after proper calculation and realistic assessment of requirements and thereafter due care should be taken for avoiding excess expenditure or un-surrendered savings in future.

1.3 While discussing Grant No.169, the Committee observed that the Ministry saved Rs.3.4 million and surrendered Rs.0.5 million whereas the entire amount of Rs.2.9 million should have been surrendered. The Committee expected that such financial irregularities will not recur and recommended the grant for it.

1.4 While discussing Para No.01, Audit Report on the accounts of Ministry of Labour and Manpower (Worker's Welfare Board – Sindh)-1992-93, the Committee directed the PAO to provide proof of recovery to Audit and make hectic efforts for recovery of the balance amount of Rs.1.157 million.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1 1992-93

i. GRANT NO.103 – LABOUR DIVISION

Saving Rs. 3,103,307/-

A.G.P.R stated that the grant closed with a saving of Rs.3,342,676 (13.22% of the total grant). An amount of Rs.239,369 was surrendered leaving net saving of Rs.3,103,307 (12.27%).

The PAO informed the Committee that an expenditure of Rs.2,755,488 was wrongly booked under Grant No.105 in respect of NILAT (National Institute of Labour Administration Training, Karachi). If this was taken into account, the saving was Rs. 587,188 only, out of which Rs. 239,369 had been surrendered, leaving net saving of Rs. 347,819.

The PAO further explained that the saving was mainly due to vacant posts, lower than anticipated expenditure under the head of Medical Charges, non-receipt of three months telephone bills and adoption of economy measures.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that all savings should be surrendered in time.

ii. GRANT NO.104 – OTHER EXPENDITURE OF LABOUR DIVISION

Excess Rs. 386,630,913/-

A.G.P.R stated that the grant closed with an excess of Rs.386,330,913 (21.20% of the total grant). An amount of Rs.300,000 was surrendered, increasing net excess to Rs.386,630,913 (21.21%).

The PAO explained that the excess was mainly due to higher than estimated receipts from the Workers Welfare Fund.

DIRECTIVE

The Committee observed that there was no point in surrendering Rs. 300,000 on 12-5-1993 when the grant was in huge excess.

The Committee recommended regularization of the grant with the direction that the initial budgetary allocation should be obtained after proper calculation and realistic assessment of requirements and thereafter due care should be taken for avoiding excess expenditure or un-surrendered savings in future.

iii. GRANT NO.105– MANPOWER AND OVERSEAS PAKISTANIS DIVISION.

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(-) <u>8,665,085</u>	(-) <u>11,420,573</u>	,755,488

A.G.P.R stated that the grant closed with a saving of Rs.219,184,785 (64.22% of the total grant). An amount of Rs.210,519,700 was surrendered leaving net saving of Rs.8,665,085 (2.53%).

The PAO informed that expenditure of Rs.2,755,488 pertained to Grant No.103 which was wrongly booked under this Grant. Saving was due to vacant posts and less release of funds by Finance Division.

The Committee referred the above-mention grant for consideration in the DAC and re-submission in the next meeting of the Committee.

On 7th October, 2010, the PAO informed the Committee that the allocation of this grant of Rs. 204,000,000 was meant for the Prime Minister's Programme for Self- employment, which was abandoned by the Government.

DIRECTIVE

The Committee observed that every effort should be made to surrender the entire saving in time. With these remarks the Committee recommended the grant for regularization.

iv. **GRANT NO. 169 – DEVELOPMENT EXPENDITURE OF LABOUR DIVISION.**

Saving Rs. 2,938,413/-

A.G.P.R stated that the grant closed with a saving of Rs.3,447,063 (30.65% of the total grant). An amount of Rs.508,650 was surrendered leaving net saving of Rs.2,938,413 (26.13%).

The PAO informed the Committee that the saving was mainly due to foreign exchange grant of Rs.2.628 million reflected in the budget for the financial year 1992-93 which was not utilized directly by the department but by and through ILO/UNDP.

DIRECTIVE

The Committee observed that the Ministry saved Rs. 3.4 million and surrendered only Rs. 0.5 million whereas the entire amount of Rs. 2.9 million should have been surrendered. The Committee expected that such financial irregularities will not recur and recommended the grant for regularization.

v. **GRANT NO. 170 – DEVELOPMENT EXPENDITURE OF MANPOWER AND OVERSEAS PAKISTANIS DIVISION**

Excess Rs. 75,216,671/-

A.G.P.R stated that the grant closed with a saving of Rs.18,824,329 (15.12% of the total grant). An amount of Rs.94,041,000 was surrendered resulting in an excess of Rs.75,216,671 (60.42%).

The PAO explained that the excess was mainly due to the expenditure incurred in respect of National Training Bureau (NTB) through supply of machinery & equipment by the International Labor Organization (ILO) (EQUIPRO).

DIRECTIVE

The Committee referred the above-mentioned grant for consideration in the DAC. Report should be submitted to the Committee in the next meeting.

When the grant was taken up again on 7th October, 2010, the Committee recommended the grant for regularization subject to verification of receipt machinery by Audit.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF LABOUR AND MANPOWER FOR THE AUDIT YEAR 1992-93.

3.1 PARA # 1-(PAGE-180)-AR-92-93 NON-RECOVERY OF Rs 163, 771 ON ACCOUNT OF MISUSE OF GOVT. VEHICLES

Audit pointed out that the Cabinet Division had provided two vehicles to the Ex-Minister for Labour in addition to staff car provided by the Labour Division. A sum of Rs. 163,771 was spent on POL etc of these two vehicles to which the Minister was not entitled.

The PAO stated that the issue had already been taken up with the concerned authority as well as District Collector, Islamabad for recovery of Rs. 163,771 from ex-Minister for Labour, Manpower and Overseas Pakistanis, as also recommended by the DAC. Progress regarding recovery will be intimated to Audit and to the Committee.

The Committee directed the PAO to take up the matter with the ex-Minister personally and submit a report to the Committee within one month.

After similar directive on 7th October, 2010, when the Para came up for consideration again on 23rd February, 2011 the PAO informed the Committee that in 2001 DC Islamabad had been asked to declare this amount recoverable as arrears of land revenue, and a recovery note had been sent to the revenue authorities in Multan. However no action had been taken in this regard so far. A letter had also been written to the Chief Secretary Punjab for necessary assistance.

DIRECTIVE

The Committee directed the PAO to send a politely worded letter to the ex Minister telling him that in case the amount is not paid the department would be constrained to invoke proceedings for recovery as arrears of land revenue. The Commissioner Multan may also be asked to contact the ex-Minister in this regard progress of recovery will be monitored by the Implementation Committee.

3.2 **PARA # 2-(PAGE-180)-AR-92-93**
NON-MAINTENANCE OF ACCOUNTS OF DISCRETIONARY FUNDS
/GRANT OF Rs 100,000/-

The PAO stated that requisite record pertaining to the discretionary grant of the former Minister had now been provided to Audit.

DIRECTIVE

The Committee recommended settlement of the Para subject to verification of the record Audit.

On 7th October, 2010, the PAO informed the Committee that the record had been lost in fire caused due to LAL Masjid incident. The Committee directed the PAO to furnish a certificate to this effect and recommended the para for settlement.

3.3 **PARA #3 (PAGE-180)-AR-92-93**
UN-NECESSARY PURCHASE OF EXCESS PHOTOCOPIERS VALUING Rs. 340,855/-

The PAO informed the Committee that the four photocopiers in question were purchased by Workers Welfare Fund (Labour Wing) in 1984, 1986 and 1988 with the approval of the Governing Body. The requisite record would be provided to Audit for verification.

DIRECTIVE

The Committee recommended the Para for settlement subject to verification of the record by Audit.

3.4 **PARA #4 (PAGE-181)-AR-92-93**
IRREGULAR/WASTEFUL EXPENDITURE OF Rs 1,211,451 INCURRED ON PAYMENT OF SALARIES TO CONTRACT EMPLOYEES

Audit pointed out that twelve instructors had been appointed on contract in the N.T.B. without observing the prescribed recruitment procedure.

The PAO informed the Committee that a critical component of the project was the availability of adequately skilled instructors having sufficient experience in their relevant field. In the light of approved P.C-1 (NVTP Phase-I) experienced persons were recruited to meet the urgent requirement of ATC on contract basis. Most of the contract instructors were technically qualified; those who did not have technical qualifications had been engaged for particular jobs e.g. preparation of learning module in Urdu, calligraphy etc.

The PAO further stated that the cases of retention of non-technical Instructors had been reviewed as advised by Audit and accordingly the services of the 11 contract Instructors had been terminated after completion of their respective assignments.

DIRECTIVE

The Committee recommended the Para for settlement on the assurance of the PAO that vacant posts are being advertised and every appointment in the Ministry and all subordinate departments will be made on merit.

3.5 **PARA #6 (PAGE-182)-AR-92-93**
UNAUTHORIZED PAYMENT OF TELEPHONE BILLS FROM DEVELOPMENT BUDGET BESIDES REGULAR PROVISIONS

Audit pointed out that a sum of Rs. 685,068 had been spent from the PLA/ Assignment account of the project NVTP Phase-II for unauthorized payment of office / residence telephone bills of Manpower Division and the Minister of State.

The PAO justified the payment on the ground that the Ministry of Labour & Manpower including the Minister of State and Federal Minister who acted as Chairman of National Training Board were dealing with policy matters relating to NVTP (Phase-II) activities. The officers and staff of Manpower Division were also actively and fully involved in various matters relating to NVTP (Project Activities), and Board affairs. Therefore the telephones were used for official business and the payment was made with the approval of Manpower Division.

DIRECTIVE

The Committee observed that utilization of development funds of a project for payment of telephone bills could not be accepted without detailed examination of circumstances and relevant rules. It referred the para back to DAC for consideration and directed that a report be submitted to the Committee within one month.

When the para came up again on 7th October, 2010, the Committee observed that utilization of development PSDP budget for payment telephone bills was highly irregular. The Committee directed that action be taken against the

person(s) who authorized it for which purpose an inquiry should be instituted by the Ministry. A report should be submitted to the Committee within a month.

On 23rd February, 2011, The PAO informed the Committee that the case had been referred to Finance Division which turned down regularization on the grounds that development funds can not be used for non developmental purposes.

The Committee reiterated its direction to take action against the persons held to be responsible and effect recovery of amount in question. Report be submitted to the Committee within one month. Progress will be monitored by the Implementation Committee.

The PAO informed the Committee that the requisite record of the following six Audit Paras would be provided to audit for verification, as directed by the DAC.

- i. **PARA-5 (PAGE-181) AR-1992-93**
IRREGULAR PAYMENT OF Rs 800, 000 TO CONTRACTOR ON ACCOUNT OF MOBILIZATION ADVANCE FOR ON GOING JOB (PLA).
- ii. **PARA-7 (PAGE-182) AR-1992-93**
RECOVERY OF RS.1,007,160 IRREGULARLY PAID TO A CONSULTANCY FIRM.
- iii. **PARA-8 (PAGE-182) AR-1992-93**
NON-RECOVERY OF Rs 708,641 ON ACCOUNT MOBILIZATION ADVANCES
- iv. **PARA-10 (PAGE-183) AR-1992-93**
EXCESS PAYMENT OF Rs 1,458,141 AND LIQUIDATED DAMAGES OF Rs 1,080,821 RECOVERY THEREOF
- v. **PARA-11 (PAGE-184) AR-1992-93**
UNAUTHORIZED EXPENDITURE OF Rs 435,189 INCURRED ON TELEPHONE CHARGES WITHOUT OBTAINING THE SANCTION OF COMPETENT AUTHORITY
- vi. **PARA-12 (PAGE-184) AR-1992-93**
IRREGULAR DRAWAL AND PAYMENT FROM BOARD FUND OF Rs. 1,302,780 TO YOUTH VOCATIONAL CENTRES

DIRECTIVE

The Committee recommended the above paras for settlement subject to verification of record by Audit. Compliance report be submitted to the Committee within two weeks.

3.6 **PARA-9 (PAGE-183) AR-1992-93**
NON RECOVERY/NON ADJUSTMENT OF OUTSTANDING ADVANCE Rs 530,500/-

Audit stated that in the National Training Bureau (NTB), Islamabad under Manpower Division Islamabad an amount of Rs.530, 500 was paid TA/DA advance to the employees from PLA which was lying unadjusted from 1988 to 1992. Most of the persons to whom advances paid were associated with some business of other organization which was tantamount to undue favour to them at the cost of public exchequer.

The Committee recommended the Para for settlement subject to verification of record by Audit.

When the matter was taken up again on 7th October, 2010, Audit pointed out that even after four months the record had not been provided to Audit, the Committee expressed its displeasure over non compliance of its directive the The Committee directed the PAO to submit a compliance report within two weeks.

When the matter was taken up again on 23rd February, 2011, Audit reported that the requisite a recovery had been made and verified.

DIRECTIVE

The Committee recommended the Para for settlement.

3.7 **PARA-13 (PAGE-184) AR-1992-93**
IRREGULAR TRANSFER OF FUNDS TO THE EXTENT OF Rs 15.107
MILLION

Audit stated that Management of a National Vocational Training Project in NTB, Karachi under Manpower Division transferred an amount of Rs.15.107 million to Technical Training Centre Larkana from the funds marked for Phase—I and II of its own projects without any authority or sanction. The record of this expenditure was also not produced to audit.

The PAO stated that audit had examined this Para and verified sanction of release of funds. He further stated that a certificate to that effect would be provided to Audit.

DIRECTIVE

The Committee recommended the Para for settlement subject to verification by audit.

4. **AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-X)**
ON THE ACCOUNT OF MINISTRY OF LABOUR &
MANPOWER FOR THE YEAR 1992-93

EMPLOYEES OLD AGE BENEFITS INSTITUTION

- i. **Para-227- (APRSE-1992-93-VOL-X)-Page-184**
- ii. **Para-228- (APRSE-1992-93-VOL-X)-Page-185**

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned two Audit Paras.

5. **AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE**
ACCOUNTS OF LABOUR AND MANPOWER FOR THE
AUDIT YEAR 1992-93.

OVERSEAS EMPLOYMENT CORPORATION

PARA No. 229-PAGE No-186-187-ARPSE-1992-93

PARA No. 231-PAGE No-187-ARPSE-1992-93A

SUMMARY OF PARAS

- i. **PARA No. 226 ARPSE-1992-93**
Introductory para
- ii. **PARA No. 230 ARPSE-1992-93**
Advances, deposits pre-payments and other receivables increased from Rs.5.626 million on 30.06.1992 to Rs.6.726 million on 30.06.1993.
- iii. **PARA No. 232 ARPSE-1992-93**
Amount in current account increased from Rs.1.749 million on 30.06.1992 to Rs.5.590 million on 30.06.1993.
- iv. **PARA No. 233 ARPSE-1992-93**
Accounts for the year 1992-93 were approved by the BoD.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Audit Paras.

5.1 **PARA No. 234-PAGE No-188-ARPSE-1992-93**
NON-RECOVERY OF DUES FROM DEFAULTING TRAVEL AGENCIES
RS. 575,081

The PAO informed the Committee that the Ministry / Overseas Employment Corporation is pursuing this case vigorously and had already made substantial recovery. Presently a total amount of Rs.392,665 was outstanding against various Travel Agencies, out of which major amount was due from Prince Travels. Civil Suit filed against the party had been decreed for Rs.222,281 in favour of OEC. Warrants of arrest had been issued against Mr. Abdul Hafeez and Mr. Pervez Ahmed Khan but the former died and the latter was not traceable at his available address at Islamabad. The court had transferred the case to his native Faisalabad for execution of the decree.

DAC in its meeting held on 26-04-2007 had directed the MD to hold inquiry regarding recovery efforts and submit a report to the next meeting of the BOD. However, DAC in its meeting on 5-7-2010 had taken serious notice of the fact that inquiry had not been held.

The Committee directed the PAO to hold the inquiry as directed by the DAC and pursue the court case vigorously till recovery is made.

When the matter was taken up again on 23rd February, 2011, Audit informed the Committee that according to the department the case is being referred to the BOD for regularization.

DIRECTIVE

The Committee directed the PAO to make concerted effort for recovery of the amount and only if all possible options are exhausted should other action such as regularization be taken as admissible under the rules. The Implementation Committee will monitor progress.

5.2 **PARA No. 235-PAGE No-188-189-ARPSE-1992-93**
NON-RECOVERY OF RS 132,115 DUE TO CREDIT SALE OF AIR TICKETS TO EX-MINISTERS

PAO informed the Committee that the present position regarding the Audit Para is that an amount of Rs.52,298 is outstanding against the following defaulters in respect of air tickets:

a)	Care of Haji M. Hanif Tayyab Ex-Minister	Rs.43,683.00
b)	Mr. Tariq Khan Khakwani Ex-PRO to Minister	<u>Rs.8,616.00</u>
	Total	Rs.52,298.00

The PAO stated that Ex-Minister Haji M. Hanif Tayyab is now denying responsibility for those persons to whom the tickets were issued on the verbal request of his then PS Mr. Saifullah Khan in 1985-88. Therefore, chances of recovery of this amount are remote.

The PAO further informed that PRO to the then Minister for Housing Mr. Tariq Khakwani had availed the credit facility from OEC Travel as PRO to then Ministry for Housing and Works Mr. Yousaf Raza Gillani. The officer had made

payment of Rs.6,000 and then defaulted. His case was referred to the Ministry for recovery.

The case was being placed before the Board of Directors in their forthcoming meeting for consideration as to whether the outstanding dues should be written off.

The Committee directed the PAO to pursue the case vigorously. As directed by the DAC, inquiry should be held and recovery must be made. A Report should be submitted to the Committee within one month.

When the para was taken up again on 7th October, 2010, the Committee directed the PAO to complete the inquiry fix responsibility for the outstanding dues. The Committee also directed sum of Rs. 8615 be recovered from Ex PRO to Minister. A comprehensive progress report regarding decisions of Board of Directors and recovery efforts should be submitted within two weeks.

On 23rd February, 2011, PAO informed the Committee that as per record of OEC these tickets were issued on behalf of the Minister but not in his name. The Minister denied that he used these tickets; however, PRO to Minister has agreed to pay Rs. 8616/= which was due to him.

DIRECTIVE

The Committee observed that since PRO to the Minister was now employed as D.S. in the National Assembly Secretariat if necessary Secretary N.A. may be contracted in this regard for help and assistance. The Committee directed the PAO to proceed for settlement of the para in accordance with the decision of the BOD as admissible under the rules.

6. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF LABOUR AND MANPOWER (WORKER WELFARE BOARD – SINDH) FOR THE AUDIT YEAR 1992-93.

**6.1 PARA No. 1-PAGE No-151-AR-1992-93
NON-RECOVERY OF Rs. 9.716 MILLION**

Audit stated that flats/quarters constructed by Sindh Workers Welfare Board, Karachi, were allotted to the workers on ownership basis, the cost of which was recoverable in monthly installments. Recoveries of residential installments as well as electric and water charges were, however, not made regularly, resulting in outstanding dues of Rs. 9,715,776 from January, 1989 to December, 1992.

PAO informed the Committee that recovery of outstanding dues from the allottees of flats / quarters was almost 90%. Recovery of remaining amount was being pursued.

The Committee directed the PAO to affect full recovery and submit a report after verification by Audit within three (03) months.

When the matter was taken up again on 7th October, 2010, the PAO informed the Committee that substantial recovery and the balance recoverable was only Rs. 1.157 million.

DIRECTIVE

The Committee directed the PAO to have recoveries verified by Audit and make concerted efforts for recover the balance amount. A Report be submitted to Committee within one month. Progress of recovery will be monitored by the Implementation Committee.

- 6.2 **PARA No. 2-PAGE No-151-AR-1992-93**
LOSS OF Rs.8.611 MILLION

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Audit Para.

7. **AUDIT REPORT PUBLIC SECTOR ENTERPRISES IN THE ACCOUNTS OF MINISTRY OF OVERSEAS PAKISTANIS FOR THE AUDIT YEAR 1992-93.**

OVERSEAS PAKISTANIS FOUNDATION

- i). **PARA No. 239-PAGE No-19-ARPSE-1992-93**
ii). **PARA No. 241-PAGE No-192-193-ARPSE-1992-93**

SUMMARY OF PARAS

- iii). **PARA No. 236 ARPSE-1992-93**
The expenditure of the Foundation was excess by Rs.22.220 million then income in the year 1992-93.
- iv). **PARA No. 237 ARPSE-1992-93**
Receivables included Rs.420.436 million recoverable from tax authorities..
- v). **PARA No. 238 ARPSE-1992-93**
Fixed assets of Rs.37.006 million were not physically verified from an indended agency.
- vi). **PARA No. 240 ARPSE-1992-93**
An addition of Rs. 1.931 million was made in the office equipments, which was not justified.

KAGHAN BRICK WORKS LIMITED

- vii). **PARA No. 242 ARPSE-1992-93**
Staff gratuity fund was established in 1992-93 but was not registered with authority concerned fro want of funds to meet 100% liability.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned seven Audit Paras.

KAGHAN BRICK WORKS LIMITED

i) Para-241-Page-192-193--ARPSE-1992-93

The PAO informed the Committee that consequent upon approval of OPF's BOG in its 61st meeting, KBWL was closed down on 30.09.1996 as it was no longer viable. Major portion of the assets was also disposed off through open auction held on 31.08.1998. Work force of KBWL had also been laid off through Golden Handshake Scheme approved by the OPF BOG.

ii) Para-243-Page-193--ARPSE-1992-93

The PAO informed the Committee that the matter for conversion of trade and extension of lease of the land of KBWL by CDA (to enable settlement of outstanding liability of OPF) was taken up in the Inter-Ministerial Committee on 17-10-2006. Both the management of CDA and OPF were advised to sit together and resolve the matter through mutual consultation. In pursuance of the decision / advice of the committee, MD, OPF and Chairman CDA met on 4th September, 2007. CDA agreed to allot another plot on Kurry Road adjacent to the area earmarked for the establishment of Educational Institutions. OPF was pursuing the case, progress will be intimated to the Audit and the Committee in due course.

DIRECTIVE

The Committee referred the above-mentioned two (02) paras for a DAC with the direction to report within one month to the Committee including details of the court case and negotiations between OPF and CDA

On 23rd February, 2011 the PAO informed that the OPF was considering joint venture with CDA on the land.

The Para was recommended for settlement subject to submission of interim report to Audit and Implementation Committee of the PAC.

**MINISTRY OF LAW, JUSTICE AND
PARLIAMENTARY AFFAIRS**

1. OVERVIEW

Appropriation Accounts and Audit Reports of Federal Government for the year 1992-93 pertaining to the Law, Justice & Parliamentary Affairs Division were taken up for examination by Special Committee-II of the PAC in the meetings held on July 7th, 2010 & October 6th, 2010 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Four (04) grants were reported by AGPR.
- 1.2 On presentation of the grants the observed that excessive supplementary grant should not have been obtained if saving was available for re-appropriation, and entire savings should have been surrendered in time.
- 1.3 While discussing the Grant No.102, the Committee expressed its displeasure that supplementary grant had been obtained in the face of huge savings, all of which had not been surrendered in time. The Committee recommended regularization of the grant with the direction that financial management systems in the Ministry must be improved.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.9- SERVICE TRIBUNAL:

Saving Rs. 10,507/-

A.G.P.R. pointed out that after taking into account supplementary grant of Rs. 2,557,000, the grant closed with a minor saving of Rs. 10,507, (0.11% of the total grant).

DIRECTIVE

The Committee recommended regularization of the grant.

ii. **GRANT NO.100- LAW AND JUSTICE DIVISION:**
Saving Rs. 236,925/-

A.G.P.R. pointed out that after accounting for supplementary grant of Rs. 3,857,000 and wrongly booked expenditure of Rs. 300,000 the grant closed with a saving of Rs. 236,925 (0.39% of the total grant).

The PAO informed the Committee that the saving was due to non-finalization of proposals for purchase of stationery.

DIRECTIVE

The Committee recommended regularization of the grant.

iii. **GRANT NO. 101- PARLIAMENTARY AFFAIRS DIVISION**
Saving Rs. 380,757/-

A.G.P.R. pointed out that after accounting for supplementary grant of Rs. 2,00,000 and excess booking of Rs. 300,000, the grant closed with a saving of Rs. 1,010,757(5.48% of the total grant). An amount of Rs. 630,000 was surrendered leaving a net saving of Rs. 380,757.

The PAO informed the Committee that saving was due to non-appointment of Parliamentary Secretaries as well as vacant posts.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that excessive supplementary grant should not have been obtained if savings were available for re-appropriation, and entire savings should have been surrendered in time.

iv. **GRANT NO.102- OTHER EXPENDITURE OF LAW AND JUSTICE DIVISION**

Saving Rs. 8,901,331/-

A.G.P.R. pointed out that after taking into account supplementary grant of Rs. 64,000, the grant closed with a saving of Rs. 39,851,918 (37.03% of the total grant). Total amount of Rs. 30,950,587 was surrendered leaving a net saving of Rs. 8,901,331.

The PAO informed the Committee that the saving was due to vacant posts in newly established Banking Tribunal, Speedy Trial Courts and Supreme Appellate Courts in different parts of the country.

DIRECTIVE

The Committee expressed its displeasure that supplementary grant had been obtained in the face of huge savings, all of which had not been surrendered in time. The Committee recommended regularization of the grant with the direction that financial management systems in the Ministry must be improved.

**MINISTRY OF LOCAL GOVERNMENT
AND RURAL DEVELOPMENT**

1. OVERVIEW

Appropriation Accounts for the year 1992-93 pertaining to Ministry of Local Government & Rural Development were taken up for examination by Special Committee-II of the PAC in the meetings held on June 10th, 2010 & 3rd November, 2010 in Committee Room No.2, Parliament House Islamabad . Decisions taken are summarized below:

- 1.1** Two (02) grants and one Performance Audit Report were reported by AGPR / Audit.
- 1.2** On presentation of the grants the Committee observed that so far as the PAC is concerned, there was no concept of “minimal saving”. The Ministry should make every effort to ensure that there is no excess or saving in the grant at the end of the year.
- 1.3** While discussing Grant No.171, The Committee directed the PAO to devise and streamline procedures in consultation with Finance Division and the Audit to ensure that funds once allocated / released do not lapse.
- 1.4** While discussing Performance Audit Report on Data Center for Rural Development, Islamabad, the Committee endorsed recommendations of the DAC on Data Centre and directed to adhere to the recommendations in letter and spirit.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.106-MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

Saving Rs. 1,364,133 /-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 1,364,133 (3.00% of the total grant). An amount of Rs. 863,450 was surrendered leaving a net saving of Rs.500,683 (1.22%).

The PAO informed the Committee that the saving was due to different accounts e.g. pay of officers, regular allowances. Ministry had also to pay membership fee to Centre on Agrarian Rural Development Near-East, Amman (Jordan) and the payment was not made in time. The PAO requested that since it was a very minimal saving, it may be regularized.

DIRECTIVE

The Committee observed that in so far as the PAC is concerned, there was no concept of “minimal saving”. The Ministry should make every effort to ensure that there is no excess or saving in the grant at the end of the year. The Committee recommended regularization of the grant.

ii. GRANT NO.171- DEVELOPMENT EXPENDITURE OF MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT

Saving Rs. 106,479,172/-

A.G.P.R. pointed out that the Grant closed with a saving of Rs.106,479,172 (0.316% of the total Grant). An amount of Rs. 48,600,000(1.44%) was surrendered leaving net saving of Rs.57,879,172(1.72%). A supplementary grant of Rs. 50,000,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO informed the Committee that due to some procedural problems the executing agency PWD returned the unspent amount. Development schemes are often delayed due to lengthy and complicated process of approval, as a result of which at the end of the year if the procedure is not complete then funds lapse to that extent.

DIRECTIVE

The Committee directed the PAO to devise and streamline procedures in consultation with Finance Division and the Audit to ensure that funds once allocated / released do not lapse.

3. PERFORMANCE AUDIT REPORT ON DATA CENTER FOR RURAL DEVELOPMENT, ISLAMABAD

DIRECTIVE

The Committee endorsed recommendations of the DAC on Data Centre and directed to adhere to the recommendations in letter and spirit.

The PAO is requested to take necessary action on the above immediately. Detailed minutes / actionable points will be forwarded in due course of time.

MINISTRY OF NARCOTICS CONTROL

1. OVERVIEW

Appropriation Accounts and Audit Reports of the Federal Government for the year 1992-93 pertaining to Narcotics Control Division were taken up for examination by Special Committee-II of the PAC in the meetings held on the June 8th, 2010, July 7th, 2010 & October 19th, 2010 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Two (02) grants were reported by AGPR. Nineteen (19) Paras of the Audit Report were presented by Audit
- 1.2** On presentation of the grants, the Committee recommended regularization of the grants with the observation that in order to improve management of funds in future the Ministry should play a more active role in selection of the projects in consultation with the Provincial Government, FATA Authorities and concerned Federal Ministries including the Planning Commission and should also monitor progress of implementation along with the donors.
- 1.3** The Committee endorsed the recommendations of the DAC for settlement of six (06) Audit Paras.
- 1.4** The Committee directed that Audit Reports on Five years Performance Audit should be submitted to PAC as soon as those are completed.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.99- NARCOTICS CONTROL DIVISION

Saving Rs. 3,393,112/-

A.G.P.R. pointed out that the Grant closed with a saving of Rs. 14,354,112 (24.24% of the total grant). An amount of Rs. 10,961,000 was surrendered leaving net saving of Rs.3,393,112.

The PAO informed the Committee that this saving related, primarily, to personnel / establishment charges and was due to vacant posts in ANFS. It was conceded that the Ministry should have anticipated the saving and surrendered the amount in time.

DIRECTIVE

The Committee recommended the grant for regularization with the observation that due care should be taken to ensure that rules are observed in future and surrenders are made by the prescribed date.

ii. GRANT NO. 168- DEVELOPMENT EXPENDITURE OF NARCOTICS CONTROL DIVISION

Excess Rs. 1,241,393/-

AG.P.R. pointed out that the grant closed with a saving of Rs.100,429,343 (26.98% of the total grant). An amount of Rs. 101,670,736 was surrendered converting the grant into an excess of Rs. 1,241,393. A supplementary grant of Rs. 1,134,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO informed the Committee that the grant was for various development projects in Khyber Pakhtun Khwa and FATA, which were funded by various donors and implemented through the Provincial Government and FATA Secretariat. The Ministry's role in utilization of funds was limited. The Ministry,

however, suggested that it should also be involved in joint monitoring with the donors.

DIRECTIVE

The Committee recommended the excess of the grant for regularization with the observation that in order to improve management of funds in future the Ministry should play a more active role in selection of the projects in consultation with the Provincial Government, FATA authorities and concerned Federal Ministries including the Planning Commission and should also monitor progress of implementation along with the donors.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF NARCOTICS CONTROL FOR THE AUDIT YEAR 1992-93.

3.1 PARA-23 (PAGE-165) AR-1992-93 **RECOVERABLE AMOUNT OF RS.254,128/-**

Audit pointed out that in the office of Project Director, Gadoon Amazai Area Development Project Topi under the M/o Interior Islamabad an amount of Rs. 471,337/- was paid as advance to the Project Committee Leader Mr. Taj Malook for the execution of three works. The Engineering staff measured two completed works the cost of which was Rs. 267,249/- In the Project Committee meeting held on 26-04-1989 it was reported that the balance amount of Rs. 204,128/- was sufficient for 3rd work but in case of failure penalty of Rs. 50,000/- would be imposed on the Project Committee Leader and the entire amount of Rs. 254,128/- will be recovered in lump sum.

The Project Committee Leader failed to complete the work till November 1990. The amount of Rs. 254,128/- was thus recoverable and is still outstanding.

The PAO informed the Committee that the objective of the donor-assisted project was to rid the area of poppy cultivation. When the Project started in Gadoon Amazai in 1992-93, the prevailing practice was to implement works

through influential Project Committee Leaders under supervision of the District Administration. Now the Ministry had a Project Monitoring System and foreign donors were also properly involved. However, at that time the money was given to the influential people and the recovery was not made. The PAO requested the para to be dropped and the amount written off.

The Committee expressed its dissatisfaction on non-recovery of a relatively small amount for so many years. Even if the project was donor funded, applicable rules have to be followed. The Committee directed the PAO to follow the DAC decisions. If despite renewed efforts recovery cannot be made, the competent authority should be moved for settlement as admissible under the rules.

When the matter was taken up again on 7th July, 2010, the DAC recommended the above Audit para for settlement.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Audit Para.

3.2 **PARA-25 (PAGE-166) AR-1992-93** **IRREGULAR UNJUSTIFIED ADVANCE PAYMENT OF RS. 2,274,500/-**

Audit pointed out that in the office of the Project Director, Gadoon Amazai Area Development Project (GAADP) at Topi under the M/o Interior and Narcotics Control advance payments aggregating to Rs.2,274,500 were made to the General Manager, Overseas Pakistani Foundation, Islamabad during the period from April, 1985 to April 1991 for expenditure in connection with arrangements for out of country employment for certain nominated person(s) belonging to Gadoon Amazai Area.

According to reports available on record of the local office only 129 persons could be provided jobs in foreign countries by the Overseas Pakistani

Foundation during 1985-87. After that no person could be sent and hence there should be no valid claim in respect of charges incurred by the Overseas Pakistani Foundation in connection with the assignment after December, 1987. Besides, supporting vouchers of the expenditure actually incurred by the agency against advance payments were not furnished for Audit check. In view of this situation Audit holds that the whole payment was incorrect.

The PAO informed the Committee that the Federal Audit had assigned the task of Audit to the Provincial Audit. The matter was taken up with the Provincial Audit who were sent reminders as well. Both the Federal Audit and the Ministry will endeavor to ensure that final Audit report is prepared at the earliest. The main issue of this Para is of missing record. The matter will also be taken up with the Overseas Pakistanis Foundation (OPF).

The Committee expressed its displeasure regarding the missing record and directed the PAO to take up the issue forcefully with the OPF. In case ultimately the record is not traced, responsibility should be fixed and action should be taken by the Ministry against those responsible. A report in this regard should be sent to the Committee as well as to the Audit within one month.

When the matter was taken up again on 7th July, 2010, the PAO and Audit requested the Committee that this Para may be allowed to be resolved in the DAC meeting.

The Committee referred the Para to the DAC.

When the para came up again on 19th October, 2010, the DAC recommended the above Audit Para for settlement.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

3.3 **PARA-26 (PAGE-166) AR-1992-93**
IRREGULAR PURCHASE DUE TO NON-ADOPTION OF OPEN
TENDERING RS.2,625 MILLION

Audit pointed out that under S.No.24 of Annex-A to para-144, GFR Vol-I all purchases valuing Rs. 10,000/- and above are to be made through open tendering. Contrary to the above a local office incurred expenditure of Rs. 2,625,610/- during 1989-90 in violation of Government Orders.

When pointed out by Audit, the local office stated that purchases were made and expenditure incurred on the orders of a committee consisting of representatives of foreign donors agencies for want of time. The replies were not acceptable as compliance of Government orders was required in public interest.

The PAO informed the Committee that a sum of Rs. 23 lacs approximately was paid for Hajj advertisement through an agency after verification of bills by the Press Information Department (PID). The expenditures on printing charges, purchase of carpet and video equipment were incurred due to oversight as these were funded from USAID and the then dealing officers were of the view that donor's funds were not subject to GOP procedures.

The Committee expressed its displeasure at the failure of the Ministry to provide the documents / record from USAID to Audit and to follow prescribed procedures. Requisite record should be made available to Audit which should examine the same and report to the PAC in case of any discrepancy.

On 7th July, 2010, the PAO informed the Committee an amount of Rs 2,302,918.25 had been incurred on advertisement charges and an amount of Rs 322,683 incurred on printing / purchase of miscellaneous items.

The advertisements were released through an agency in accordance with advertisement rules and code of ethics of All Pakistan Newspapers Society

(APNS) and the remaining amount was paid to the concerned news papers on the verification of bills by Press Information Department (PID).

Government of Pakistan procedures regarding printing charges / purchase of carpet and video equipment were not followed because the dealing officer was of the view that these were not applicable as funds had been provided by US AID.

The Committee directed the PAO to review the para again in the DAC and submit a report to the Committee within one month.

When the para came up again on 19th October, 2010, the DAC recommended the above Audit Para for settlement.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Audit Para.

3.4 **PARA-31 (PAGE-170) AR-1992-93**
WASTFUL EXPENDITURE OF RS. 582,884/- DUE TO UNNECESSARY
CONSTRUCTION OF FIVE VETERINARY DISPENSARIES

Audit pointed out that in the office of the Project Director, Gadoon Amazai Area Development Project (GAADP) at Topi under the M/o Interior and Narcotics Control, execution of a work titled “Construction of 5 Veterinary Dispensaries” was assigned to five nominated Project Committee Leaders and sums aggregating to Rs. 582,884 were paid to them during 1986 to 1990 on account of work done at site. Later the works were stopped and condoned on the directive of Director General, Special Development Unit, PE & D Department, Government of NWFP, Peshawar on the grounds that these do not fulfill the criteria for establishing Veterinary Dispensaries. The work was thus stopped after the expenditure of Rs. 582,884/- had already been incurred and paid which was wasteful. Had prior approval to the feasibility and suitability been obtained the wasteful expenditure could have been avoided.

The PAO informed the Committee that out of the five dispensaries four had been completed. He had directed the District Administration to recover the amount relating to the 5th dispensary, where work was stopped by Mr. Zahid Khan (Project Committee Leader). The PAO further stated that some projects in sensitive areas were continuing with foreign funding and the Ministry would conduct their special monitoring.

The Committee observed that setting up veterinary dispensaries was a provincial subject and after ascertaining views of the Provincial Government on this issue a report should be sent to the Committee which will then be considered in the Main PAC. Meanwhile, the Committee directed the PAO to vigorously pursue recovery proceedings in respect of the fifth dispensary and submit a report in this regard to the Committee within one month.

When the para came up again on 7th July, 2010, the DAC recommended the above Audit Para for settlement.

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Audit Para.

3.5 **PARA-33 (PAGE-171) AR-1992-93**
WASTEFUL EXPENDITURE DUE TO ABANDONMENT OF
DEVELOPMENT RS. 0.055 MILLION

Audit pointed out that in the office of the Project Director, Gadoon Amazai Area Development Project (GAADP) at Topi under the M/o Interior and Narcotics Control Division, Islamabad, construction of a civil work titled “Construction of GGPS Gandhi Kot” was assigned to a Project Committee at an estimated cost of Rs. 255,940. The Committee was also paid first installment of Rs. 55,700/- as advance on 10-03-1990 for commencement of work. The work was later on abandoned on the direction of the Education Department.

Consequently advance payment of Rs. 55,700/- was required to be refunded but the Project Committee did not refund the same. The matter was reported to the Ministry in February, 1992 for investigation for fixing responsibility and recovery but no reply had been received.

The PAO informed the Committee that the Ministry had already written to the department for the recovery of the amount.

The Committee directed that the Para be kept pending till the next meeting of the Ministry. Meanwhile the PAO should report regarding recovery efforts within one month.

When the matter was taken up again on 7th July, 2010, the DAC recommended the above Audit Para for settlement.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

3.6 PARA-38 (PAGE-173) AR-1992-93 NON-PRODUCTION OF AUDITABLE RECORD FOR RS. 9,729,308/-

Audit pointed out that in the office of Project Director Gadoon Amzai Area Development Project an amount of Rs. 9,729,308/- was released to the Managing Director, Agricultural Development Authority NWFP Peshawar during 1988-89 for supply of Wheat Seed and fertilizer. Expenditure account in support of the payment of Rs. 2,487,522/- was not produced for Audit scrutiny. Actual payee, receipt of the recipient for the amount of Rs. 9,729,808/- was also not available. The validity of the expenditure was doubtful.

The PAO informed the Committee that in this connection a letter had been written to the Agricultural Development Authority of the Province and they had been directed to provide requisite receipts and record.

The Committee directed the PAO to obtain the requisite record from the Provincial Government and send it to Audit. Report should be submitted to the Committee within one month.

On 7th July, 2010, the DAC recommended the above Audit Para for settlement.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

- i. **PARA-21 (PAG-164) AR 1992-93:**
MISUSE OF OPERATIONAL VEHICLES Rs. 0.183 MILLION
- ii. **PARA-22 (PAGE-164) AR 1992-93:**
NON-PRODUCTION OF AUDITABLE RECORD Rs. 1,495,893/-
- iii. **PARA-24 (PAGE-165) AR 1992-93:**
LOSS OF Rs. 229,529/-
- iv. **PARA-27 (PAGE-167) AR 1992-93:**
UNAUTHORIZED PAYMENT Rs. 4.007 MILLION
- v. **PARA-28 (PAGE-168) AR 1992-93:**
LOSS OF Rs. 776,904/- ON ACCOUNT OF UNDUE FAVOUR
EXTENDED TO M/s WOOD CO. MARDAN.
- vi. **PARA-29 (PAGE-168) AR 1992-93:**
OUTSTANDING AMOUNT OF Rs. 34,172/-
- vii. **PARA-30 (PAGE-169) AR 1992-93:**
LOSS DUE TO IRREGULAR HIRING AND MISUSE OF TWO REST
HOUSE Rs. 0.047 MILLION
- viii. **PARA-32 (PARA-170) AR 1992-93:**
MISMANAGEMENT OF PUBLIC FUNDS RESULTING IN TOTAL
WASTAGE OF RAW MATERIAL WORTH Rs. 1,163,200/- IN THE
TRAINING COURSE
- ix. **PARA-34 (PAGE-171) AR 1992-93:**
UNAUTHORIZED RELEASE OF SECURITY DEPOSIT AMOUNTING
TO Rs. 1,004,202/-
- x. **PARA-35 (PARA-172) AR 1992-93:**
LOSS OF Rs. 206,690/-
- xi. **PARA-36 (PAGE-172) AR 1992-93:**
IRREGULAR EXPENDITURE OF Rs. 4,161,022/-
- xii. **PARA-37 (PAGE-173) AR 1992-93:**
UNAUTHORIZED PAYMENT OF Rs. 141,746/-

- xiii. **PARA-39 (PAGE-173) AR 1992-93:**
DOUBTFUL PAYMENT AMOUNTING TO Rs. 598,700/- WITHOUT EXECUTION & MEASUREMENT OF WORK DONE

DIRECTIVE

On presentation of the above-mentioned thirteen (13) Audit Paras, the Committee recommended settlement of the Paras.

GENERAL DIRECTIVE ON FIVE YEAR PERFORMANCE AUDIT REPORT

The Deputy Auditor General of Pakistan informed the Committee that the Audit department will soon examine the accounts of Ministry of Narcotics Control and its Performance Audit Report for five years in respect of which record had not been provided earlier.

The PAO welcomed the suggestion of five years Performance Audit Report and assured that the Ministry would provide fullest Cooperation in this regard.

DIRECTIVE

The Committee directed that the requisite Audit Reports should be submitted to PAC as soon as completed.

NATIONAL ASSEMBLY SECRETARIAT

1. OVERVIEW

Appropriation Accounts for the year 1992-93 pertaining to National Assembly Secretariat were taken up for examination by Special Committee-II of the PAC in the meetings held on July 14th, 2010 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 One grant was reported by AGPR on National Assembly Secretariat.
- 1.2 On presentation of the grant, the Committee recommended regularization of the grant.

2. APPROPRIATION ACCOUNTS CIVIL VOL-I 1992-93

i. GRANT NO.107- NATIONAL ASSEMBLY (CHARGED) Saving Rs. 437,966/-

The PAO informed the Committee that the saving of Rs. 23,628,966 was due to vacant posts and lower than anticipated expenditure on purchase of vehicles, commodities & services, entertainment, etc. An amount of Rs. 23,191,000 had been surrendered in time, leaving net saving of Rs. 437,966 (0.55%) only.

(OTHER THAN CHARGED) Saving Rs. 771,986/-

The PAO informed the Committee that saving of Rs. 68,897,986 was due to lower than anticipated expenditure on TA / DA of MNAs, etc. An amount of Rs. 68,126,000 had been surrendered in time, leaving net saving of Rs. 771,986 (0.30%) only.

DIRECTIVE

The Committee recommended regularization of the grant.

PAKISTAN ATOMIC ENERGY COMMISSION

1. OVERVIEW

Appropriation Accounts, Audit Reports of Federal Government & Performance Audit Report for the year 1992-93 pertaining to Pakistan Atomic Energy Commission were taken up for examination by Special Committee-II of the PAC in the meetings held was held on July 7th , 2010 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Two (02) grants and six (06) Para were reported by AGPR / Audit.
- 1.2 On presentation of the two grants, the Committee recommended regularization of grants as the budgetary provisions had been fully utilized.
- 1.3 While discussing Audit Report, the Committee endorsed the recommendation of the DAC for settlement of the six (06) Audit Paras.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

- i. **GRANT NO.13- ATOMIC ENERGY.**
Saving / Excess Zero
- ii. **GRANT NO.181 – CAPITAL OUTLAY ON DEVELOPMENT OF ATOMIC ENERGY**
Saving / Excess: Zero

A.G.P.R. and PAO pointed out that in the above-mentioned two (02) grants the budget had been fully utilized.

DIRECTIVE

The Committee recommended regularization of the grant as the budgetary provisions had been fully utilized.

3. **AUDIT REPORT ON THE ACCOUNTS OF PAKISTAN
ATOMIC ENERGY COMMISSION FOR THE YEAR 1992-93**

- i. **PARA-5 (PAGE-16) AR 1992-93**
UN-AUTHORIZED INSTALLATION OF AIR CONDITIONERS IN
THE OFFICE OF NON ENTITLED OFFICERS
- ii. **PARA-6 (PAGE-17) AR 1992-93**
UNON-SURRENDER OF Rs. 291,290/-
- iii. **PARA-7 (PAGE-17) AR 1992-93**
RECOVERY OF Rs. 68,268 NOT DEPOSITED IN THE
GOVERNMENT TREASURY
- iv. **PARA-8 (PAGE-17) AR 1992-93**
RE-APPROPRIATION OF Rs. 3,990,100 FROM ESTABLISHMENT
CHARGES
- v. **PARA-9 (PAGE-18) AR 1992-93**
IRREGULAR PAYMENT OF CONVEYANCE ALLOWANCE OF Rs.
470,508/
- vi. **PARA-10 (PAGE-18) AR 1992-93**
IRREGULAR TRANSFER OF Rs. 662,955 TO LONG TERM
ADVANCE ACCOUNT

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned six (06) Audit Paras.

MINISTRY OF PETROLEUM AND NATURAL RESOURCES

1. OVERVIEW

Appropriation Accounts (Civil-Vol-1) and Audit Report of Federal Government for the year 1992-93 pertaining to Ministry of Petroleum & Natural Resources were taken up for examination by the sub-Committee of the PAC in Committee Room No.2, Parliament House Islamabad, on November 15th, 2007, under the convenership of Khwaja Muhammad Asif, M.N.A and on July 14th, 2010, October 6th, 2010 & December 9th, 2010 under the convenership of Mr. Zahid Hamid Khan .M.N.A. Decisions taken are summarized below:

- 1.1** Five (05) grants and nine (09) Paras were reported by AGPR / Audit. Thirty-one (31) Paras of the Audit Report of Public Sector Enterprises on Ministry of Petroleum & Natural Resources were presented by Audit
- 1.2** On presentation of the grants the Committee observed that in a grant the booking of expenditure should have been conveyed in a timely manner which reflects bad financial management and directed the PAO that in future appropriate action should be taken to ensure that better management systems are put in place in the Ministry.
- 1.3** On presentation of a Para the Committee directed the PAO to look into the inquiry report personally and if he feels satisfied then the Para may be recommended for settlement.
- 1.4** The Committee endorsed the recommendation of thirty (30) Paras as per decision of the DAC.

2. **APPROPRIATION ACCOUNTS CIVIL VOL-I 1992-93**

i. **GRANT NO.109-MINISTRY OF PETROLEUM AND NATURAL RESOURCES**

Saving Rs. 70,774/-

The AGPR pointed out that grant closed with a saving of Rs. 70,774 which has to be explained by the PAO.

The PAO informed the Committee that this small saving was due to non-supply of photocopier by D.G Supplies M/o Industries till last date of the financial year.

DIRECTIVE

The Committee recommended regularization of the grant.

ii. **GRANT NO.110-Current-Geological Survey of Pakistan**

Saving Rs. 589,366/

The AGPR pointed out that grant closed with a saving of Rs. 589,366/ (0.96% of the total grant). An amount of Rs 72,000/ was surrendered leaving a net saving of Rs. 517,366/ 0.85%)

The PAO informed the Committee that the saving of Rs. 517,366/ relates to commodities and services of several countrywide spending units of the GSP and the DAC had recommended the grant for regularization.

DIRECTIVE

The Committee recommended the grant for regularization.

iii. **GRANT NO.111-OTHER EXPENDITURE OF MINISTRY OF PETROLEUM AND NATURAL RESOURCES**

Excess Rs. 454,593 /-

The AGPR pointed out that grant closed with an excess of Rs. 454,593/- which needs to be explained by the PAO.

The PAO was unable to explain the excess in the grant.

The Committee referred the grant for a DAC with the direction that the PAO should come to the meeting fully prepared.

When the grant came up again on 6th October, 2010, A.G.P.R. reported that the grant closed with an excess of Rs. 454,593 (0.09% of the total grant). An amount of Rs. 223,000 (0.05%) was surrendered increasing a net excess to Rs.667,593 (0.14%).

The PAO informed the Committee that excess was due to exchange rate fluctuation of US \$ and Pak Rupee.

DIRECTIVE

The Committee directed the PAO that it should be noted for future that excess /saving should be surrendered by the 15th of May. With these observations the Committee recommended regularization of the grant.

iv. **GRANT NO.172-DEVELOPMENT EXPENDITURE OF MINISTRY OF PETROLEUM AND NATURAL RESOURCES**

<u>Budget</u>		<u>AGPR Figures</u>
Saving	(-)	<u>900,000</u>

AGPR pointed out that they confirm the amount, but the Ministry was required to convey well before the printing of appropriation accounts.

DIRECTIVE

The Committee recommended regularization of the grant and directed the PAO that the observation made by AGPR should be noted that the booking of expenditure should have been conveyed in a timely manner.

v. **GRANT NO.192-CAPITAL OUTLAY ON PETROLEUM AND NATURAL RESOURCES**

<u>Budget</u>	<u>AGPR Figures</u>	<u>Department Figures</u>	<u>Difference</u>
Saving/Excess	(-) <u>255,805,282</u>	(+) <u>35,554,771</u>	291,360,053

G.P.R. pointed out that after taking into supplementary grant of Rs. 291,360,053, the grant closed with a saving of Rs. 389,632,282 (16.69% of the total grant). An amount of Rs. 133,827,000 (5.73%) was surrendered leaving a net saving of Rs.255,805,282 (10.96%).

The PAO informed the Committee that the amount of Rs. 311,131 had been verified which had been adjusted as part of the Sandak Project. The releases were short and the Ministry was asked to make expenditure within cut off date. These were actually not excesses but the Ministry had utilized.

DIRECTIVE

The Committee observed that a bad financial management was reflected in the grant and directed the PAO that in future appropriate action should be taken to ensure that better management systems are put in place in the Ministry. The Committee recommended regularization of the grant.

3. **AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF PETROLEUM & NATURAL RESOURCES FOR THE AUDIT YEAR 1992-93**

3.1 **PARA-2 (PAGE-186) AR-1992-93**
NON-RECOVERY OF TESTING FEE RS . 600,325

The PAO informed the Committee that an effective mechanism for recovery of outstanding bill had been put in place. Out of Rs.600,325, a sum of Rs.455,235 had been recovered. Thus, the balance of Rs.145,090 was outstanding and comes out to 24%.The PAO informed the Committee that the Ministry would

speed up recovery for the remaining amount. The PAO further requested the Committee that the Ministry may be granted three months for recovery.

The Committee observed that the process of recovery was not good enough as the recovery was to be made from the Government Departments. The Committee further directed the PAO that the Ministry should submit a full recovery report within two months.

When the para came up again on 6th October, 2010, the PAO informed the Committee that an effective mechanism for recovery of outstanding bill had been put in place. Out of Rs.600,325, a sum of Rs.455,235 had been recovered. Thus, the balance of Rs.120,000 was outstanding and comes out to 20% and the Ministry would speed up recovery for the remaining small amount.

The PAO requested the Committee to waive off the remaining small amount of Rs. 120,000, which was spread over 16 Departments.

The Committee directed the PAO to make an other effort for a full recovery. A report has to be submitted to the Committee within one month.

DIRECTIVE

On 9th December, 2010, since full recovery had been made the Committee recommended the para for settlement subject verification by Audit.

- i. **PARA-1 (PAGE-186) AR-1992-93**
RECOVERY OF RS 68,172 ON ACCOUNT OF EXCESS PAYMENT OF HOUSE RENT ALLOWANCE
- ii. **PARA-3 (PAGE-186-187) AR-1992-93**
UTILIZATION OF LAPSABLE BALANCE OF RS . 2,178,281 IN THE SUBSEQUENT YEAR

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned two (02) Audit Paras.

4. AUDIT REPORT REVENUE RECEIPTS (INDIRECT TAXES) ON THE ACCOUNTS OF MINISTRY OF PETROLEUM & NATURAL RESOURCES FOR THE AUDIT YEAR 1992-93.

- i. **Para 8.1-AR 1992-93 Page 109**
Non-recovery of development surcharge Rs.521,882,594.
- ii. **Para 8.2-AR 1992-93 Page 110**
Incorrect fixation of prices of gas surcharge resulting in loss of development surcharge Rs. 129,690,626.
- iii. **Para 8.3-AR 1992-93 Page 111**
Non-realization of gas development surcharge on gas supplied to officers, employees etc. of the gas companies
- iv. **Para 8.4-AR 1992-93 Page 111**
Irregular retention and adjustment of gas development surcharge.
- v. **Para 8.6-AR 1992-93 Page 112**
Non-payment of interest on belated payments

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned six (05) Audit Paras.

4.1 Para 8.5-AR 1992-93 Page 112
Non-realization of development surcharge on Liquefied Petroleum Gas

Audit stated that under section 3 of the Natural Gas (Development Surcharge) Ordinance, 1967, a development surcharge equal to the differential margin i.e. the amount by which the fixed sale price exceeds the prescribed price, was required to be paid in respect of gas sold by a company to their consumers. Audit is of the view that as the gas development surcharge (GDS) is payable on the gas sold by a company to their consumers and the LPG is gas in liquid form, the GDS was therefore, levyable on its sales. It was observed that GDS on sales of LPG was not paid by gas companies, as no rate of development surcharge was ever prescribed by the Ministry of Petroleum and Natural Resources.

CFO explained to the Committee that this para was discussed in the DAC meeting and it was not related to the OGDC as the Ministry clarified to the Audit.

Additional Secretary informed the Committee that it was not in the actionable paras. Therefore, the file was not with them.

The PAO stated that GDS as per Ordinance was levied on Natural Gas and not on LPG. Wherever, development surcharge was payable, the government notified two prices i.e. sales & prescribed price. For LPG such prices were not notified.

The PAO requested to allow the Ministry for reconciliation and a report would be submitted to the Committee in one months time.

Accepting the request of the PAO, the Committee directed the PAO that since all the concerned organizations were under administrative control of the Ministry, the PAO should prepare a proper paper, examine the technical and legal aspects of the case and take it to the competent Authority for decision.

DIRECTIVE

When the Para came up again on 9th December, 2010, the Committee directed the PAO to hold a DAC meeting on this point and submit a report to the Monitoring and Implementation Committee of the PAC for further action.

5. AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-X-C & X-D ON THE ACCOUNTS OF MINISTRY OF PETROLEUM & NATIURAL RESOURCES FOR THE AUDIT YEAR 1992-93.

SUI SOUTHERN GAS COMPANY LIMITED

5.1 PARA- 54- PAGE-47 (ARPSE-1992-93- VOL-X-C)- Unjustified payment of overtime amounting to Rs 68.156 million

The Director General informed the Committee that this was a blunder and mismanagement by the Company and the Ministry was not defending it.

Deputy Managing Director Sui Southern Gas Company Limited explained to the Committee that the Company had pointed out in the DAC that this was not overtime for one year but was spread over four years.

DMD Company further informed that now the said plant had been sold to PPL and the number of hours of overtime paid at other locations was on lower side.

The Committee directed the PAO to fix responsibility for this negligence and submit a report to the Committee within 45 days.

On 6th October, 2010, the Committee told the PAO that if he thinks that the amount was irrecoverable then he should proceed according to the rules.

When the matter was taken up again on 9th December, 2010, the PAO informed the Committee that the inquiry report has been finalized and is under consideration of the Ministry.

DIRECTIVE

The Committee directed the PAO to look into the inquiry report personally and if he feels satisfied then the para may be recommended for settlement.

B.P. PAKISTAN EXPLORATION AND PRODUCTION INC **(FORMERLY UNION TEXAS PAKISTAN INC)**

- i. **Para-23-(ARPSE-1992-93-Vol-X-C)-Page-23**
- ii. **Para-24-(ARPSE-1992-93-Vol-X-C)-Page-23**
- iii. **Para-25-(ARPSE-1992-93-Vol-X-C)-Page-24**
- iv. **Para-26-(ARPSE-1992-93-Vol-X-C)-Page-24**

PAKISTAN STATE OIL COMPANY LIMITED

- v. **Para-27-(ARPSE-1992-93-Vol-X-C)-Page-25**
- vi. **Para-28-(ARPSE-1992-93-Vol-X-C)-Page-26**
- vii. **Para-29-(ARPSE-1992-93-Vol-X-C)-Page-26**

SAINDAK METALS (PVT) LIMITED

- viii. **Para-04(03)-(ARPSE-1992-93-Vol-X-C)-Page-11**
NON-SUBMISSION OF ACCOUNTS

SUI SOUTHERN GAS COMPANY LIMITED

- ix. **Para-46-(ARPSE-1992-93-Vol-X-C)-Page-43**
x. **Para-47-(ARPSE-1992-93-Vol-X-C)-Page-45**
xi. **Para-48-(ARPSE-1992-93-Vol-X-C)-Page-45**
xii. **Para-49-(ARPSE-1992-93-Vol-X-C)-Page-45**
xiii. **Para-50-(ARPSE-1992-93-Vol-X-C)-Page-45**
xiv. **Para-51-(ARPSE-1992-93-Vol-X-C)-Page-46**
xv. **Para-52-(ARPSE-1992-93-Vol-X-C)-Page-46**
xvi. **Para-53-(ARPSE-1992-93-Vol-X-C)-Page-46**
xvii. **Para-55-(ARPSE-1992-93-Vol-X-C)-Page-47**
Non-placement of purchase order within the validity period, loss of
foreign exchanges of US \$ 23,728

STATE PETROLEUM REFINING AND PETROCHEMICAL
CORPORATION (PVT) LIMITED (PERAC)

- xviii. **Para-222-(APRSE-1992-93-VOL-X –D)-Page-141**
xix. **Para-223-(APRSE-1992-93-VOL-X –D)-Page-142**
xx. **Para- 224-(APRSE-1992-93-VOL-X –D)-Page-142**
xxi. **Para-225-(APRSE-1992-93-VOL-X –D)-Page- 142**

NATIONAL PETROCARBON (PVT) LIMITED

- xxii. **Para-229-(APRSE-1992-93-VOL-X –D)-Page-145**
xxiii. **Para- 230-(APRSE-1992-93-VOL-X –D)-Page- 146**
xxiv. **Para- 231-(APRSE-1992-93-VOL-X –D)-Page- 146**

NATIONAL PETROEUM LIMITED

- xxv. **Para-232-(APRSE-1992-93-VOL-X –D)-Page- 147**
xxvi. **Para- 233-(APRSE-1992-93-VOL-X –D)-Page-148**
xxvii. **Para-234-(APRSE-1992-93-VOL-X –D)-Page-148**
xxviii. **Para-235-(APRSE-1992-93-VOL-X –D)-Page-148**

NATIONAL REFINERY LIMITED

- xxix. **Para-220-221-(APRSE-1992-93-VOL-X –D)-Page-140**

NON-SUBMISSION OF ACCOUNTS

- xxx. **Para-236-(APRSE-1992-93-VOL-X -D)-Page-149**
Non-recovery of demurrage charges from the clearing agent; loss of Rs
281,594/-

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned thirty (30) Audit Paras.

MINISTRY OF PLANNING AND DEVELOPMENT

1. OVERVIEW

Appropriation Accounts / Audit Reports for the year 1992-93 pertaining to the Ministry of Planning and Development were taken up for examination by Special Committee-II of the PAC in the meetings held on June 29th, 2010 & December 9th, 2010 in Committee Room No.2 Islamabad. Decisions taken are summarized below:

- 1.1** Two (02) grants were reported by AGPR. Seven (07) Para of the Audit Report on Planning and Development Division were presented by Audit
- 1.2.** On presentation of the grants the Committee pointed out that notwithstanding savings in the grant, excessive supplementary grant had been maintained. Savings had then been converted into excess by surrendering more than necessary. All this reflected poor financial management. The Committee directed that improved budgetary monitoring/ management systems should be put in place.
- 1.3** While discussing grant No.173, the Committee recommended regularization of the grant with the observation that better coordination with donor agencies can result in improvement in budgetary management.
- 1.4** The Committee endorsed recommendations of the DAC for settlement of seven (07) Audit Paras.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO. 112- PLANNING AND DEVELOPMENT DIVISION:
Saving Rs. 1,811,156/-

A.G.P.R. pointed out that after supplementary grant of Rs. 3,800,000 the grant closed with a saving of Rs. 1,811,156 (1.85% of the total grant). An amount of Rs.1,916,146 was surrendered resulting in an excess of Rs.104,990.

The PAO informed the Committee that the excess is due to the payment of arrears on account of anomalies in the pay of officers / officials.

DIRECTIVE

The Committee pointed out that notwithstanding savings in the grant, excessive supplementary grant had been maintained. Savings had then been converted into excess by surrendering more than necessary. All this reflected poor financial management.

The Committee recommended regularization of the grant with the direction that improved budgetary monitoring/ management systems should be put in place.

ii. GRANT NO.173- DEVELOPMENT EXPENDITURE OF PLANNING AND DEVELOPMENT DIVISION
Excess Rs. 67,875,385/-

A.G.P.R. pointed out that the grant closed with an excess of Rs. 67,875,385 (84.45% of the final grant). An amount of Rs.11,588,266 was surrendered increasing a net excess to Rs.79,463,651 (98.87%).

The PAO informed the Committee that the heavy excess was due to incurring of heavy expenditure by donor agencies.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that better coordination with donor agencies can result in improvement in budgetary management.

3. AUDIT REPORT PUBLIC SECTOR ENTERPRISES ON THE ACCOUNTS OF MINISTRY OF PLANNING AND DEVELOPMENT DIVISION FOR THE AUDIT YEAR 1992-93.

NATIONAL LOGISTIC CELL

- i. **PARA-249 (PAGE-199) ARPSE-1992-93**
NATIONAL LOGISTIC CELL (AUDIT COMMENTS)
- ii. **PARA-246 ARPSE-1992.93**
THE EXPENDITURE OF NLC INCREASED BY 10.63%
- iii. **PARA-247 ARPSE-1992-93**
LOSS OF Rs.3.135 MILLION WAS SUSTAINED BY MUSHROOM PROJECT
- iv. **PARA-248 ARPSE-1992-93**
LOSS OF Rs. 57,000 AND Rs.332,000 SUSTAINED IN THE DISPOSAL OF VEHICLES
- v. **PARA-250 ARPSE-1992.93**
CAPITAL WORK IN PROGRESS DECREASED FROM Rs.139.112 MILLION
- vi. **PARA-251 ARPSE-1992-93**
NLC INCURRED EXPENDITURE ON CONSTRUCTION OF BUILDING WITHOUT OBTAINING TITLE OF LAND: Rs.137.570 MILLION

PAKISTAN INSTITUTE OF DEVELOPMENT ECONOMICS (PIDE)

- vii. **PARA-252 ARPSE-1992-93**
THE INCOME OF THE INSTITUE INCREASED FROM Rs.19.991 MILLION IN 1991-92 TO Rs.37.650 MILLION IN 1992-93, WHICH INCLUDED Rs.14.553 MILLION GOVERNMENT GRANTS

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned seven (07) Audit Paras.

MINISTRY OF POPULATION WELFARE

1. OVERVIEW

Appropriation Accounts for the year 1992-93 pertaining to Ministry of Population Welfare were taken up for examination by Special Committee-II of the PAC in Committee Room No.2, Parliament House Islamabad in the meetings held on July 7th, 2010 & November 3rd, 2010. Decisions taken are summarized below:

- 1.1 Two (02) grants and two (02) Paras were reported by AGPR / Audit on Ministry of Population Welfare.
- 1.2 On presentation of the grant No.174, the Committee observed as under:
 - i. Monitoring / accounting systems in respect of foreign assistance should be improved in consultation with AGPR through better coordination with donor agencies.
 - ii. Financial management of budgetary allocations should be improved to ensure efficient and timely utilization.
- 1.3 While discussing Audit Report, the Committee endorsed the recommendation of the DAC for settlement of the two (02) Audit Paras.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.113- POPULATION WELFARE DIVISION: Saving Rs. 57,794/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 57,794 (1.68 % of the total grant).

The PAO informed the Committee that the saving occurred mainly due to vacant posts of stenographer and two steno typists.

DIRECTIVE

The Committee recommended regularization of the grant.

ii. **GRANT NO.174- DEVELOPMENT EXPENDITURE OF POPULATION WELFARE DIVISION**
Excess Rs. 36,910,979/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 83,089,021 (10.02 % of the total grant). An amount of Rs. 120,000,000 was surrendered resulting into an excess of Rs. 36,910,979.

The PAO informed the Committee that excess expenditure was incurred due to booking of ADP loan of Rs. 34.122 million and excess supply of contraceptives from USAID and computers from ODA. Savings had occurred under various projects due to ban on recruitments, non-release of funds etc. The net saving of Rs. 83,089,021 had been converted into excess due to surrender of Rs. 120,000,000 from the Population Welfare Programme.

DIRECTIVE

The Committee observed that surrender in excess of savings reflected poor financial management. It recommended regularization of the grant with the following directions:-

- i. Monitoring / accounting systems in respect of foreign assistance should be improved in consultation with AGPR through better coordination with donor agencies.
- ii. Financial management of budgetary allocations should be improved to ensure efficient and timely utilization.

3. **AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF POPULATION WELFARE THE AUDIT YEAR 1992-93.**

- i. **PARA-1 (PAGE-188) AR 1992-93**
IRREGULAR EXPENDITURE OF Rs. 4,955,976 INCURRED WITHOUT INVITING TENDERS THROUGH PRESS.
- ii. **PARA-2 (PAGE-188) AR 1992-93**
NON-RECOVERY / NON-ADJUSTMENT OF THE ADVANCE AMOUNTING TO Rs. 19,720,000

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned two (02) Audit Paras.

In a meeting held on 3rd November, 2010 the Deputy Auditor General informed the Committee that no para/grant etc was pending pertaining to Ministry of Population Welfare.

DIRECTIVE

The Committee thanked the PAO for his valuable contribution in the proceedings of the meeting.

MINISTRY OF PORTS & SHIPPING

1. OVERVIEW

Appropriation Accounts and Audit Reports of Public Sector Enterprises for the year 1992-93 pertaining to Ministry of Ports & Shipping were taken up for examination by Special Committee-II of the PAC in Committee Room No. 2 , Parliament House Islamabad on July 14th, 2010 October 20th, 2010 & May 17th, 2011. Decisions taken are summarized below:

- 1.1 Three (03) grants were reported by AGPR. Ten (10) Audit Paras of Public Sector Enterprises were presented by Audit.
- 1.2 On presentation of three (03) grants, the Committee recommended regularization of the two while on grant No. 185, the Committee directed the PAO to provide a copy of the surrendered order to the Committee and observed that in future even funds which are not released have to be formally surrendered.
- 1.3 On ten (10) Paras of Audit Report of Public Sector Enterprises, the Committee endorsed the recommendations for settlement as per decisions of the DAC.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.21- DEPARTMENT OF SHIPPING CONTROL AND MERCANTILE MARINE

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Saving	(-) 112,888	(+) 2,172	115,060

Audit stated that as against saving of Rs. 608,542 in the grant, a total amount of Rs. 610,714 had been surrendered, converting the saving into minor excess of Rs. 2172.

The PAO informed the Committee that the excess was due to announcement of ad-hoc increase and dusting allowance.

ii. **GRANT NO.22- LIGHTHOUSES AND LIGHTSHIPS**

Saving Rs. 9,002/-

AGPR pointed out that out of saving of Rs. 118,259 in the grant a sum of Rs. 109,257 had been surrendered, leaving nominal net saving of Rs. 9002 only.

iii. **GRANT NO.23-OTHER EXPENDITURE OF MINISTRY OF POSTS AND SHIPPING**

Saving Rs. 1,559,939 /-

AGPR stated that grant closed with a saving of Rs. 1,559,939.

PAO explained that the saving mainly due to non payment of Honorarium and non receipt of telephone bills.

DIRECTIVE

The Committee recommended the grant for regularization

iv. **GRANT NO.185- CAPITAL OUTLAY ON PORTS AND SHIPPING**

Saving Rs. 163,208,000/-

AGPR pointed out that the departmental briefs regarding this grant were found defective, incomplete and incorrect.

The PAO requested the Committee that the Ministry be allowed some time to discuss this grant in the DAC meeting.

The Committee referred the grant to the DAC, and asked for its report within one month.

Audit stated that the grant closed with a saving of Rs. 163,208,000 which works out to 50.46% of the total grant Audit further stated that the department had pointed out less booking of expenditure of Rs. 2,886,000 and non-accountal of surrender of Rs. 1,400,000 and a copy of surrender order has not been provided by the Ministry.

The PAO informed the Committee that the saving was due to non-release of foreign exchange component allocated to GFH Project, Gawader and construction of Jinnah Bridge at Karachi.

DIRECTIVE

The Committee directed the PAO to provide a copy of the surrendered order to the Committee and recommended regularization of the grant subject to this observation that in future even funds which are not released have to be formally surrendered.

3. AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-X ON THE ACCOUNTS OF MINISTRY OF PORTS & SHIPPING FOR THE AUDIT YEAR 1992-93.

LIGHT HOUSES AND LIGHT SHIPS DEPARTMENT

- i. Para-76(1)- (APRSE-1992-93-VO-X)-Page-65
NON-SUBMISSION OF ACCOUNTS**

NATIONAL TANKER COMPANY (PVT) LTD.

- ii. Para-76(2)- (APRSE-1992-93-VO-X)-Page-65
NON-SUBMISSION OF ACCOUNTS**

PAKISTAN NATIONAL SHIPPING CORPORATION

- iii. Para-81- (APRSE-1992-93-VO-X)-Page-68**
- iv. Para-82- (APRSE-1992-93-VO-X)-Page-69**
- v. Para-83- (APRSE-1992-93-VO-X)-Page-69**
- vi. Para-84- (APRSE-1992-93-VO-X)-Page-69**
- vii. Para-85- (APRSE-1992-93-VO-X)-Page-70**
- viii. Para-86- (APRSE-1992-93-VO-X)-Page-70**

PORT QASIM AUTHORITY

- ix. Para-76(3)- (APRSE-1992-93-VO-X)-Page-65
NON-SUBMISSION OF ACCOUNTS**

GWADAR FISH HARBOUR CUM-MINI PORT PROJECT

- x. **Para-76(4)- (APRSE-1992-93-VO-X)-Page-56**
NON-SUBMISSION OF ACCOUNTS

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned ten (10) Audit Paras.

MINISTRY OF POSTAL SERVICES

1. OVERVIEW

Appropriation Accounts and Audit Reports of Federal Government for the year 1992-93 pertaining to Ministry of Postal Services were taken up for examination by Special Committee-II of the PAC in Committee Room No.2 Parliament House Islamabad, on July 28th, 2010 & February 1st, 2011. Decisions taken are summarized below:

- 1.1 Two (02) grants were reported by AGPR and forty (40) Paras of the Audit Report were presented by Audit
- 1.2 While discussing Audit Para No. 2.1 the Committee recommended the Para for settlement subject to provision of document of write-off- sanction by the Ministry to Audit.
- 1.3 The Committee endorsed the recommendations of the DAC for settlement of the thirty-eight (38) Audit Paras.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.20-(July,1992) Saving Rs. 1,236/-

AGPR pointed out that the grant closed with a saving of Rs.1,236, only.

DIRECTIVE

The Committee recommended regularization of the grant.

ii. GRANT NO.184-CAPITAL OUTLAY FOR DEVELOPMENT PROGRAMMES. (July, 1992) Excess Rs. 015/-

AGPR pointed out that the grant closed with an excess of Rs.015/- only.

DIRECTIVE

The Committee recommended regularization of the grant.

3. AUDIT REPORT ON THE ACCOUNTS PAKISTAN POST OFFICE DEPARTMENT OF MINISTRY OF POSTAL SERVICES FOR THE AUDIT YEAR 1992-93.

3.1 Para No.2.1-Page No.26-Audit Report 1992-93 MISAPPROPRIATION OF PUBLIC MONEY-RS.572,000

Audit stated that in the Postal jurisdiction of the Chief Postmaster, Rawalpindi GPO, a total sum of Rs.743,330 as shown below, was misappropriated during 1992-93.

	Rupees
i. Fraudulent withdrawal from six Saving Bank Accounts	735,500
ii. Mis-appropriation of amount of a money order	2,000
iii. Theft of cash	<u>5,830</u>
Total:	<u>743,330</u>

Audit further stated that an amount of Rs. 171,330 was reported to have been recovered leaving a balance of Rs. 572,000.

The PAO informed the Committee that a sum of Rs. 282,137 had been recovered, leaving a balance of Rs.463,000. This amount related to a NAB case which was under investigation by FIA since 26th September, 1992.

Details / information regarding the NAB case would be submitted to the Committee by 5th August, 2010.

DIRECTIVE

The Committee expressed dissatisfaction that requisite details regarding the NAB case were not available with the PAO. It directed the PAO to send a

report on progress in the NAB case and regarding disciplinary action taken within two weeks. This Audit Para would now be taken up by the Monitoring and Implementation Committee of the PAC for further action.

3.2 **Para No.6.1-Page No.38-Audit Report 1992-93**
UNDER-STATEMENT OF ASSETS – RS.1.558 MILLION

Audit stated that under the rules, the cost of construction and addition to assets was required to be capitalized.

In violation of these instructions, an expenditure of Rs.1,557,996 incurred on addition to buildings and sui-gas/electric fittings during 1991-92 by the Postmaster General, Lahore was not capitalized but was charged to maintenance funds. This resulted in under-statement of assets of the Pakistan Postal Services Corporation.

The PAO informed the Committee that the relevant record would be provided to Audit.

DIRECTIVE

The Committee directed the PAO to produce the record to Audit for verification, and submit a report to the Committee within one month.

On 1st February, 2011 the PAO informed the Committee that an amount of Rs. 1.558 million had been capitalized in the accounts for the year 2009-10. The revised copy of Finance & Revenue Accounts had been submitted to Audit for verification.

The Committee recommended the para for settlement.

- i. **Para No.1-Page No.19-Audit Report 1992-93**
NON-PREPARATION / NON-SUBMISSION OF ANNUAL ACCOUNTS 1992-93
- ii. **Para No.2-Page No.20-Audit Report 1992-93**
NON-IMPOSITION OF SPENDING CUTS

- iii. **Para No.1.1-Page No.23-Audit Report 1992-93**
III-PLANNING RESULTING IN INFRUCTUOUS EXPENDITURE
RS. 1.863 MILLION
- iv. **Para No.1.2-Page No.25-Audit Report 1992-93**
UNJUSTIFIED EXPENDITURE ON BUILDING MAINTENANCE
WORKS DONE FOR POST OFFICE FOUNDATION – RS.460,403
- v. **Para No.2.2-Page No.27-Audit Report 1992-93**
MISAPPROPRIATION OF RS.71,939
- vi. **Para No.2.3-Page No.28-Audit Report 1992-93**
MISAPPROPRIATION OF PUBLIC MONEY RS.39,271
- vii. **Para No.3-Page No.29-Audit Report 1992-93**
INCURRING OF EXCESS EXPENDITURE OVER THE
SANCTIONED COST OF PROJECT NO.X/67-68-RS.0.779
MILLION
- viii. **Para No.4.1-Page No.30-Audit Report 1992-93**
LOSS DUE TO SUPPLY OF SUB-STANDARD UNIFORMS BY
POSTAL STOCK DEPOT RS.182,400
- ix. **Para No.4.2-Page No.31-Audit Report 1992-93**
UN-DUE FAVOUR TO THE CONTRACTOR BY CONDONING
THE PENALTY RECOVERABLE FROM HIM RS.156,523
- x. **Para No.4.3-Page No.32-Audit Report 1992-93**
LOSS DUE TO MIS-APPROPRIATION/THEFT OF PUBLIC
MONEY IN P.M.G, N.W.F.P CIRCLE RS.137,105
- xi. **Para No.4.4-Page No.33-Audit Report 1992-93**
MISUSE OF AUTHORITY AND PUBLIC MONEY TO THE TUNE
OF RS.594,500 BY PURCHASING A CAR
- xii. **Para No.4.5-Page No.34-Audit Report 1992-93**
LOSS DUE TO NON-RENEWAL OF POST BOXES DESPITE
PROVISION OF FACILITY RS.101,800.
- xiii. **Para No.4.6-Page No.35-Audit Report 1992-93**
LOSS ON STATE MAIL EXPRESS BUS SERVICE
- xiv. **Para No.5.1-Page No.36-Audit Report 1992-93**
IRREGULAR PURCHASE OF VEHICLE – RS.515,000.
- xv. **Para No.5.2-Page No.37-Audit Report 1992-93**
IRREGULAR EXPENDITURE ON BUILDING WORK WITHOUT
INVITING OPEN TENDERS – RS.306,802/-
- xvi. **Para No.6.2-Page No.39-Audit Report 1992-93**
NON-CAPITALIZATION OF EXPENDITURE – RS.1.371
MILLION
- xvii. **Para No.6.3-Page No.40-Audit Report 1992-93**
NON-CAPITALIZATION OF EXPENDITURE – RS.1.110
MILLION
- xviii. **Para No.7.1-Page No.41-Audit Report 1992-93**
NON-RECONCILIATION OF SAVING BANK ACCOUNT
BALANCE RS.10.697 MILLION.

- xix. **Para No.7.2-Page No.42-Audit Report 1992-93**
NON-RECONCILIATION OF SAVING BANK ACCOUNT
BALANCE RS.7.343 MILLION
- xx. **Para No.7.3-Page No.43-Audit Report 1992-93**
UN-RECONCILED SAVING BANK ACCOUNT BALANCES –
RS.748,288 IN GPO ABBOTTABAD.
- xxi. **Para No.7.4-Page No.44-Audit Report 1992-93**
NON-RECONCILIATION OF SAVING BANK ACCOUNT
BALANCES – RS.274,974.
- xxii. **Para No.7.5-Page No.45-Audit Report 1992-93**
UN-RECONCILED SAVING BANK ACCOUNT BALANCES -
RS.82,011
- xxiii. **Para No.7.6-Page No.46-Audit Report 1992-93**
EXCESS PROFIT ON SAVING BANK ACCOUNT – RS.38,979.
- xxiv. **Para No.8.1-Page No.47-Audit Report 1992-93**
UN-ACKNOWLEDGED REMITTANCES – RS.10.248 MILLION
- xxv. **Para No.8.2-Page No.48-Audit Report 1992-93**
UN-ACKNOWLEDGED REMITTANCES – RS.1.33 MILLION.
- xxvi. **Para No.8.3-Page No.49-Audit Report 1992-93**
UN-ACKNOWLEDGED REMITTANCES – RS.727,845
- xxvii. **Para No.8.4-Page No.50-Audit Report 1992-93**
UN-ACKNOWLEDGED REMITTANCES – RS.101,142.
- xxviii. **Para No.9.1-Page No.51-Audit Report 1992-93**
WRONGFUL CREATION OF DEBT LIABILITY RS.4.571
MILLION, AND NON-RECONCILIATION OF BALANCE AT
CREDIT OF BAIT-UL-MAL ACCOUNT RS.51.148 MILLION.
- xxix. **Para No.9.2-Page No.52-Audit Report 1992-93**
NON-RECOVERY FROM CAPITAL DEVELOPMENT
AUTHORITY ISLAMABAD –RS.3.5 MILLION
- xxx. **Para No.9.3-Page No.53-Audit Report 1992-93**
UN-AUTHORIZED USE OF PUBLIC FINANCIAL RESOURCES-
RS.0.6 MILLION
- xxxi. **Para No.9.4-Page No.54-Audit Report 1992-93**
NON-ADJUSTMENT/NON-RECOVERY OF EMERGENT
ADVANCES RS.444,767
- xxxii. **Para No.9.5-Page No.55-Audit Report 1992-93**
INTERNATIONAL/LOCAL FAX MAIL SERVICE RUNNING IN
LOSS IN NWFP CIRCLE, PESHAWAR RS.126,859.
- xxxiii. **Para No.9.6-Page No.56-Audit Report 1992-93**
NON-RETURN OF LIBRARY BOOKS VALUING-RS.100,000
- xxxiv. **Para No.9.7-Page No.54-Audit Report 1992-93**
DELAYED DELIVERIES OF 59 URGENT MONEY ORDERS –
RS.80,664
- xxxv. **Para No.9.8-Page No.58-Audit Report 1992-93**
TEMPORARY MIS-APPROPRIATION OF MONEY – RS.62,157

- xxxvi. **Para No.9.9-Page No.59-Audit Report 1992-93**
NON-RECOVERY OF RENT @ 5% OF PAY FROM THE
OCCUPANTS OF SELF-HIRED ACCOMMODATION – RS.41,283
- xxxvii. **Para No.1.1 to 9.1-Page No.63-68- SAR-1992-93**
Special Audit Report on Diversion of Public Funds -Rs. 60 Lacs
- xxxviii. **Para No.1 to 10-Page No.69-72- SAR-1992-93**
Recruitment in Postal Services Corporation despite Ban by the Federal
Government

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned thirty-eight (38) Audit Paras.

PRESIDENT SECRETARIAT

1. OVERVIEW

Appropriation Accounts for the year 1992-93 pertaining to the President Secretariat were taken up for examination by Special Committee-II of the PAC in the meeting held in Committee Room No.2, Parliament House Islamabad, on July 21st, 2010. Decisions taken are summarized below:

- 1.1 One grant and one Para were reported by AGPR / Audit.
- 1.2 On presentation of the grant, the Committee recommended regularization of the grant with the observation that accurate estimation of expenditure is required and entire savings should be surrendered in time, so that funds are not unnecessarily blocked.
- 1.3 While discussing the Audit Para No. 01 pertaining to the year 1992-93, the Committee endorsed the recommendations of the DAC for settlement of the Audit Para.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT:- STAFF, HOUSE HOLD AND ALLOWANCES OF THE PRESIDENT:

(Charged)

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Excess	(+) 1,302,853	(-) 406,784	3,419,274

AGPR pointed out that after accounting for supplementary appropriation totaling to Rs. 1,709,637, the appropriation closed with a saving of Rs. 5,520,283 (5.36%). An amount of Rs.5,113,499 was surrendered, leaving net saving of Rs. 406,784.

DIRECTIVE

The Committee recommended regularization of the appropriation with the observation that accurate estimation of expenditure is required and entire saving should be surrendered in time, so that funds are not un-necessarily blocked.

3. AUDIT REPORT ON THE ACCOUNTS OF PRESIDENT'S SECRETARIAT FOR THE AUDIT YEAR 1992-93.

3.1 PARA-1 (PAGE-189) AR- 1992-93 IRREGULAR / UNNECESSARY EXPENDITURE OF RS 68,633/- PER ANNUM ON ACCOUNT OF MAINTENANCE CHARGES OF RAILWAY SALOON.

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

PRIME MINISTER'S SECRETARIAT

1. OVERVIEW

Appropriation Accounts for the year 1992-93 pertaining to the Prime Minister's Secretariat were taken up for examination by Special Committee-II of the PAC in the meetings held in Committee Room No.2 Parliament House Islamabad, on July 29th, 2010. Decisions taken are summarized below:

- 1.1 One grant was reported by AGPR.
- 1.2 On presentation of the Grant No.11, the Committee recommended regularization of the grant.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

GRANT NO.11- PRIME MINISTER'S SECRETARIAT

Saving Rs. 12,374/-

AGPR stated that the grant closed with a saving of Rs.51,626,461 (28.05% of the total grant). An amount of Rs.51,614,087 (28.04%) was surrendered leaving net saving of Rs.12,374.

The PAO informed that the saving was minor one under different heads i.e. for purchase of machinery and equipment, entertainment and gifts, repair of transport and discretionary grant of the Prime Minister.

DIRECTIVE

The Committee recommended regularization of the grant.

PRIME MINISTER INSPECTION COMMISSION

1. OVERVIEW

Appropriation Accounts for the year 1992-93 pertaining to Prime Minister Inspection Commission were taken up for examination by Special Committee-II of the PAC in Committee Room No.2 Parliament House Islamabad on July, 7th, 2010. Decisions taken are summarized below:

- 1.1 One grant was reported by AGPR.
- 1.2 On presentation of the grant the Committee noted that after obtaining supplementary grant huge saving had occurred even then the entire savings had not been surrendered. The Committee observed that financial management systems must be improved.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO. 12- Prime Minister's Inspection Commission Saving Rs. 402,007/

AGPR pointed out that after obtaining supplementary grant of Rs 5,000,000 the grant closed with a saving of Rs 7,229,007 (48.75% of the total grant. An amount of Rs 6,827,000 was surrendered leaving a net saving of Rs 402,007.

The PAO informed the Committee that the supplementary grant of Rs 5 million was taken for purchase of cars, durable goods, etc. which were not in fact purchased. Additional savings had occurred due to economy measures and non-supply of photo-state machine in time by the Department of Supplies.

DIRECTIVE

The Committee noted that the obtaining supplementary grant huge savings had occurred even then the entire savings had not been surrendered.

The Committee recommended regularization of the grant with the direction that the financial management systems must be improved.

MINISTRY OF RAILWAYS

1. OVERVIEW

Appropriation Accounts and Audit Report of Federal Government for the year 1992-93 pertaining to Ministry of Railways were taken up for examination by Special Committee-II on August 17th, 2010, March 1st, 2011 & May 17th, 2011 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Two (02) grants were reported by AGPR. Eighteen (18) Paras / Audit Comments were discussed in the meeting.
- 1.2** While discussing Para 8.26 the Committee observed that nothing is to be written-off until the Railways Administration is absolutely convinced that it is irrecoverable.
- 1.3** While discussing Revenue Reserves and Provident Fund Balance of Railways the Committee directed the PAO to pursue the matter vigorously with the Finance Division in order to resolve the issue and also submit a report on the revised balance sheet of the department to the Committee.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

- i. GRANT NO.143-CAPITAL OUTLAY ON INVESTMENT IN RAILWAYS**
Saving / Excess: Zero.

DIRECTIVE

The Committee recommended regularization of the grant as the budgetary provision had been fully utilized.

ii. **GRANT NO.195-CAPITAL OUTLAY ON PAKISTAN RAILWAYS**
Saving Rs. 7,624,000/-

AGPR stated that out of saving of Rs. 257,624,000 a sum of Rs. 250,000,000 had been surrendered, leaving net saving of Rs. 7,624,000 (0.46%).

The PAO informed the Committee that the saving was due to economy cuts imposed by Finance Division.

DIRECTIVE

The Committee recommended regularization of the grant.

3. **STUDY REPORT ON TENDERING SYSTEM IN CIVIL ENGINEERING DURING 1989-90 TO 1991-92-1992-93**

3.1 **Para # 3.1**
Preparation and Sanction of Estimates

Audit pointed out that the DAC has directed that rules regarding preparation and sanctioning of estimates in anticipation of inviting tenders and starting works should be strictly observed. The PAO may be asked to explain the action taken on the recommendations of the DAC.

The PAO stated that these tenders were for small amounts and the time for initial estimates was very short, however the practice of calling tenders before estimation had been discontinued and detailed instructions in this regard have since been issued.

DIRECTIVE

The Committee directed the PAO to provide a copy of those detailed instructions to Audit and recommended the Para for settlement.

4. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF PAKISTAN RAILWAYS FOR THE YEAR 1992-93

4.1 PARA 8.12-1992-93

Embezzlement in Reservation office at Karachi City for Rs. 0.520 million

The PAO informed the Committee that an FIR has been registered against the defaulter and the matter was sub-judice. The court's decision is likely to be announced on the next date of hearing on 8th March, 2011. He further stated that the Ministry had now taken remedial measures and the entire record has been computerized.

DIRECTIVE

The Committee directed the PAO to send a copy of the decision of the court to the Committee and the Audit as soon as available. The Committee recommended the Para for settlement subject to verification by Audit.

4.2 Para # 8.26-1992-93

WRONG PAYMENT OF CONVEYANCE ALLOWANCE RS 0.838 MILLION

Audit stated that as per Revised Basic Pay Scales-1991 employees drawing pay of Rs 2400 and above were entitled to draw Conveyance Allowance @ Rs 193 per month. In violation of these orders certain employees of Peshawar, Rawalpindi and Multan Divisions, drawing pay less than Rs 2,400, which were granted @ Rs 193 per month. This resulted in over-payment of Rs 0.838 million.

When the Para was discussed on 17th May, 2011, the PAO informed the Committee that the total recoverable amount was Rs.740,000, in which Rs.578,000 had been recovered and 92,245 had already been written off and procedure for regularization of the balance amount would taken up according to the rules.

DIRECTIVE

The Committee directed the PAO that nothing is to be written-off until the Railways Administration is absolutely convinced that it is irrecoverable. The Committee further directed the PAO that latest figures should be provided to Audit for verification. The Committee recommended the Para for settlement subject to verification by Audit.

4.3 **Para # 8.27-1992-93**
EXTRA EXPENDITURE OF RS 0.242 MILLION (APPROX.) ON PURCHASE OF STORES IN VIOLATION OF RULES

Audit stated that Inspector of Works, Karachi city, approached the Depot Store Keeper, Karachi, on September 23, 1991, to supply Sanitary Water and Sui Gas fittings for maintenance purposes. He was replied on September 24, 1991, that the material was out of stock and would be provided on receipt from main depot, Moghalpura, Lahore. Instead of waiting for supply from main depot, tenders were floated and opened in October 1991. The contractor supplied the material on April 11, 1992. Rates of the contractor were higher as compared with the Store Price List, which resulted in incurrence of extra expenditure of Rs 0.242 million.

When the Para was taken for consideration on 17th May, 2011, the PAO informed the Committee that the material was supplied on emergency basis and NOC had been provided to buy material on emergency requirements.

DIRECTIVE

The Committee directed the PAO to provide copy of NOC to Audit for verification. The Committee recommended the Para for settlement subject to verification by Audit.

4.4 **Para # 8.43-1992-93**
WASTEFUL EXPENDITURE OF RS 118,000 ON ACCOUNT OF PAY AND ALLOWANCES TO A CRANE JAMADAR WITHOUT WORK

Audit stated that hand crane of goods office, Rawalpindi, remained stabled from November, 1987 to September 1993, because its chains were sent to workshops, Moghalpura, for testing and overhauling on 20.10.1987. These chains were returned duly tested on 30.01.1988 but were delivered wrongly to the staff of Carriage Factory, Islamabad, on 7.3.1988 by the Parcel Office, Rawalpindi. The Crane Operator remained idle during that period resulting in wasteful expenditure of Rs 0.118 million incurred on the pay and allowances of the idle staff from 11/1987 to 9/1993.

As the matter remained unresolved when the Special Committee met again on 17th May, 2011, the PAO informed the Committee that the compliance of DAC had been made for Write- off Statement.

DIRECTIVE

The Committee directed the PAO to provide copy of write-off Statement to Audit. The Committee recommended the para for settlement as per decision of the DAC.

4.5 **Para # 8.53-1992-93**
LOSS OF RS 0.182 MILLION DUE TO ALLOWING EXTRA LEAD FOR CARRIAGE OF PITCHING STONE.

Audit stated that as per Para-5(iii) of Chapter-15 of Composite Schedule of Rates, cases where carriage of material was involved, the point of supply would be fixed carefully in such a way that carriage charges would be assessed most economical. A lead of 111 miles was provided in the sanctioned estimate of "Providing Spur at Bridge No. 164 on Kashmore-Kot Adu Section" for carriage of pitching stone from Kot Sabzal quarry but carriage charges were paid for

carriage of pitching stone from Sakhi Sarwar quarry (located at a distance of 171 miles), resulting in extra payment of Rs 0.182 million.

When the matter was taken up for consideration on 17th May, 2011, the PAO informed the Committee that the Railway Management would provide documentary evidence to Audit for verification.

DIRECTIVE

The Committee recommended the Para for settlement subject to verification of requisite record by Audit.

4.6 **Para # 8.61-1992-93**

NON-RECOVERY OF RENTAL CHARGES AMOUNTING TO RS 3.753 MILLION OF RAILWAY BUILDINGS LET OUT TO OTHER GOVERNMENT DEPARTMENTS AND PRIVATE BODIES.

Audit stated that the rental, electric & water charges of 13 Railway buildings at Lalamusa and Jhelum, let out to government departments and private bodies, were not recovered since the date of allotment. The outstanding charges worked out to Rs 3.753 million for the period from July, 1973, to November, 1992.

When the Para was discussed on 17th May, 2011, the PAO informed the Committee that out of the total amount of Rs.37 lacs an amount of Rs.16 lacs of the Postal Department had been recovered.

DIRECTIVE

The Committee directed the PAO to provide the requisite record to Audit and recommended the Para for settlement subject to verification by Audit.

4.7 **Para # 8.66-1992-93**
NON-RECOVERY OF RS 3.309 MILLION ON ACCOUNT OF RESIDENTIAL/OFFICIAL TELEPHONE CHARGES OVER AND ABOVE CEILING LIMIT AND RESIDENTIAL TELEPHONE CHARGES OWNED AT PRIVATE ACCOUNT

Audit stated that an amount of Rs 3.309 million was not recovered from certain Railway Officers on account of use of residential telephones over and above their ceiling fixed by the Government, during the period from January 1989 to August 1993.

When the Para was discussed on 17th May, 2011, the PAO informed the Committee that major amount had been recovered and the Ministry was pursuing recovery for the remaining amount.

DIRECTIVE

The Committee directed to speed up recovery efforts and recommended the Para for settlement subject to verification by Audit.

4.8 **Para # 8.70-1992-93**
NON-RECOVERY OF ELECTRICITY CHARGES AMOUNTING TO RS 0.195 MILLION FROM RAILWAY OFFICERS OF KARACHI DIVISION TRANSFERRED TO OTHER STATIONS/OFFICES.

Audit stated that electricity charges amounting to Rs. 0.195 million were outstanding for the period from August 1989 to September 1993 against the Railway officers of Karachi Division transferred to other stations/offices but still in occupation of the Railway Bungalows.

When the Para was taken up for consideration on 17th May, 2011, the PAO informed the Committee that 4 officers were involved in the issue and the process of recovery was in progress.

DIRECTIVE

The Committee directed the PAO to submit a compliance report to the Committee within one month and recommended the Para for settlement subject to verification of recovery by Audit.

4.9 **Para # 8.72-1992-93**
DOUBLE PAYMENT OF CUSTOM DUTY/SALE TAX/FREIGHT CHARGES
AMOUNTING TO RS 3.255 MILLION.

Audit stated that the Railway administration paid Custom Duty and Sales Tax on consignments received in replacement of damaged/defective/short items for which the dues had already been paid in the first instance, resulting in double payment of Rs 3.255 million.

When the Para was discussed on 17th May, 2011, the PAO informed the Committee that an amount of Rs. 806,960/- was irrecoverable.

DIRECTIVE

The Committee directive the PAO to make sure that each and every rupee has to be recovered and before any sort of writing off is done all the due formalities should be completed including personal verification that this amount is indeed irrecoverable. The Committee recommended the para for settlement subject to verification by Audit.

4.10 **PARA 8.78-1992-93**
Avoidable Additional Expenditure of Rs. 1.190 million due to delay in acceptance
of tender

Audit pointed out that the relevant record was received on 15th December 2010 which has not yet been examined/ verified.

DIRECTIVE

The Committee directed Audit to verify the record and recommended the para for settlement subject to verification by Audit.

4.11 **PARA 8.81-1992-93**

Loss of Rs 49.113 million due to delivery of consignment without collecting Railways due

Audit stated that the Railways had not been paid storage charges of consignments by the Customs Department. Audit suggested that the department should form a policy on this issue for future.

The PAO informed the Committee that the issue of storage charges has been taken up with the Customs department and it is expected that the charges would be paid soon. He further said that the Ministry is in the process of formulating a policy as suggested by Audit.

DIRECTIVE

The Committee directed the PAO to send a copy of the receipt of storage charges to Audit as soon as these are paid to Railways. The Committee recommended the Para for settlement subject to verification by Audit.

4.12 **Para # 8.83-1992-93**

LOSS OF RS 0.103 MILLION AS A RESULT OF DETENTION OF WAGON AND PAYMENT OF COMPENSATION CLAIM DUE TO WRONG LABELLING.

Audit stated that a wagon loaded with 460 bags of cement was booked from Hyderabad to Lahore in October, 1990, which was damaged at Wahab Shah Railway Station and the contents had to be transhipped into another wagon, which was also damaged at Pad Idan Railway Station. Where the wagon was incorrectly labeled as “Karachi Bunder to Badami Bagh” instead of “Pad Idan to Lahore” and remained stabled in the yard at Lahore upto 25.08.1991. Subsequently, the wagon was placed for unloading on August 26, 1991, and it

was found that the contents of 237 bags of cement had got set. Thus the Railway administration sustained a loss of Rs 0.103 million on account of loss of earnings due to detention of wagon and compensation given for the cement set in.

DIRECTIVE

When the Para was taken up for discussion on 17th May, 2011, the Committee recommended the Para for settlement subject to verification by Audit.

4.13 **Para # 8.92-1992-93**
LOSS OF RS 1.411 MILLION DUE TO DACOITY OF RAILWAYS CASH AT MAYO GARDEN AND FAISALABAD STATION

Audit stated that the cases of theft of Railway cash, amounting to Rs 0.286 million and Rs 1.125 million at Mayo Gardens, Lahore and Faisalabad in the month of October 1990 and January 1991, respectively, were neither noted in the register of serious irregularities nor reported to Audit.

When the Para was discussed on 17th May, 2011, the IGP, Railways informed the Committee that the theft of amount was 1.125 million and Rs.320,000 had been recovered and deposited in the Railways treasury and the irrecoverable amount had been written off. In this case 6 accused persons were involved.

IGP, Railways stated that in the second case Rs.0.286 were theft and no recovery was made. In this case three accused persons namely Rizwan Sadiq, Muhammad Saleem and Waqar Ahmad. The accused M. Saleem had been convicted and awarded punishment of seven years R.I with fine of Rs. 10,000 by additional Session Judge, Lahore.

The PAO informed that the Railway management proceed for writing off of Rs. 794,000.

DIRECTIVE

The Committee directed the PAO to check whether there is any reason to suspect that the investigation was not carried out properly and also check that no disciplinary action required against the investigation officers. The Committee recommended the para for settlement subject to verification by Audit.

5. AUDIT COMMENT ON THE ACCOUNTS OF PAKISTAN RAILWAYS AND SUBSIDIARIES FOR THE YEAR 1992-93

5.1 Audit Comments # 4.8, 4.9 & 4.20-1992-93 **Grant # 144 other capital expenditure**

Audit stated that a saving of 18.9% was not surrendered in time which has to be explained by the PAO.

The PAO informed the Committee that this amount had been received after 15th of May which could not be surrendered in time.

DIRECTIVE

The Committee recommended the grant for regularization.

- i. Audit Comments # 4.22-1992-93**
Settlement of Railways dues with Federal Government
- ii. Audit Comments # 4.23-1992-93**
Revenue Reserves and Provident Fund Balance

Audit stated that balances in account had not been paid to them which have been wrongly shown. The DAG stated that since the funds belong to Railways so they should have claimed from the federal government instead of writing off.

The PAO informed the Committee that the principal amount has been paid and so far as the balance amount is concerned the department has initiated the process of writing off all such amounts of these issues like the issue with

Bangladesh and the Indian Government. He further stated that the revised draft balance sheet would be provided to the Committee.

As the matter remained unresolved, when the Special Committee met to discuss the Audit Comments 4.22 & 4.23 for consideration on 17th May, 2011, the PAO informed the Committee that compliance of PAC directives regarding revised balance sheet had been complied with a new draft and would be soon submitted to the Committee and Audit for consideration

DIRECTIVE

The Committee directed the PAO to submit a report on the revised balance sheet within two weeks to the Committee and the Audit.

The Committee directed the PAO that the matter should pursue vigorously by the Railway management with the Finance Division to resolve the issue. The Committee recommended the Para for settlement subject to verification by Audit

**MINISTRY OF RELIGIOUS AND
MINORITIES AFFAIRS**

1. OVERVIEW

Appropriation Accounts for the year 1992-93 pertaining to the Ministry of Religious and Minorities Affairs were taken up for examination by Special Committee-II of the PAC in Committee Room No.2, Parliament House Islamabad in the meetings held on July 22nd, 2010, December 28th, 2010 and February 1st, 2011. Decisions taken are summarized below:

- 1.1 Three (03) grants and three (03) Paras were reported by AGPR / Audit.
- 1.2 On presentation of the grants the Committee recommended regularization of the grants with the observation that even nominal saving should be avoided in future.
- 1.3 The Committee recommended the Paras for settlement subject to verification by Audit.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1 1992-93

i. GRANT NO.116-MINISTRY OF RELIGIOUS AFFAIRS
Saving Rs. 76,867/-

The PAO informed the Committee that this saving was nominal.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that it should not occur in future.

ii. **GRANT NO.118-OTHER EXPENDITURE OF MINISTRY OF RELIGIOUS AFFAIRS.**

Saving Rs. 3,622,282/-

The PAO informed the Committee that saving was mainly due to vacant post of Director General Jeddah, Deputy Director Madinah Munawara and Medical officer Makkah Mukarramah for the some period.

DIRECTIVE

The Committee directed the PAO to hold DAC subject to the satisfaction of the Audit, however recommended the grant for regularization.

iii. **GRANT NO.119- MINISTRY OF MINORITIES AFFAIRS**

Saving Rs. 2,832,169/-

The PAO informed the Committee that saving was nominal, which was in connection with Welfare and uplift of Minority communities in Pakistan and establishment of a revolving fund for repairs of Mandirs as well as grant of financial help to Minorities.

DIRECTIVE

The Committee recommended regularization of the grant.

3. **AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF RELIGIOUS AFFAIRS FOR THE AUDIT YEAR 1992-93.**

3.1 **PARA-1(PAGE-190)-AR-1992-93**

IRREGULAR PAYMENT OF Rs 194,339/- ON ACCOUNT OF HONORARIUM TO STAFF

Audit pointed out that after detailed discussion, Departmental Accounts Committee decided to approach Finance Division for regularization. Director Audit also mentioned that Public Accounts Committee had issued clear cut directives that Paras printed in Audit Reports may be sent to Finance Division. It was also recommended by the committee that due to death of involved officers /

officials it is not possible to fix the responsibility. Therefore, Para was recommended for settlement subject to regularization of Finance Division.

On 22nd July, 2010 the Committee endorsed the recommendation of the DAC and asked to proceed according to Rules and send a report to the Committee in a month's time after receiving reply from the Ministry of Finance .The Committee recommended the para for settlement subject to verification by Audit.

In another meeting held on 28th December, 2010 the Committee recommended the para for settlement after regularization from Finance Division.

In a subsequent meeting held on 1st February, 2011 the PAO informed the Committee that in compliance with the direction of the Committee the matter had been regularized by Finance Division and the requisite record would be provided to Audit for verification.

DIRECTIVE

The Committee recommended the para for settlement subject to verification of regularization by Audit.

3.2 **PARA-2(PAGE-190)-AR-1992-93**
IRREGULAR EXPENDITURE ON TA/DA FOR MEMBERS OF
ACCOMMODATION COMMITTEE OUT OF PILGRIMS WELFARE FUND
Rs 0.907 MILLION

The PAO informed the Committee that issue was very old and the relevant record could not be traced. Therefore, Secretary Religious Affairs had constituted the committee under the supervision of Joint Secretary (Hajj) and Joint Secretary (A & F) assisted by Deputy Secretary (HP), Deputy Secretary (HA) and Deputy Secretary (A/F) alongwith their Section Officer (HA-II, HP-I, Admn & General Section) for submission of inquiry report regarding availability of record and fate of para will be decided on submission of the inquiry report.

The PAO further informed the Committee that in case the record was not made available then the Ministry would send it to the Finance Division for regularization.

In another meeting held on 28th December, 2010 the Committee directed the PAO to form an Inquiry Committee which should look into the issue as to who is responsible for this negligence and present a comprehensive report on the whole issue and satisfy the Committee as to why the number of members of the welfare committee was increased. The Committee directed to submit a report in this regard within one month.

In a subsequent meeting held on 1st February, 2011 the PAO informed the Committee that the Ministry had submitted a report on the matter to Audit.

DIRECTIVE

The Committee recommended the para for settlement.

- 3.3 **PARA-3 (PAGE-191) AR-1992-93**
IRREGULAR EXPENDITURE ON HIRING OF TRANSPORT FOR
KHUDAM-UL-HUJJAJ OUT OF PILGRIMS WELFARE FUND Rs 1.178
MILLION

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

MINISTRY OF SCIENCE & TECHNOLOGY

1. OVERVIEW

Appropriation Accounts / Audit Reports / Performance Audit Evaluation for the year 1992-93 pertaining to the Ministry of Science and Technology were taken up for examination by sub-Committee of the PAC on July 18th, 2009, under the convenership of Khwaja Muhammad Asif, M.N.A. and by the Special Committee-II of the PAC in the meetings held on June 28th, 2010, November 3rd, 2010, December 28th, 2010 & February 2nd, 2011 under the convenership of Mr. Zahid Hamid Khan, M.N.A. in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Four (04) grants and ten (10) Audit Paras / Reports were reported by AGPR/ Audit. Two Performance Evaluation Reports were also presented by Audit.
- 1.2** On presentation of the grants, the Special Committee-II recommended regularization of the grants with the direction to the Ministry to reconcile the figures with AGPR.
- 1.3** While discussing Para No.08-AR-1992-93 the Committee observed that the Finance Division should regularize Paras in routine as per defined Rules & Regulations. However, if a reference to PAC is mandatory it should be made after due consideration of Rules.
- 1.4** On presentation of the Performance Evaluation Report No.133 on National Institute of Silicon Technology (NIST), now (PCRET) Ministry of Science & Technology, the Committee referred the report to Standing Committee on Ministry of Science & Technology for further examination.

2. APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1992-93)

i. Grant # 120-Ministry of Science & Technology **(Total grant Rs. 73,123,000 Saving Rs 10,800,418)**

AGPR pointed out the grant closed with a saving of Rs. 42,401,400 (72.76% of the total grant). An amount of Rs 42,401,400 (57.98%) was surrendered leaving net saving of Rs 10,800,418 (4.77%).

ii. Grant # 121-Other Expenditure of Ministry of Science & Technology **(Total grant Rs. 452,545,000 excess Rs. 1344000)**

AGPR pointed out the grant closed with a excess of Rs 1,310,000 (0.28% of the total grant). An amount of 34,000 was surrendered increasing net excess to Rs 1,344,000 (0.29%). A supplementary grant of Rs 1,344,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account there shall be no excess/saving.

iii. Grant # 196-Capital Outlay on M/o Science and Technology **(Total grant Rs. 39,600,000 saving Rs. 1,350,000)**

AGPR pointed out the grant closed with a excess to 3.40% of the total grant.

DIRECTIVE

On presentation of the above three grants by the AGPR, the Sub-Committee recommended regularization of the savings/excesses of the grants.

iv. Grant # 175-Development Expenditure of M/o Science & Technology **(Total grant Rs. 241,677,000 saving Rs. 21,078,277)**

AGPR pointed out the grant closed with a saving of Rs 25,338,277 (10.48% of the total grant). An amount of Rs.4,260,000 (1.76%) was surrendered leaving net saving of Rs 21,078,277(8.72%).

The PAO informed the Sub-Committee that saving related to the office of the education officer, S&T section High Commission for Pakistan U.K.

DIRECTIVE

The Sub-Committee directed the Ministry to reconcile the figures with AGPR .The saving in the grant would be treated as regularized subject to verification of AGPR.

3. AUDIT REPORT ON MINISTRY OF SCIENCE AND TECHNOLOGY FOR THE YEAR 1992-93

3.1 PARA 1 (PAGE-192-AR-1992-93) DEPOSIT OF GOVERNMENT MONEY AMOUNTING TO RS 7,534,841/- IN COMMERCIAL BANK

Audit pointed out that in the office of Deputy Director, Pakistan Council of Appropriate Technology Peshawar, under M/o Science and Technology funds amounting to Rs 7,534,841 were deposited in the Commercial Banks during 1987-88 to 1989-90 without obtaining prior approval of the Finance Division as required under para 7 of the General Financial Rules Vol-I.

The PAO informed the Sub-Committee that Pakistan Council of Appropriate Technology (PCAT) launched a programme of Installation of Mini Micro-Hydropower Plants in NWFP and Northern in 1979-80 and allocation were made in the PSDP. Against PSDP allocation for this project funds were released by Ministry of Finance through AGPR, Islamabad in the Assignment Account of this Council maintained in the National Bank of Pakistan, Main Branch, Islamabad. For the implementation of this project the amount was released to the Consultant, PCAT Field Office Peshawar. From 1979 to date of audit year 1989-90 the amount shown in the draft para was released by Head Office for the implementation of this project as its budget grant. The prior approval of the Finance Division for this purpose, as printed out by the audit under para-7 of the

GFF Vol-O, was not required. The para-7 GFR Vol-1 as narrated below is not applicable for the maintaining of the account.

The Sub-Committee directed the Ministry to get regularization orders from M/o Finance and directed to follow the procedures in future.

On 28th December, 2010 the Committee observed that the Finance Division should regularize paras in routine as per defined Rules & Regulations, however, if a reference to PAC is mandatory it should be made after due consideration of Rules. The Committee directed the Finance Division to submit a report on this para within one month.

DIRECTIVE

On 2nd February, 2011 the Committee recommended the para for settlement.

3.2 **PARA 4 (PAGE-193-AR-1992-93)**
IRREGULAR MAINTENANCE OF BANK ACCOUNT OF
RS. 8,347,000/-

Audit point out that rules 170-A of federal treasury rules requires that no amount could be drawn form the assignment account and placed in a private account. In contravention of the rules, National Institute of Power under Ministry of Science & Technology deposited Grant-In-Aid amount of Rs. 8,347,000 unauthorized and irregularly in private bank account during 1987-90. There was a balance of Rs. 2,532,555 in the said private account on 13 April 1991.

The PAO informed the Sub-Committee that NIP (National Institution of Power) was abolished in February 1997. All accounts matters were adjusted/finalized at that time.

The Sub-Committee directed the Ministry to trace out the record of accounts of defunct NIP, especially to check the balance accounts of the subject para.

On 28th December, 2010 the PAO stated that Audit observation had been removed and the record would be provided to Audit for verification.

The Committee recommended the para for settlement subject to verification by Audit.

On 2nd February, 2011 the PAO stated that the case was pending with the Finance Division for regularization.

Representative Finance Division informed the Committee that as the cash books of the accounts of NIP had been traced therefore, those may be verified by Audit and then the Finance Division would take decision on merits.

DIRECTIVE

The Committee directed the PAO to conclude the matter within one month and also directed the Finance Division to expedite the matter on merits.

3.3 **PARA 7 (PAGE-194-AR-1992-93)** **IRREGULAR UTILIZATION OF LAPSED AMOUNT OF** **RS. 9,966,012/-**

Audit pointed out that in the office of Director General, Drainage and Reclamation Institute, under Ministry of Science and Technology unspent balances amounting to Rs. 9,966,012 from the grants provided to the Institute, were carried forward for utilization in subsequent years from 1975-76 to 1989-90. Whereas these were required to be deposited into Government Treasury according to para-209 of GFR Vol-I. This action of the department is treated as serious irregularity.

The PAO informed the Sub-Committee that it is clarified that the utilized amount during the year 19765-76 to 1989-90 was not Rs. 9,966,212.10 as observed from total given in details of unspent balance. Drainage and Reclamation Institute of Pakistan was established in 1975 as new National Research Institute. Initially for first five years, five Dutch Resident Advisors were stationed in DRIP by the Royal Government of the Netherlands. Being a subsidiary of the former Irrigation Drainage and Flood Control Research Council (IRC) presently PCRWR. DRIP was not required to allow the fiscal year's allocations being utilized only upto the end of a year like any attached Department of Government, Ministries and Division. But whatever grants it received were not lapsable being grants in aid. Director General was responsible to make all administrative arrangements and arrange availability of funds in time to continue the pace of work. Due to limited funds position at initial stages the lapsed funds were not surrendered. It was in the interest of work to make available the amount of salary and allowance and small sums required for research activities so that pace of work should continue and Dutch advisors should not have an excuse to stop the research project incomplete. In these circumstances it was felt necessary by the then Director General to keep unspent amount available for next financial year till release of funds of grant of the next financial year. Mostly the carried over funds were received in the end of June of a current year and these were utilized in first quarter of subsequent year.

The Sub-Committee directed the Ministry to get regularization orders from M/o Finance.

The PAO stated that the Ministry would refer the case back to the Finance Division for necessary sanction.

The Committee observed that the Finance Division should regularize paras in routine as per defined Rules & Regulations, however, if a reference to PAC is

mandatory it should be made after due consideration of Rules. The Committee directed the Finance Division to submit a report on this para within one month.

DIRECTIVE

The Committee recommended the para for settlement.

3.4 **PARA 8 (PAGE-194-AR-1992-93)**
UNDUE RETENTION OF PUBLIC MONEY RS. 929,250/-

Audit stated that an organization under the Administrative Control of Ministry of Science & Technology drew an amount of Rs. 929,250/- from Public Account for purchase of Auto Germen Counting System and ECG Machine in July 1987 and January, 1988. But the same was retained unnecessarily for about one year and disbursed to the supplier in 3 installments by March, 1989 which tantamount to temporary misappropriation.

On the presentation of the above para by audit, the Sub-committee directed the Ministry to implement the recommendation of the DAC.

On 28th December, 2010 the PAO stated that the Ministry would refer the case back to the Finance Division for necessary action.

The Committee observed that the Finance Division should regularize paras in routine as per defined Rules & Regulations, however, if a reference to PAC is mandatory it should be made after due consideration of Rules. The Committee directed the Finance Division to submit a report on this para within one month.

DIRECTIVE

The Committee recommended the para for settlement.

- i. **Para 2 (Page-192-AR)**
Utilization of Departmental receipts against expenditure for Rs. 255,700,00

- ii. **Para 3 (Page-192-AR)**
Irregular payment of residential telephone bills recover amounting to Rs. 55,329.00
- iii. **Para 5 (Page-193-AR)**
Non-adjustment of TA advances Rs. 0.143 million
- iv. **Para 6 (Page-193-AR)**
Non-adjustment of contingent Ta/Da advance amounting to Rs. 404,180/-

On presentation of the above four paras by Audit, the Sub-committee directed the Ministry to implement the recommendations of the DAC.

4. AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 1992-93

Pakistan Science Foundation

- i. **Para 553 (Page-205-ARPSE-1992-93)**
Audit Comments
- ii. **Para 254 (Page-205-ARPSE-1992-93)**
Audit Comments

DIRECTIVE

On the recommendation of the DAC, the Sub-Committee recommended the above two Audit Para for settlement

5. PERFORMANCE EVALUATION REPORT NO.133ON NATIONAL INSTITUTE OF SILICON TECHNOLOGY (NIST), NOW (PCRET) MINISTRY OF SCIENCE & TECHNOLOGY, ISLAMABAD FOR THE YEAR 1992-93

On presentation of the above report by Audit, the Sub-Committee referred the report to Standing Committee on M/o Science & Technology for further examination.

6. **PERFORMANCE EVALUATION REPORT NO.134 ON
HUMAN RESOURCES DEVELOPMENT PROGRAMME FOR
THE YEAR 1992-93**

On presentation of the above report by Audit, the Sub-Committee recommended the report for settlement.

SENATE SECRETARIAT

1. OVERVIEW

Appropriation Accounts for the year 1992-93 pertaining to Senate Secretariat were taken up for examination by Special Committee-II of the PAC in the meeting held in Committee Room No.2, Parliament House Islamabad, on July 14th, 2010. Decisions taken are summarized below:

- 1.1 One grant was reported by AGPR.
- 1.2 On presentation of the grant the Committee recommended regularization of the savings in the grant.

2. APPROPRIATION ACCOUNTS CIVIL VOL-I 1992-93

(CHARGED)

i. GRANT NO.108-THE SENATE

Saving Rs. 598,094/-

The PAO informed the Committee that after accounting for supplementary appropriation of Rs. 9,082,000, saving of Rs. 2,258,094 had occurred due to lower than anticipated expenditure under various heads.

An amount of Rs. 1,660,000 had been surrendered, leaving a saving of Rs. 598,094 (1.30%) only.

(OTHER THAN CHARGED)

Saving Rs. 258,203/-

The PAO informed the Committee that saving of Rs. 14,952,203 was due to lower than anticipated expenditure on salaries allowances, TA /DA etc.

An amount of Rs. 14,964,000 had been surrendered, leaving net saving of Rs. 258,203 (0.76%) only.

DIRECTIVE

The Committee recommended regularization of the grant.

MINISTRY OF SOCIAL WELFARE & SPECIAL EDUCATION

1. OVERVIEW

Appropriation Accounts and Audit Reports of Federal Government for the year 1992-93 pertaining to the Ministry of Social Welfare & special Education were taken up for examination by Special Committee-II of the PAC in Committee Room No.2, Parliament House, Islamabad, in the meetings held on July 7th, 2010, December 28th, 2010 & February 2nd, 2011. Decisions taken are summarized below:

- 1.1 Five (05) grants and nine (09) Paras were reported by AGPR/ Audit.
- 1.2. While discussing the Audit Para No. 01 the Committee recommended the Para for settlement subject to verification of regularization by Audit.
- 1.3 The Committee endorsed the recommendations of the DAC for settlement of the six (06) Audit Paras.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.70- SPECIAL EDUCATION AND SOCIAL WELFARE Saving Rs. 124,377,937/-

A.G.P.R. pointed out that after accounting for two supplementary grants totaling Rs. 5,457,000, the grant closed with a saving of Rs. 912,976,985 (89.77% of the total grant). An amount of Rs. 912,473,848 was surrendered leaving a net saving of Rs. 503,137.

The PAO informed the Committee that an amount of Rs. 126,874,800 was surrendered by the PM Secretariat out of the grant for the Needy and Poor. The PAO further informed that saving was due to vacant posts.

The Committee referred the grant back to DAC to review the reasons for non-utilization surrender of huge amount of Rs. 785,000,000 on 13-06-1993.

DIRECTIVE

In another meeting held on 27th October, 2010 the Committee recommended regularization of the grant.

ii. **GRANT NO.71- SPECIAL EDUCATION:**
Saving Rs. 11,407,958/-

A.G.P.R. pointed out that the grant closed with a saving of Rs. 11,407,958 (20.41% of the total grant). A sum of Rs. 9,686,000 was surrendered, leaving net saving of Rs. 1,721,958.

The PAO informed that saving was due to 397 vacant posts of officers and officials.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that had the budgetary allocation been properly monitored the saving would have been surrendered in time.

iii. **GRANT NO.72- OTHER EXPENDITURE OF SPECIAL EDUCATION:**
Excess AGPR fig. Rs. 624,605/-, Deptt Fig. Rs. 52,395/-

A.G.P.R. pointed out that after accounting for supplementary grant of Rs. 677,000 the grant closed with a saving of Rs. 159,395 (3.19 % of the total grant). An amount of Rs. 107,000 was surrendered (a minor net saving of Rs. 52,395 only).

DIRECTIVE

The Committee recommended regularization of the grant.

iv. **GRANT NO.161- DEVELOPMENT EXPENDITURE OF SOCIAL WELFARE**

<u>Budget</u>	<u>AGPR Figures</u>	<u>Deptt. Figures</u>	<u>Difference</u>
Excess	(+) 20,192,361	(+) 17,686,538	1,233,000

A.G.P.R. pointed out that after taking into account two supplementary grants totaling Rs. 2,599,000 the grant closed with an excess of Rs. 17,686,538 (124 % of the total grant).

The PAO informed the Committee that Social Welfare was a Division of Ministry of Health in the financial year 1992-93. Expenditure of other grants was incorrectly booked in this grant and was not reconciled at that time. He requested that this grant may be referred back to DAC.

The Committee referred the grant back to DAC with the direction that report should be submitted to the Committee within one month after reconciliation of figures and verification of reasons for the excess.

In another meeting held on 27th October, 2010 the PAO stated the Ministry was constantly tracing the record. The PAO requested the Committee to give some more time to trace the relevant record with coordination and help of the Health Department.

The Committee referred the grant back to DAC with the direction that the Ministry should make one more effort for reconciliation of figures. If the record was not traced then Rules for regularization should be followed.

In a meeting held on 2nd February, 2010 the PAO informed the Committee that an inquiry had been conducted headed by Joint Secretary as per directive by the Committee and it was found that there was over-booking on behalf of the AGPR on purchase of durable goods (35 Development Projects).

DIRECTIVE

The Committee referred the grant back to the DAC with the direction to be submit a report to the Committee within one month.

- v. **GRANT NO.162- DEVELOPMENT EXPENDITURE OF SPECIAL EDUCATION:**
Saving Rs. 21,700,055/-

A.G.P.R. pointed out that after taking into account two supplementary grants totaling Rs. 9,465,000 the grant closed with a saving of Rs. 26,563,055 which works out to 32.52 % of the total grant. A sum of Rs. 4,364,000 was surrendered, leaving net saving of Rs. 22,199,055.

The PAO informed the Committee that saving was due to vacant posts of officers and staff as well as non-payment of bills from consultant M/s PEPAC and utility bills of Development Centers of Special Education.

The Committee referred the grant to DAC to examine the reasons for the huge saving and non-surrender of the entire savings in time.

In another meeting held on 27th October, 2010 A.G.P.R. pointed out that after taking into account two supplementary grants totaling to Rs. 24,328,000, the grant closed with a saving of Rs. 21,700,055(28.25 % of the total grant). AGPR further stated that the department has pointed out that surrendered of Rs. 4,364,000 was not taken into accounts.

The PAO informed the Committee that saving was due to vacant posts of officers and staff as well as non-payment of bills from consultant M/s PEPAC and utility bills of Development Centers of Special Education.

DIRECTIVE

The Committee recommended regularization of the grant.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF SOCIAL WELFARE AND SPECIAL EDUCATION FOR THE AUDIT YEAR 1992-93.

3.1 PARA-16 (PAGE-143) AR 1992-93 WITHDRAWAL OF Rs. 1,248,315 ON PRESENTATION OF ADVANCE BILLS AND ITS PLACEMENT WITH THE BANK

Audit pointed out that in the Hijvairi Federal Government Special Education Centre for Visually Handicapped Children under Ministry of Social Welfare and Special Education a sum of Rs. 1,248,315 was withdrawn from public account and placed in an un-authorized current account No. 538-9 with NBP, Dhani Ram Road, Lahore.

This irregular withdrawal of public money through advance bills to avoid the lapse or its removal for deposit or investment elsewhere was contrary to Rule-7 of GFR Vol-1.

The PAO stated that the account was opened in good faith to discuss payment after delivery of stores.

The Committee directed that the Ministry should hold inquiry to confirm that no embezzlement was involved. The inquiry should also fix responsibility for the irregularity and take action against the concerned officials. The inquiry report should then be discussed in DAC and recommendations should be submitted to the Committee within one month.

In a subsequent meeting held on 27th October, 2010 Audit pointed out that in the Hijvairi Federal Government Special Education Centre for Visually Handicapped Children under Ministry of Social Welfare and Special Education a sum of Rs. 1,248,315 was withdrawn from public account and placed in an unauthorized current account No. 538-9 with NBP, Dhani Ram Road, Lahore.

This irregular withdrawal of public money through advance bills to avoid the lapse or its removal for deposit or investment elsewhere was contrary to Rule-7 of GFR Vol-1.

The PAO stated that the Ministry had referred to the Finance Division for regularization. The PAO further stated that he was not satisfied with the previous inquiry as the responsibility had not been fixed. He, (the PAO) therefore, ordered for denovo inquiry into the matter under the Chairmanship of Joint Secretary and a report would be submitted to the Committee within 30 days.

The Committee directed that the Ministry should hold denovo inquiry to confirm that no embezzlement was involved. The inquiry should also fix responsibility for the irregularity and take action against the concerned officials. The inquiry report should then be discussed in DAC and recommendations should be submitted to the Committee within one month.

The Committee recommended the para for settlement subject to condonation from Finance Division.

DIRECTIVE

In a meeting held on 2nd February, 2011 the Committee recommended the Para for settlement.

3.2 **PARA-20 (PAGE-145) AR 1992-93**
UN-AUTHORIZED PAYMENT OUT OF PERSONAL LEDGER ACCOUNT
Rs. 0.053 MILLION

Audit pointed out that the Director General, Special Education paid an amount of Rs. 117,603 out of PLA to M/s Orient Advertisers vide cheque No. A0078/A007777 dated 13-09-1989. An amount of Rs. 170,603 was shown as having been disbursed in the cashbook. In correct payment of Rs. 53,000/- was made, which required recovery.

Original sanction letter was not produced and the approval of the competent authority was not available. Moreover, calling of tenders was also avoided. NOC from PCP was not obtained.

The PAO informed the Committee that relevant record was not available with the Ministry.

The Committee expressed its dissatisfaction with the explanation of the Ministry and referred the Para back to DAC for verification of record and report to the Committee within one month.

In an other meeting held on 27th February, 2011 Audit stated that record had been verified.

DIRECTIVE

The Committee recommended the Para for settlement.

3.3 **PARA-22 (PAGE-146) AR 1992-93**
IRREGULAR PURCHASE OF DURABLE GOODS COSTING TO Rs.941,840.

Audit pointed out that the Special Education Centre for the Visually Handicapped Children, Lahore incurred an expenditure of Rs. 941,840 on the purchase of durable goods during June, 1987. The purchases were made in contravention of ban imposed by the Finance Division. The department had drawn

the amount in question in advance from the treasury and kept it in a Bank Account with a view to avoid the lapse of budget.

The Committee directed the PAO to conduct an inquiry to fix responsibility for the irregularity. The case may be referred to Finance Division for regularization, on merits. The Ministry should report back through Audit in one month.

In another meeting held on 27th October, 2011 Audit pointed out that the Special Education Centre for the Visually Handicapped Children, Lahore incurred an expenditure of Rs. 941,840 on the purchase of durable goods during June, 1987. The purchases were made in contravention of ban imposed by the Finance Division. The Department had drawn the amount in question in advance from the treasury and kept it in a Bank Account with a view to avoid the lapse of budget.

The Committee directed the PAO that action should be taken as per directive on the PARA-16 (PAGE-143) AR 1992-93.

DIRECTIVE

In another meeting held on 2nd February, 2011 the Committee recommended the Para for settlement.

3.4 **PARA-24 (PAGE-147) AR 1992-93** **IRREGULAR INVESTMENT IN A COMMERCIAL BANK OUT OF** **PERSONAL LEDGER ACCOUNTS Rs. 0.319 MILLION**

Audit pointed out that the Director General, Special Education, Islamabad had drawn an amount of Rs. 319,567/62 out of PLA during 1987-88 and invested it in Allied Bank Islamabad under account No. 1567 without the sanction of Finance Division. In fact, the unspent balance of PLA was required to be surrendered to Government. Apparently the account was opened in a private bank to avoid lapse of funds. The action was considered a serious financial irregularity.

The Committee directed the PAO that action should be taken as per directive on the previous Para No.22.

In another meeting held on 2nd February, 2011 Audit pointed out that the Director General, Special Education, Islamabad had drawn an amount of Rs. 319,567/62 out of PLA during 1987-88 and invested it in Allied Bank Islamabad under account No. 1567 without the sanction of Finance Division. In fact, the unspent balance of PLA was required to be surrendered to Government. Apparently the account was opened in a private bank to avoid lapse of funds. The action was considered a serious financial irregularity.

The Committee directed the PAO that action should be taken as per directive on the PARA-16 (PAGE-143) AR 1992-93.

DIRECTIVE

In another meeting held on 2nd February, 2011 the Committee recommended the Para for settlement.

- i. **PARA-17 (PAGE-144) AR 1992-93 –**
UTILIZATION OF DEVELOPMENT FUNDS OF Rs. 67,992 ON THE
PURPOSE OTHER THAN FOR WHICH FUNDS WERE PROVIDED.
- ii. **PARA-184 (PAGE-144) AR 1992-93**
WASTEFUL EXPENDITURE ON CENSUS Rs.0.388 MILLION
- iii. **PARA-19 (PAGE-145) AR 1992-93**
IRREGULAR EXPENDITURE ON ENTERTAINMENT OUT OF
PERSONAL LEDGER ACCOUNT Rs. 0.148 MILLION
- iv. **PARA-21 (PAGE-146) AR 1992-93**
IRREGULAR PAYMENT ON ACCOUNT OF PUBLICITY OUT OF
PERSONAL LEDGER ACCOUNTS Rs. 0.152 MILLION
- v. **PARA-23 (PAGE147) AR 1992-93**
IRREGULAR EXPENDITURE ON ENTERTAINMENT Rs. 0.064
MILLION

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned five (05) Audit Paras.

- 3.5 **PARA-20 (PAGE-145) AR 1992-93**
UN-AUTHORIZED PAYMENT OUT OF PERSONAL LEDGER ACCOUNT
Rs. 0.053 MILLION

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Audit Para.

**MINISTRY OF STATES AND FRONTIER REGIONS AND CIVIL
SECRETARIAT FATA**

1. OVERVIEW

Appropriation Accounts (Civil-Vol-1) and Audit Report of Federal Government for the year 1992-93 pertaining to the Ministry of States & Frontier Regions were taken up for examination by the sub-Committee of the PAC under the convenership of Khwaja Muhammad Asif, M.N.A, on July 17th, 2009 and by the Special Committee –II of the PAC under the convenership of Mr. Zahid Hamid Khan M.N.A., on July 8th, 2010, October 27th, 2010, December 21st, 2010, February 1st, 2011 & March 1st, 2011 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 Nine (09) grants and thirty-nine (39) Paras were reported by AGPR / Audit.
- 1.2 On presentation of the grants, the Special Committee-II recommended regularization of the savings/excesses of the grants.
- 1.3 While discussing Para No.30-AR-1992-93 of Civil Secretariat FATA, the Committee directed the PAO to make immediate reference to the Finance Division for regularization.

2. APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1992-93)

i. Grant # 122-States and Frontier Regions Division
(Total grant Rs. 14,455,000 Saving Rs 24,448)

AGPR pointed out a saving of 0.17% percent of the total grant.

ii. Grant # 123-Frontier Regions
(Total grant Rs. 385,798,000 excess Rs. 61,287,606)

AGPR pointed out an excess of 5.88% of the total grant.

- iii. **Grant # 127-Maintenance Allowance to Ex-Rulers**
(Total grant Rs. 1,513,000 saving Rs. 251,300)

AGPR pointed out a saving of 16.60% of the total grant.

- iv. **Grant # 128-Other expenditure of State & Frontier Regions Division**
(Total grant Rs. 82,951,000 excess Rs. 2,041)

AGPR pointed out an excess of 0.002% of the total grant.

- v. **Grant # 129-Afghan Refugees**
(Total grant Rs. 932,201,000 saving Rs. 94,272,747)

AGPR pointed out a saving of 10.11% of the total grant.

FEDERALLY ADMINISTERED TRIBAL AREAS
APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1992-93)

- vi. **Grant # 125-Federally Administered Tribal Areas**
(Total grant Rs. 206,086,000 excess Rs. 805,034)

AGPR pointed out an excess of 0.39% of the total grant.

- vii. **Grant # 126-Other Expenditure Federally Administered Tribal Areas**
(Total grant Rs. 703,743,000 excess Rs. 46,207,187)

AGPR pointed out an excess of 6.56% of the total grant.

- viii. **Grant # 176-Development expenditure of Federally Administered Tribal Areas**
(Total grant Rs. 688,297,000 excess Rs. 6,926,445)

AGPR pointed out an excess of 1.00% of the total grant.

- ix. **Grant # 197-Capital Outlay on development of Tribal Areas**
(Total grant Rs. 80,057,000)

AGPR pointed out the budgetary provision was utilized in full.

DIRECTIVE

On the presentation of the above 09 (nine) grants by the AGPR, the sub-Committee recommended regularization the savings/excesses of the grants.

3. AUDIT REPORT ON THE ACCOUNTS OF FEDERALLY ADMINISTERED TRIBAL AREA (FATA) SECRETARIAT FOR THE YEAR 1992-93.

3.1 PARA No.30-PAGE No.208-AR-1992-93
BLOCKADE OF PUBLIC MONEY AMOUNTING TO RS. 2,461,841/-

Audit pointed out that in the office of the executive Engineer P.H.E FATA Division, D.I.Khan, under N/C SAFRON G.I. Pipes valuing Rs. 2,461,84/- purchased during 1990 and 1991-1992 were not utilized up to December 1992, which was against Para 145 of G.F.R Vol-1 moreover, the material was purchased for store purposes, but unlawfully charged to various work, which constituted a serious financial irregularity and risk of pilferage and mis-appropriation.

The PAO informed the Sub-Committee that the pipes being the component of the project were purchased before time to ensure their availability for use in the work. Due to late nomination of Contractors/dispute over sites, the work on distributory could not be started in time. However, the pipes in question have since been consumed.

The Sub-Committee deferred the above para for its next meeting.

On 8th July, 2010 Audit stated that the Executive Engineer P.H.E FATA Division, D.I.Khan, under M/o SAFRON G.I. Pipes valuing Rs 2,461,841/- purchased during 1990-91 and 1991-92 were not utilized upto December 1992, which was against Para 145 of G.F.R Vol-I. Moreover, the material was purchased for store purposes, but unlawfully charged to various works, which constituted a serious financial irregularity and risk of pilferage and mis-appropriation.

Audit further stated that the matter was reported to the Ministry, but no reply was received. Therefore, immediate action to ensure the recovery of the stores was stressed upon.

The PAO informed the Special Committee on 1st February, 2011 that the case was sent to the Finance Division for condonation, but the Finance Division remarked that the condonation cannot be considered unless directed by the PAC.

The Committee observed that the Finance Division should examine whether requisite formalities for regularization as provided in rules are met and then proceed according to rules.

The Committee further directed the PAO to provide the requisite record of consumption of stock for verification. The Committee recommended the para for settlement subject to verification by Audit.

On 1st March, 2011 Audit stated that the Para had been referred to the Finance Division for examination.

The PAO explained to the Committee that the Finance Division had raised certain queries and those would be met within a couple of days.

DIRECTIVE

The Committee directed the PAO to make immediate reference to the Finance Division and recommended the para for settlement subject to verification by audit within two weeks.

3.2 PARA No.09-PAGE No.198-AR-1992-93 NON-REALIZATION OF OPD FEE AND RESULTANT LOSS OF RS 84,447/

Audit pointed out that according to the existing orders of the Government OPD Fee at the rates of. 1 and Rs. 5 should be recovered from the Out-door and In-door patients respectively at the Government Hospitals and Basic Health Units.

In disregard of the above orders, the OPD Fee at the prescribed rates was not realized from the patients who received treatment at the Basic Health Units

under the control of District Health officer Kohat. The Government was put to a loss of Rs. 84.447.

The PAO informed the Sub-Committee that the Government has exempted OPD charges in Frontier Regions/Agencies of NWFP vide Health Department. NWFP, Peshawar Memo No.B-V-1/2-5/78-79, dated 14-06-1982. In view of Government instructions OPD chit fee was not charged from out door patients.

The Sub-Committee deferred the above para for its next meeting.

DIRECTIVE

On 1st February, 2011 the Committee endorsed the recommendation of the DAC for settlement of the above-mentioned Audit Para.

4. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF STATES AND FRONTIER REGIONS FOR THE YEAR 1992-93.

4.1 PARA No.2-PAGE No.195-AR-1992-93 SUSPICIOUS EXPENDITURE ON THE PURCHASE OF PIPES VALUING RS. 533,254/-

Audit pointed out that in the office of Executive Engineer Afghan Refugees Water Supply Division Peshawar under M/o SAFRON Pipes valuing to Rs. 533,254 were purchased in May and November 1989. The pipes so purchased were charged direct to the works. The evidence at site accounts office was not produced to audit. The receipts and consumption of the pipes therefore, could not be verified and it appeared that the materials were mis-appropriated.

The PAO informed the Sub-Committee that this was UNHCR funded project and material at site account was properly maintained but was not readily available. However, the same was traced and produced to audit for checking before completing their assignment but audit party did not agree to review the record. Attempt was made to produce the record in Department Committee

meeting in Peshawar but audit delayed the meetings on one or other reason. The project has been closed finally on 31-12-95.

The Sub-Committee deferred the above para for its next meeting.

On 8th July, 2010 Audit stated that the Executive Engineer Afghan Refugees Water Supply Division Peshawar under M/o SAFRON pipes valuing Rs. 533,254/- were purchased in May and November, 1989. The pipes so purchased were charged direct to the works. The material at site accounts were not produced to Audit. The receipts and consumption of the pipes therefore, could not be verified and it appeared that the materials were mis-appropriated.

PAO requested the Committee that the following Audit Para may be deferred for next meeting to discuss in detail in the DAC meeting.

Accepting the request of the PAO, the Committee directed the PAO to discuss the above-mentioned paras in the DAC meeting which the Committee will take up again in its next meeting.

The PAO informed the Committee on 1st February, 2011 that the requisite record was available with the Ministry and would be provided to Audit for verification.

DIRECTIVE

The Committee directed the PAO to depute some one in order to get the record. A report has to be submitted to the Committee within one month. The Para was recommended for settlement subject to verification by Audit.

4.2 **PARA No.19-PAGE No.202-AR-1992-93**
IRREGULAR ISSUE OF FOOD AND RELIEF GOODS VALUING RS.
7,494,876/-

PAO requested the Committee that the following Audit Para may be deferred for next meeting to discuss in detail in the DAC meeting.

Accepting the request of the PAO, the Committee directed the PAO to discuss the above-mentioned paras in the DAC meeting which the Committee will take up again in its next meeting.

DIRECTIVE

On 1st February, 2011 the Committee recommended the para for settlement.

4.3 **PARA No.36-PAGE No.210-AR-1992-93**
IRREGULAR UTILIZATION OF LAPSABLE GRANT OF RS. 24,733,368/-
DURING THE FOLLOWING YEARS

Audit stated that against budget provision under demand No.127 Afghan Refugees, funds amounting to Rs. 14,277,600/- were released by the State and Frontier Regions Division, Islamabad in favour of the Commissioner, Afghan Refugees NWFP, Peshawar in January, 1991 for payments as special maintenance allowance to 380 prominent Civil Afghan Refugees and 3945 defected Afghan Force Officers. The amount was drawn from the service head on 25-04-1991 and deposited in the lapsable PLA of the Commissioner.

Audit further stated that the unspent balance out of releases during 1990-91 including previous years balances totaling Rs. 24,733,368/- was required to be surrendered but it was utilized during subsequent year 1991-92 in an unauthorized manner, in contravention of Para-95 of GFR Vol.1.

PAO requested the Committee that the following Audit Para may be deferred for next meeting to discuss in detail in the DAC meeting.

Accepting the request of the PAO, the Committee directed the PAO to discuss the above-mentioned paras in the DAC meeting which the Committee will take up again in its next meeting.

On 1st February, 2011 the PAO informed the Committee that the requisite record was available with the Ministry and would be provided to Audit for verification.

The Committee recommended the para for settlement subject to verification by Audit.

Audit stated on 1st March, 2011 that record had been verified but a part of the record needs regularization from the Finance Division.

The PAO stated that a reference to the Finance Division would be made.

DIRECTIVE

The Committee directed the PAO to expedite submission of reference to Finance Division and provide a copy of regularization to audit. The Committee recommended the para for settlement subject to verification by Audit.

4.4 PARA No.38-PAGE No.211-AR-1992-93 UN-AUTHORIZED RS. 1,986,280/- ISSUE OF FOOD ITEMS VALUING

Audit pointed out that in the office of District Administration Afghan Refugees Peshawar-II, Food items valuing Rs.1986, 280 were shown issued in different Afghan Refugees Camps during 1991-92 to persons who were not actually staying in those camps. The issue of relief goods to such Refugees was also not covered by any order of the Government.

The matter of unauthorized issue of Food item valuing Rs. 1,986,280 was brought to the notice of the Ministry in December, 1992 but no satisfactory reply was furnished.

The PAO informed the Sub-Committee that the bulk of food items was issued to the representatives/leaders of certain parties for onward distribution amount the refugees due to the fact that it has been the practice in vogue since the very start of Afghan Refugees Organization as the beneficiaries Afghan Refugees were busy in the performance of secret duties/Jihad in Afghanistan in various “GHUNDS” and, therefore, they were not in a position to visit the camps to receive their food/relief items personally. Keeping in view their difficulties and financial hardships, leaders of the parties concerned and representative were given food and other items for onward distribution among the Afghan Refugees. The acknowledgements of authorized representatives are available and can be checked by audit.

The Sub-Committee deferred the above para for its next meeting.

On 8th July, 2010 the PAO requested the Committee that this Para may be deferred for next meeting to discuss in detail in the DAC meeting.

Accepting the request of the PAO, the Committee directed the PAO to discuss the above-mentioned para in the DAC meeting which the Committee will take up again in its next meeting.

DIRECTIVE

On 1st February, 2011 the Committee recommended the para for settlement.

- i. **Para -1 (Page 195-AR)**
Irregular and Doubful Expenditure of Rs. 1,048,493/- on Purchase of M.T Spare Parts
- ii. **Para -3 (Page 196-AR)**
Non-recovery of fines of Rs 82,000/-
- iii. **Para -4 (Page 196-AR)**
Wasteful expenditure of Rs. 157,660/-
- iv. **Para -5 (Page 196-AR)**
Infructuous Expenditure of Rs. 58,800/-

- v. **Para -6 (Page 197-AR)**
Un-Necessary Retention of Land Compensation of Rs. 3,991,005/-
- vi. **Para -7 (Page 197-AR)**
Un-Economical Purchase of Computer Accessories Worth Rs. 603,787/-
- vii. **Para -8 (Page 197-AR)**
Irregular expenditure of Rs.49,000/- on pay and allowances of driver.
- viii. **Para -10 (Page 198-AR)**
Un-Authentic payments amounting Rs. 5,602,562/-
- ix. **Para -11 (Page 199-AR)**
Excess expenditure of Rs. 84,940/- on construction of Khasadar picquets.
- x. **Para -12 (Page 199-AR)**
Loss of Rs. 67,654/- as a result of irregular drawal of house rent allowance and non-deduction of house rent
- xi. **Para -13 (Page 200-AR)**
Drawal of Rs.425,000/- without demand to avoid lapse of funds.
- xii. **Para -14 (Page 200-AR)**
Mis-Appropriation of Government money Rs.495,980/-
- xiii. **Para -15 (Page 200-AR)**
Infructuous expenditure on purchase of voltage regulator Rs. 0.137 Millions
- xiv. **Para -16 (Page 201-AR)**
Irregular expenditure on purchase of Polythen bags Rs. 0.139 Million.
- xv. **Para -17 (Page 202-AR)**
Intentional mis-classification and Un-authorized expenditure of Rs. 61,578/- on account of electricity charges
- xvi. **Para -18 (Page 202-AR)**
Fictitious drawal of Rs. 532,784/- on account of electricity charges
- xvii. **Para -20 (Page 203-AR)**
Suspected misappropriation of Rs. 85,625/- due to default of recovery of X-Ray charges for 3425 X rays
- xviii. **Para -21 (Page 203-AR)**
Loss of Rs. 157, 469/- to government as a result of unauthorized drawal of house rent allowance and non deduction of 5% house rent.
- xix. **Para -22 (Page 204-AR)**
Misappropriation of Government funds Rs. 22,000
- xx. **Para -23 (Page 204-AR)**
Excess expenditure of Rs.797, 434 due to payment of quantities in excess of the estimates according to design
- xxi. **Para -24 (Page 205-AR)**
Doubtful Payment of Rs. 113,308/-
- xxii. **Para -25 (Page 205-AR)**
Un-authorized expenditure on works Rs. 61.717
- xxiii. **Para -26 (Page 206-AR)**
Doubtful issue of wheat and E.Oil valuing Rs. 785,232/-

- xxiv. **Para -27 (Page 206-AR)**
Suspected Misappropriation of Rs. 84,700/-
- xxv. **Para -28 (Page 207-AR)**
Embezzlement of Rs. 108,550/-
- xxvi. **Para -29 (Page 207-AR)**
Unauthorized Payment of Rs. 25,432,735/-
- xxvii. **Para -31 (Page 208-AR)**
Doubtful issue of 53 tons Bitument costing Rs. 522,725/-
- xxviii. **Para -32 (Page 209-AR)**
Non recovery of Rs. 140, 842 on account of cost of empty packing Materials
- xxix. **Para -33 (Page 209-AR)**
Fictitious payment of Rs. 1,374,625/-
- xxx. **Para -34 (Page 209-AR)**
Over Payment of Rs. 128,000/-
- xxxi. **Para -35 (Page 210-AR)**
Un-Authorized Payment of Rs. 5,693,557/-
- xxxii. **Para -37 (Page 211-AR)**
Irregular release of Security Deposit Rs. 762,007/-
- xxxiii. **Para -8 (Page 197-AR)**
Irregular expenditure of Rs49,000/- on pay and allowances of driver

On the recommendation of the DAC, the sub-Committee recommended the above Audit Paras for settlement.

STATISTICS DIVISION

1. OVERVIEW

Appropriation Accounts for the year 1992-93 pertaining to Statistics Division were taken up for examination by Special Committee-II of the PAC in the meetings held in Committee room No.2, Parliament House Islamabad, on July 22nd, 2010 & October 20th, 2010.

1.1 Two (02) grants were reported by AGPR.

1.2 While discussing Grant No.53, the Committee observed that the monitoring systems of the Ministry needs to be improved and there should be zero excess / zero saving in future.

1.3 On Grant No. 156, the Committee expressed dissatisfaction at the answer and observed that better coordination was required.

2. APPROPRIATION ACCOUNTS CIVIL VOL-I 1992-93

i. GRANT NO.53- STATISTICS DIVISION

Saving Rs. 21,275,535/-

The PAO informed the Committee that the saving occurred due to the reason that the Directorate General of Registration was assigned some special task/survey, the cost of which was to be bourn by the PCO. An amount of Rs.39,032,000 with the approval of Finance Division was transferred to the Directorate General of Registration. The amount so transferred was treated as expenditure under the head of account honoraria. The Director General of Registration incurred an amount of Rs.21,116,734 and instead of surrendering the balance of Rs.17,915,266 credited to the expenditure of PCO which caused savings.

The PAO further informed that Rs.446,000 was due to the reason that the proposal for enhancement in the monthly rent of FBS Office Building at Islamabad and Peshawar could not be finalized by the Finance Division and Rs.510,000 which was kept for transportation of census material from PCO HQ Islamabad to Provincial Census Offices as well as to Regional Census Offices could not be utilized due to the postponement of census as well as Rs.186,000 is due to adding up of savings of all Offices of FBS, PCO & ACO.

The PAO further explained that an amount of Rs.1.000 million was kept for purchase of a Bus for the staff of PCO, but the Finance Division did not issue NOC and Rs.365,000 was also kept for purchase of Steel Racks and Furniture to be used after Census Operation for editing and coding etc. However, due to postponement of Census, this amount could not be utilized and the remaining saving of Rs.116,000 is due to the reason that an indent for purchase of PC for ACO was placed with the Supplies Department, Karachi which could not be matured by them before the closing of the financial year.

DIRECTIVE

The Committee recommended regularization of the grant. However, the PAO was directed to further strengthen the monitoring systems of the Ministry and there should be zero excess / zero saving in future.

ii. **GRANT NO.156-DEVELOPMENT EXPENDITURE OF STATISTICS DIVISION.**
Saving Rs. 10,246,111/-

The PAO informed the Committee that the saving was due to reason that FBS hired 2nd floor of State Life Insurance Corporation (SLIC) building for its DP Centers at Peshawar for 3 years from 01-09-1989 at an annual rent of Rs.298,800. Lease agreement for DP centre expired on 31-08-1992. The SLIC demanded increase in rent w.e.f 01-09-1992. The matter was taken up with Finance Division which could not be finalized before the closing of financial year and the rent was

paid to the SLIC on old rates. Foreign Exchange Component was utilized by Aid Giving Agencies, directly against, which no expenditure was reported. That is why the expenditure could not be reflected in the Government Accounts.

The PAO further informed that an amount was directly utilized by the Aid Giving Agency for which no expenditure was reported due to non-receipt of foreign aid.

DIRECTIVE

The Committee expressed dissatisfaction at the answer and observed that better coordination was required. With this observation the Committee recommended the regularization of the grant.

WAFAQI MOHTASIB SECRETARIAT

1. OVERVIEW

Appropriation Accounts for the year 1992-93 pertaining to Wafaqi Mohtasib were taken up for examination by Special Committee-II of the PAC in the meeting held on July 27th, 2010 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1 One grant was reported by AGPR.
- 1.2 On presentation of the grant, the Committee recommended regularization of the Appropriation with the observation that every effort should be made to confine expenditure within the sanctioned amount.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

WAFAQI MOHTASIB

(Charged)

Excess Rs. 330,481/-

AGPR stated that after accounting for supplementary Appropriations of Rs. 5,300,000 the grant closed with an excess of Rs.330,481 (1.01% of the total).

The PAO informed the Committee that additional expenditure was incurred because in the year 1992-93 Wafaqi Mohtasib had appointed a number of Consultants and Advisors for disposal of pending work.

DIRECTIVE

The Committee recommended regularization of the Appropriation with the observation that every effort should be made to confine expenditure within the sanctioned amount.

MINISTRY OF WATER AND POWER

1. OVERVIEW

Appropriation Accounts / Audit Reports / Special Study Reports for the year 1992-93 pertaining to the Ministry of Water & Power were taken up for examination by sub-Committee of the PAC on November 6th 2007 under the Convenership of Mr. Riaz Fatyana M.N.A. and by Special Committee-II of the PAC on July 28th, 2010, February 23rd, 2011 & June 10th 2011 under the Convenership of Mr. Zahid Hamid Khan M.N.A. in Committee Room No.2, Parliament House, Islamabad. Decisions taken are summarized below:-

- 1.1 Three (03) grants and twenty-six (26) Paras were reported by AGPR / Audit. One Special Study Report and one (01) Performance Audit Report were presented by Audit.
- 1.2 While discussing Para No.02, the Committee observed that legal opinion should have been sought from the Law Division. The Committee further observed that recommendations of the DAC should be followed as admissible under the Rules.
- 1.3 The Committee, while discussing the Para on WAPDA Bonds observed that the inquiry should have probed whether there was conflict of interest involved in this issue. The Committee further observed that WAPDA's own officers who awarded this contract without the tender were involved.

2. APPROPRIATION ACCOUNTS (CIVIL VOL-I, 1992-93)

- i. **Grant # 134-Current Expenditure M/o Water & Power**
(Excess Rs 0.15%)
- ii. **Grant # 178-Development Expenditure of M/o Water & Power**
- iii. **Grant # 198-Capital outlay on Irrigation & Electricity**

DIRECTIVE

The Committee recommended the above three grants for regularization.

3. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF WATER AND POWER FOR THE AUDIT YEAR 1992-93

3.1 Para # 1-Page-1-5-MR-AR-92-93

Unjustified rejection of the lowest bid loss of Rs 261.522 million

On 6th November, 2010 the Committee observed that severe negligence of concerned official has been established as the recommendations of the DAC regarding reference of the issue to Pakistan Engineering Council and conducting an appropriate inquiry have not been observed. The Committee further recommended that disciplinary action should be taken against General Manager Brig. Iqbal for negligence and callousness under E&D rules. The Committee further directed to hold a fresh DAC and submit a report to the Committee within one week. The Para was deferred.

On 23rd February, 2011 Audit pointed out that PAC Sub-Committee had directed on 6-11-2007 that Pakistan Engineering Council may be contacted for appropriate inquiry. The PAO may like to explain action taken thereof.

The PAO stated that PEC has reported that WAPDA was not at fault, however, Brig. Iqbal was terminated from service on account of negligence under the E&D rules.

DIRECTIVE

The Committee directed the PAO to provide a copy of report of PEC and document of termination from service of the official to Audit. The Committee recommended the Para for settlement subject to verification of record by Audit.

3.2 Para # 2-Page-6-10-MR-AR-92-93

Un-justified expenditure of 17.9 Million

The Committee directed the PAO to convene a fresh DAC and submit a report to the Committee. The Para was deferred.

On 23rd February, 2011 Audit pointed out that no report has been received regarding implementation of the previous directive of PAC. Audit further observed that in contravention of the contract agreement WAPDA withdrew the equipment and deployed it else where as a result of which damages were filed by the contractor against WAPDA and subsequently liquidation damages were paid through a civil suit.

The PAO informed the Committee that the DAC in its last meeting had decided to regularize the expenditure either by crediting it for one project and discrediting from the other or recommend for write off. He further stated that the Para has been referred to the legal section for opinion.

DIRECTIVE

The Committee observed that legal opinion should have been sought from the Law Division. The Committee further observed that recommendations of the DAC should be followed as admissible under the rules.

3.3 **Para # 5.5-1992-93** **Grant of free connection to the consumers**

The Committee deferred the above Para for its next meeting.

On 23rd February, 2011 Audit pointed out that relevant record has not been provided so far. Audit further pointed out that there was no provision of free connections in the PC-I.

The PAO stated that as pointed out by Audit the issue of payment of connection fee by the consumers will be examined with reference to its legal implications and necessary ex-post-fercto amendment would be made in the PC-I.

DIRECTIVE

The Committee observed that if any error had occurred in the PC-I it could have been rectified. The Committee referred the Para back to DAC for reconsideration on the legal aspect. A report has to be submitted to the Committee within two weeks.

(The said report was not received hence it has no to be submitted to the Monitoring and Implementation Committee of the PAC for further action.)

3.4 **Para # 5.6-1992-93** **Repayment of loan**

The Committee deferred the above Para for its next meeting.

On 23rd February, 2011 Audit pointed out that record of the loan as well as of the interest amount has not been provided so far.

The PAO stated that requisite record is available which would be provided to Audit.

DIRECTIVE

The Committee recommended the Para for settlement subject to verification by audit.

3.5 **Para # 5-AR-1992-93** **Advance procurement of material Rs.3.412 million**

The Committee deferred the above Para for its next meeting.

On 23rd February, 2011 Audit pointed out that the record which has been recently provided and checked by Audit is not relevant.

The PAO stated that the required record would be provided to Audit within one week.

DIRECTIVE

The Committee directed the PAO to make sure that the relevant record is provided to Audit within one week. The Committee recommended the Para for settlement subject to verification by Audit.

- 3.6 **Para # 3-Page-11-MR-AR-92-93**
Loss of Rs. 57.05 million due to purchase of defective Transformers

DIRECTIVE

The Committee directed to put up a case to the competent forum for regularization and asked to submit a report within two months.

(The said report was not received hence it has no to be submitted to the Monitoring and Implementation Committee of the PAC for further action.)

- i. **Para # 8-Page-22-23-MR-1992-93**
Undue favour to a contractor: Loss of 2.665 million
- ii. **Para # 20-Page-61-62-MR-1992-93**
Irregular Expenditure on works not covered by PC-I: Rs. 9.589 million

DIRECTIVE

The Committee recommended the above two Paras for settlement.

- 3.7 **Para # 16-Page-54-55-MR-1992-93**
Delay in cancellation of Bank Guarantees-Loss of Rs 0.684 million

DIRECTIVE

The Committee recommended the Para for settlement subject to recovery and verification of record by Audit.

- 3.8 **Para # 28-Page-73-75-MR-1992-93**
Rejection of the lowest bid: extra expenditure of Rs 0.613 million

DIRECTIVE

The Committee recommended the Para for settlement subject to recovery and satisfaction of Audit.

- i. **Para # 26-Page-69-70-MR-1992-93**
Non Accountal of WAPDA property Rs. 0.871 million
- ii. **Para # 27-Page-71-72-MR-1992-93**
Avoidable expenditure on reconstruction of a Boundary Wall Rs.0.654 million
- iii. **Para # 30-Page-78-MR-1992-93**
Mis-appropriation of sale proceed of trees after payment of compensation of Rs.0.523 million.

DIRECTIVE

The Committee recommended the above three Paras for settlement.

- i. **Para # 4-1992-93**
Excess payment due to application of incorrect rates of excavation: Rs.181 million
- ii. **Para # 5-1992-93**
Avoidable expenditure of Rs 3.50 million (approx) on account of delay in evaluation of tenders
- iii. **Para # 6-1992-93**
Avoidable expenditure on un-necessary compaction of embankments: Rs 3.257 million
- iv. **Para # 7-1992-93**
Wrongful award of a contract: extra expenditure of Rs 2.707 million
- v. **Para # 9-1992-93**
Non-replacement of transformers damaged within warranty period: loss of Rs 6.215 million
- vi. **Para # 11-1992-93**
Un-necessary blocking of funds on the procurement of photogrammetric equipment: Rs. 18.984 million
- vii. **Para # 12-1992-93**
Non-recovery of fixed charges, cost of material and security deposit from consumers: loss of Rs 1.252
- viii. **Para # 17-1992-93**
Non-replacement of defective equipment by a firm: loss of Rs 0.904 million

- ix. **Para # 24-1992-93**
Application of wrong tariff: loss of Rs 0.088 million
- x. **Para # 25-1992-93**
Irregular drawl of a cheque amounting to Rs. 1.135 million
- xi. **Para # 29-1992-93**
Deviation from the approved drawing: irregular expenditure of Rs 0.608 million
- xii. **Para # 34-1992-93**
Non-recovery of cost of material valuing Rs 0.096 million from consumers at the time of re-connection
- xiii. **Para # 35-1992-93**
Undue benefit to a consumer: Rs 0.031 million

DIRECTIVE

The Committee directed the PAO to implement the decision taken in the DAC and endorsed its recommendations. The Committee recommended the above thirteen (13) Audit Paras for settlement.

4. PERFORMANCE AUDIT REPORT ON KUWAIT FUND (SECTION II) FOR THE YEAR 1992-93

- i. **Para # 5.5-1992-93**
Grant of free connection to the consumers
- ii. **Para # 5.6-1992-93**
Repayment of loan
- iii. **Para # 5-1992-93**
Advance procurement of material Rs.3.412 million

DIRECTIVE

In a meeting held on November 6th 2007 the Committee deferred the above (03) paras for its next meeting.

(The said report was not received hence it has no to be submitted to the Monitoring and Implementation Committee of the PAC for further action.)

4.1 **Para # 5.5-1992-93**
Grant of free connection to the consumers

In another meeting held on June 10th 2011 audit stated that Kuwait fund village electrification in Balochistan was executed by QESCO Quetta. The management gave free connections to 18.167 consumers at a cost of Rs 54 million. There was not specific provision in the PC-I to give electricity connections free of cost.

Audit stated that it had been discussed in the DAC meeting held on June 4, 2011 that the Planning Commission may be approached by highlighting irregularities for condonation through revision of PC-I..

DIRECTIVE

The Committee directed the PAO to reconsider this issue in the DAC meeting and proceed for clearance through Planning Commission for revision of PC-I. A report has to be submitted to Monitoring and Implementation Committee of the PAC within one month.

- i. **AUDIT COMMENTS (NESPAK)**
- ii. **AUDIT COMMENTS (NTDC)**

DIRECTIVE

The Committee recommended the above two Audit Comments for settlement.

5. AUDIT REPORT ON THE ACCOUNTS OF MINISTRY OF WATER AND POWER (SPECIAL STUDY REPORT ON WAPDA BONDS) FOR THE AUDIT YEAR 1992-93.

5.1 PARA NO. 2.1-SSR- 1992-93
PURCHASE OF ITS OWN BONDS BY WAPDA WORTH Rs. 581.644 MILLION INVOLVING AN EXTRA LIABILITY OF Rs. 2.85 MILLION ON ACCOUNT OF SALE COMMISSION

Audit stated that WAPDA sold bonds for a total amount of Rs.17008.283 million upto fourth Issue. It was observed that the bonds of the value of Rs.581.644 million were purchased by WAPDA itself, as per details given below:-

i)	Water Wing (Shown in Balance Sheet as on 30.06.1992)	Rs.125.000 million
ii)	Co-ordination Wing	Rs.456.644 million
	Total	Rs.581.644 million

Audit further stated that the scheme of floating bond was introduced by WAPDA to generate funds from public. The purchase of its own bonds by WAPDA was, therefore, against the spirit of the scheme. WAPDA had thus overstated its achievement regarding collection of amount from public to the extent mentioned above.

Audit pointed out that WAPDA bonds valuing Rs.284.644 million were purchased by WAPDA formations in First & Third issues from NDFC/Stock Exchange as a normal customer, thus involving an extra liability of Rs.2.846 million (@ 1% of sale price) on account of sale commission payable to banks. This liability could had been avoided had WAPDA formations not purchased its own bonds from banks counter and instead had taken directly from WAPDA Bonds Cell as was done in the purchase of bonds valuing Rs.297.000 million in fourth issue without any involvement of sale commission.

General Manager, WAPDA informed the Committee that there were three wings working in WAPDA i.e. Water Wing, Power Wing and Co-ordination Wing. G.M. Co-ordination Wing had confirmed that at the time of investment of Rs. 150 million in first issue of WAPDA Bonds, the profit rate in case of Government Terms Deposit Receipt (GTDR) was 9% P.A. Whereas approved rate in respect of WAPDA Bonds (first issue) was 13.5% P.A

G.M. Water Wing informed that Rs.100 million relating to miscellaneous Receipts were invested in 1st WAPDA Bonds @13.5% P.A which were lying with NBP at zero mark-up.

G.M. WAPDA explained that Co-ordination Wing and Water Wing who are independent Wings of WAPDA having their own Financial & Administrative controls had purchased WAPDA Bonds valuing Rs.284.644 million from NDFC/ Stock Exchange as a normal customer because WAPDA Bonds were carrying attractive profit rate with GOP guarantee.

GM, WAPDA Power Wing (independent as to financial & administrative matters) stated that in order to generate funds for Power Development Programmes, issued WAPDA Bonds in the open market. In according to the rules & regulations of Wanda Bonds "The Banker to the issue i.e. NDFC will be paid 1% commission of the sale of WAPDA Bonds "containing un-conditional and irrevocable guarantee by the Government of Pakistan.

DIRECTIVE

The Committee directed the GM, WAPDA to ensure that in future Rules be strictly followed. With these remarks the Committee recommended the Para for settlement.

5.2 **PARA NO. 2.3-SSR- 1992-93**
NON CREATION OF REDEMPTION/SINKING FUND

Audit stated that WAPDA floated investment bonds in four series. The maturity period for the first two issues was five years ending by 1992-93 and 1993-94 and that of the third and fourth issues, was ten years ending by 1999-2000 and 2001-2002 respectively. In order to repay the principal amount by the end of the maturity period, WAPDA was required to create a Sinking fund out of its yearly profit by depositing an amount in proportion to the maturity period of bonds, each year. The amount of first issue of bonds had since been paid on its maturity.

Audit further stated that after the repayment of principal amount pertaining to first issue, an amount of Rs.370 million was lying in Sinking Fund as on 31.03.1993. The second issue of bonds was going to mature by 1993-94 by which time an amount of Rs.5631.310 million should had been available in this fund. WAPDA did not transfer the proportionate amount to this Fund.

General Manager, WAPDA informed the Committee that the formation of cash backed Sinking Fund was economical when surplus funds were available. WAPDA was already facing liquidity crunch and WAPDA Bonds were being launched yearly to overcome the prevailing financial crisis, as such requisite funds were not available with WAPDA for the creation of said Sinking funds.

GM, WAPDA further informed that the financial circumstances did not allow the Management to create Sinking Fund. However, redemption of WAPDA Bonds verified by Audit was successfully completed which was a sign of financial excellence of the management.

DIRECTIVE

The Committee directed GM, WAPDA to provide the requisite record i.e. Finance Division's letter to Audit and further directed that it may not happen in

future. With these observations the Committee recommended the Para for settlement.

5.3 **PARA NO. 2.4-SSR 1992-93**

OUTSTANDING BALANCE OF Rs 2006.47 MILLION WITH BANKS/DESIGNATED FINANCIAL INSTITUTIONS ON ACCOUNT OF COUPON MONEY UPTO SEPTEMBER 1991.

Audit stated that the profit / return to the bond holders was to be paid six monthly from the respective branch of the bank/designated financial institutions/from where the bond were issued. For this purpose, WAPDA was to provide in advance the requisite amount to the banks/designated financial institutions for payment of the profit/return to the bond holders by way of encashing the coupons attached with the bond.

Audit further stated that as per instructions to the banks/designated financial institutions, they were to submit a coupon encashment report together with the coupons encashed on the expiry of 60 days in case of bearer bonds and 90 days in case of registered bonds, after the amount for encashment of coupons was credited to them. The balance of the amount not utilized by the banks/designated financial institutions for payment of returns was thereafter to be kept with them on profit earning basis and was to be utilized for payment of any return on the presentation of the coupon till the expiry of their limitation period i.e. five years from the due date of payment of return. The banks/designated financial institutions were also required to provide to WAPDA, a six monthly account, of utilization of the balance amount alongwith the credit of profit accrued thereon.

Audit pointed out that scrutiny of the coupon Payment Accounts revealed that the above instructions were not being followed by most of the banks/designated financial institutions. It was noticed that either accounts of Rs 2006.47 million (out of which Rs 887.8 million pertained to M/s National Development Finance Corporation (N.D.F.C.) / First Credit and Discount

Company (F.C.D.C.) were not sent by the banks / D.F.I's upto September, 1991 or so much amount was lying with them without affording any credit to WAPDA. This amount, representing unpaid coupons (returns) was required to be placed on profit earning basis. By this act, the Authority was deprived of a reasonable earning of Rs 177.14 million in the shape of mark up @ 10 percent per annum (approx).

GM, WAPDA informed the Committee that on completion of redemption of our 1st and 2nd issues, the department recovered unspent balances with interest from its bankers in millions, which was the cost of non-presented coupons. The department was supervising bankers continuously for submission of coupons and bonds paid from our account on monthly basis duly reconciled with debit entries made.

GM, WAPDA further informed that Audit had verified the amounts recovered from the banks in respect of outstanding balances with them, as per commitment two months detailed record FY 1992-93 as to break up of amount recovered is being provided for kind perusal and profit was fully recovered.

The Committee directed GM, WAPDA to provide all the relevant figures / record to Audit and send a report to the Committee in one month.

On February 23rd, 2011 Audit pointed out that the record which had been provided by the Department pertains to the year 2003 and not the year in question.

The PAO stated that complete record of 1992-93 had been provided to audit on the 8th January, 2011 which has been verified by them.

The Committee regretted that these issues should have been settled in the DAC and only the recommendations of the DAC should have been sent to the PAC. The Committee directed the PAO to convene a DAC meeting and get the

relevant record verified by the audit. A report has to be submitted to the Committee within one month.

In another meeting held on June 10th 2011 audit stated that the issue was discussed in the DAC meeting held on June 7th 2011 where GM Finance WAPDA had explained that there were 22 banks with 400 branches handling the issue bonds and distribution of profit through coupon payment and the banks at that time were not computerized. A proper monitoring and management was not in place for first two years.

The PAO explained that the money in question is that money which is paid to every bond holder in the form of dividend and that amount used to be deposited by WAPDA in a current account of banks and no interest is paid by the banks on current accounts

DIRECTIVE

The Committee observed that financial mismanagement has been displayed in this issue was evident. The Committee directed to see that future agreements with the financial organization should protect the interest of the department and Committee directed laidown procedure should be followed in future. the Committee observed that since not much can be done at this point of time hence and the Committee recommended the para for settlement.

5.4 **PARA NO. 2.5-SSR-1992-93** **IRREGULAR APPOINTMENT OF CONSULTANTS**

Audit stated that the Federal Government approved Bankers Equity Limited (BEL) as consultants in February 1987 for designing and monitoring the production and sale of investment certificates. The Bankers Equity Limited designed WAPDA BEARER BONDS and also submitted proposals for completing the assignment. A part payment of Rs.10 lacs on account of consultancy services was made to them. The consultancy services agreement with

Bankers Equity Limited was cancelled by WAPDA in October, 1987 due to the latter's un-satisfactory performance. Thereafter, M/s National Development Finance Corporation (N.D.F.C.) were appointed as consultants for the first issue of WAPDA Bearer Bonds although no agreement was executed with them regarding payment of consultancy fees/remuneration. However, an amount of Rs. 14 million was paid to them as consultancy charges and Rs. 1.905 million as out of pocket expenses, to defray their miscellaneous expenses.

Audit further stated that M/S National Development Finance Corporation (NDFC) was again appointed as consultants for the second issue of WAPDA Bearer Bonds. As in the first issue of WAPDA Bearer Bonds, no attempt was made to appoint the consultants through open competition by giving wide publicity. Even the terms and conditions of the consultancy services were decided through negotiation at a later stage. An amount Rs. 14.00 million was paid as consultancy fees and Rs. 4.991 million as out of pocket expenses. It was subsequently felt by the WADPA that M/s NDFC has earned a handsome profit from WAPDA as an amount of Rs. 1 million was subsequently refunded to WAPDA under the instruction of Ministry of Finance, Government of Pakistan.

Audit pointed out that for the third series of WADPA Bonds, M/s FCDC (Pvt) limited was appointed as consultants. The FCDC was formed by taking three Directors from NDFC and three for WAPDA. WAPDA has thus 50 % equity participation in the share holding of FCDC. The Chairman of NDFC was to work as Chairman FCDC as well. As in the previous two issues competitive rates were not called nor was any formal agreement between the parties specifying the scope of duties and the payment of consultancy fees/remuneration made. An amount of Rs.10.00 million as consultancy fees and Rs. 5.00 million as out of pocket expenses were paid to them.

Audit further pointed out that the appointment of consultants without inviting competitive rates was against the general practice and spirit of economy.

General Manager, WAPDA informed the Committee that as per directive of the PAC to hold an inquiry on this issue, a report had already been provided to the Audit. In this context it was stated that M/s Bankers Equity Ltd. (BEL) on the directions of Ministry of Finance and State Bank of Pakistan conducted the work for the flotation of WAPDA Bonds 1st Issue. After the comparison of consultancy fee of M/s BEL and M/S NDFC, M/s NDFC was appointed as consultant of WAPDA Bonds 1st Issue. The Ministry of Finance asked WAPDA to pay the claim of BEL on account of actual work performed in connection with the flotation. As a result of which after assessing the work done by BEL and in co-ordination with Ministry of Finance, M/s BEL was paid Rs.10 lacs on account of Consultancy services provided by them.

GM, WAPDA further informed that for WAPDA Bonds 2nd Issue, as per minutes of the meeting dated 03-01-1989 chaired by Advisor to the Prime Minister for Finance, Economic Affairs and Planning and Development circulated by Economic Adviser, State Bank of Pakistan that WAPDA would be required to use a Public Sector Financial Institutions(s) for the flotation of the Bonds and M/s NDFC to provide or arrange a bridge financing of Rs.500 million from its own resources and Rs. 1.00 billion from other resources enabling WAPDA to meet its immediate funds requirements. The said bridge financing will be liquidated from the proceeds realized from bond flotation.

G.M, WAPDA, stated that a meeting was held and attended by Ministry of Finance, Ministry of Water & Power, State Sank of Pakistan and WAPDA etc. From the minutes it was inferred that M/s NDFC was appointed as Consultant and was also required to provide bridge financing to WAPDA. M/s NDFC was paid Rs.14 million as Consultancy fee (the same fee paid to them at the time of 1st Issue) against their demand of Rs.25.77 million.

GM, WAPDA further stated that in WAPDA Bonds 3rd Issue, the decisions of the meeting dated 16-12-1989 circulated by State Bank of Pakistan,

M/s FCDC (First Credit and Discount Company) was to arrange purchase and sale of Bonds and Rs. 20 million was paid as service fee to the Company and the worth was Rs. 80062 million and the Company started with Rs. 5 million equity and the profit was disbursed in the form of bonus, right shares and a cash dividend which was received by WAPDA account in proportion to shares.

The Committee directed the PAO to hold an inquiry on the rational for setting up this Company and a full-scale study has to be done at Ministerial level because WAPDA itself is involved in it. The Committee also asked to hold an inquiry on NDFC's transaction as to why the Rules were flouted and why tendering was not done. The Committee asked to submit a report in four weeks.

On February 23rd, 2011 Audit pointed out that the spirit behind the inquiry was to assess the rationale of setting up a company which has not been spelled out in the inquiry report and no record substantiating their claim that rules were not flouted in the appointment of consultant has been provided

The PAO stated that as per finding of the inquiry report no irregularity had been found as the appointment was covered by the directions of Finance Division and the State Bank.

The Committee observed that the inquiry should have probed whether there was conflict of interest involved in this issue. The Committee further observed that WAPDA's own officers who awarded this contract without the tender were involved. The Committee constituted an inter-Ministerial Sub-Committee comprising of a representative of Finance and Audit to be chaired by the Secretary Water and Power. A report has to be submitted to the Committee within one month.

DIRECTIVE

In another meeting held on June 10th 2011 the Committee observed that since this appointment had been given to a government department and not a private organization hence the para is recommended for settlement. The Committee however, observed that in future proper laiddown procedure for such appointments have to be adopted.

5.5 **PARA NO. 2.9-SSR-1992-93**
EXTRA EXPENDITURE OF RS 2.446 MILLION ON THE INSURANCE
COVERAGE OF WAPDA BEARER BONDS FOR AN UN-NECESSARY
PERIOD

Audit stated that in order to save the WAPDA bearer bonds from any risk of misplacement, loss, damage or fraud, it was decided to provide insurance cover. In principle, the insurance should cover the period from the date of delivery from the National Security Printing press (who printed their bonds) to the date when the unsold/ unused bonds were destroyed. Insurance cover was provided during this period (seven months) after the sale period. In case of second issue of WAPDA Bonds, the insurance coverage was obtained even three months beyond the date of destruction of unused/unsold bonds, which was not justified.

Audit further stated that it was also observed that an expenditure of Rs.937,500 was incurred for the insurance coverage of WAPDA registered bonds. Since no risk was involved in respect of registered bonds guaranteed by Government of Pakistan, the expenditure incurred on it was avoidable. Resultantly, WAPDA had incurred an extra expenditure of Rs.2.446 million on the insurance coverage of WAPDA Bonds for an un-necessary period as per detail given below:-

Bonds Value	Sale Period	Insurance Period	Insurance charges for bearer bonds only (Rs.)	Unjustified period of insurance by allowing one month after sale period	Extra charges for unjustified period (Rs.)
1.Rs.3102.343 million (1 st issue)	15.12.1987 to 29.02.1988	15.12.1987 to 15.07.1988 (07 months)	1,142,345	15.12.1987 to 31.03.1998 (3 & half months)	571,172
2. Rs.5631.310 Million (2 nd issue)	27.03.1989 to 20.05.1989	20.03.1989 to 19.09.1989 (6 months)	1,875,000	20.03.1989 to 19.06.1989 (3 months)	937,500
					1,508,672
Expenditure incurred on insurance of registered bonds of the 3RD Issue					937,500
Total					2,446,172

Audit explained that the insurance charges for the first issue of bonds had to be incurred as the destruction procedure of the unsold bonds took a long time to decide. Regarding the second issue of bonds, it was stated that the sale points of bonds were spared all over the country and the insurance coverage was provided till the time reports of unsold bonds were collected and consolidated in the central office.

G.M., WAPDA stated that since Audit had already accepted WAPDA's clarification regarding insurance expenses of 1st Bonds Issue, the expenses incurred for 2nd Bonds Issue may also be considered / justified being the initial experience of WAPDA in the Bonds Issue transaction.

The PAO informed the Committee that the Ministry would like to have a proper study done and the un-necessary expenditure of 2.4 million would be

brought within the scope of that inquiry and it would be established that why this expense was incurred.

The Committee directed G.M., WAPDA to take the officials to task for irregularities pointed out by Audit and submit a report to the Committee within one month.

On February 23rd, 2011 Audit pointed out that no action has been taken on the previous directive of the PAC so far.

The PAO stated that the remaining amount was not recoverable because the concerned officers had either retired or died.

DIRECTIVE

The Committee observed that it needs to be seen dispassionately that if collection process takes three to four months then it was not feasible for the department. The Committee directed to refer the matter to the inter-Ministerial Committee formed earlier for Para # 2.5 and asked to submit a report to the Committee within one month.

5.6 **PARA NO. 2.11-SSR-1992-93**
Avoidable expenditure of Rs 63,750/ for an initial period of six months

The PAO stated that record has been provided to audit.

DIRECTIVE

The Committee recommended the Para for settlement subject to verification by Audit.

i. **PARA NO. 2.2-SSR- 1992-93**
IMPROPER UTILIZATION OF BONDS REALIZATION

- ii. **PARA NO. 2.6-SSR- 1992-93**
UN-AUTHORIZED DEBIT OF RS.5.264 MILLION OUT OF TIME DEPOSIT ACCOUNT NO. 853 FOR SECOND ISSUE OF WAPDA BONDS
- iii. **PARA NO. 2.7-SSR- 1992-93**
AMOUNT RECOVERABLE FROM CONSULTANTS AS SHARE OF WAPDA
- iv. **PARA NO. 2.8-SSR- 1992-93**
DISCREPANCY OF RS.200,000/- IN THE TRANSFER OF BONDS, SALE COLLECTION (2ND ISSUE)
- v. **PARA NO. 2.10-SSR- 1992-93**
PLACING OF HEAVY AMOUNT WITH THE CONSULTANTS WITHOUT ANY CREDIT
- vi. **PARA NO. 2.12-SSR- 1992-93**
UNJUSTIFIED PAYMENT OF RS.0.160 MILLION AS BANK CHARGES

DIRECTIVE

The Committee endorsed the recommendation of the DAC for settlement of the above-mentioned six (06) Audit Paras.

MINISTRY OF WOMEN'S DEVELOPMENT

1. OVERVIEW

Appropriation Accounts for the year 1992-93 pertaining to Ministry of Women Development were taken up for examination by Special Committee-II of the PAC in the meetings held on July 14th, 2010 & November 3rd, 2010 in Committee Room No.2, Parliament House Islamabad. Decisions taken are summarized below:

- 1.1** Three (03) grants were reported by AGPR. Four Performance Audit Reports were presented by Audit
- 1.2** On presentation of the grants, the Special Committee-II recommended regularization of the grants with the observation on grant No.135, that more than 40% of the saving had not been surrendered for which there was no excuse. The Committee directed that in future all savings must be surrendered in time.
- 1.3** While discussing grant No.179, the Committee observed that the Ministry must put in place proper financial management systems to ensure that such lapses do not recur. Requirement of funds should be accurately estimated and budgetary allocations should be properly managed; any savings that accrue must be surrendered in time.
- 1.4** On presentation of Performance Audit Report on the accounts of Establishment of Computer Training Centre for Women the Committee endorsed the recommendations of the DAC for settlement of the Performance Audit Report.
- 1.5** While discussing Performance Audit Report on Para No. 07 (Overall Assessment), the Committee observed that the previous government had made a Law in order to regulate the NGOs and this Law had been drafted after long and detailed exercise on this subject but it was still pending. The Committee directed

the Audit to make a reference to the Ministry of Social Welfare about this and inform the Committee of the fate of that Law.

2. APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 1992-93

i. GRANT NO.135- MINISTRY OF WOMEN DEVELOPMENT.

Saving Rs. 1,932,372/-

AGPR pointed that out of saving of Rs. 4,572,833 an amount of Rs. 2,640,461 had been surrendered, leaving net saving of Rs. 932,372 (9.53%).

The PAO informed the Committee that the saving was due to non-purchase of durable goods, lower telephone and utility bills and non-convening of Conference / Seminar.

DIRECTIVE

The Committee observed that more than 40% of the saving had not been surrendered for which there was no excuse. The Committee recommended regularization of the grant with the direction to the PAO that in future all savings must be surrendered in time.

ii. GRANT NO.179-DEVELOPMENT EXPENDITURE OF MINISTRY OF WOMEN DEVELOPMENT.

Saving Rs. 1,365,515/-

The PAO informed the Committee that the saving took place due to the fact that executing agencies did not complete the formalities required for release of funds against their approved projects.

DIRECTIVE

The Committee recommended regularization of the grant with the direction to the PAO that the Ministry must put in place proper financial management systems to ensure that such lapses do not recur. Requirement of funds should be accurately estimated and budgetary allocations should be properly managed; any savings that accrue must be surrendered in time.

iii. **GRANT NO.180-DEVELOPEMNT EXPENDITURE OF WSPECIAL PROGRAMME FOR WOMEN.**

Saving Rs. 1,338,584/-

The PAO informed the Committee that the saving was due to the fact that executing agencies in the NGOs sectors did not complete the formalities required for release of funds against their approved projects.

DIRECTIVE

The Committee recommended regularization of the grant with the observation that savings should have been surrendered in time.

3. **PERFORMANCE AUDIT REPORT ON THE ACCOUNTS ON SECRETARIAL TRAINING FOR WOMEN, ISLAMABAD MINISTRY OF WOMEN DEVELOPMENT FOR THE YEAR 1992-93**

1. PROJECT PROFILE
2. FINANCING
3. PLANNING
4. IMPLEMENTATION
5. FINDINGS

TIME OVER RUN

COST OVER RUN

MISMANAGEMENT

ACHIEVEMENT OF OBJECTIVES

DEVIATION FROM PC-1

STORE MANAGEMENT

FINANCIAL MISMANAGEMENT

6. OVERALL ASSESSMENT
7. RECOMMENDATIONS

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Performance Audit Report.

**4. PERFORMANCE AUDIT REPORT ON THE ACCOUNTS
WOMEN RURAL LIBRARY PROGRAMME, MINISTRY OF
WOMEN DEVELOPMENT FOR THE YEAR 1992-93**

1. PROGRAMME PROFILE
2. OBJECTIVES
3. FINDINGS
- 3.3 FINANCING
- 3.4 PLANNING
- 3.5 IMPLEMENTATION
- 3.6 LACK OF MONITORING AND EVALUATION
- 3.7 MACHINERY, EQUIPMENT
- 3.8 FINANCIAL MISMANAGEMENT
4. TIME OVERRUN
5. OVER-ALL ASSESSMENT
6. RECOMMENDATIONS

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Performance Audit Report.

**5. PERFORMANCE AUDIT REPORT ON THE ACCOUNTS OF
ESTABLISHMENT OF COMPUTER TRAINING CENTRE
FOR WOMEN, MINISTRY OF WOMEN DEVELOPMENT
FOR THE YEAR 1992-93**

1. PROJECT PROFILE
 2. OVER-ALL ASSESSMENT
 3. FINANCE
 4. FINDINGS
- TIME OVER RUN
ACHIEVEMENT OF OBJECTIVES
CONTRACT MANAGEMENT
COLLECTION OF REVENUE
PLANNING
IMPLEMENTATION
IMPROPER MONITORING SYSTEM
COST OVER RUN
FINANCIAL MISMANAGEMENT
STORE MANAGEMENT
5. RECOMMENDATIONS

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Performance Audit Reports.

6. PERFORMANCE AUDIT REPORT ON THE ACCOUNTS OF MONITORING AND EVALUATION OF WOMEN'S DEVELOPMENT PROGRAMMES, MINISTRY OF WOMEN DEVELOPMENT FOR THE YEAR 1992-93

1. PROJECT PROFILE
2. OBJECTIVES
3. FINANCING
4. PLANNING
5. IMPLEMENTATION
6. FINDINGS
 - 6.1 TIME OVER RUN
 - 6.3 PERSONNEL MIS-MANAGEMENT
 - 6.2 FOLLOW UP ACTION
 - 6.3 STORE MIS-MANAGEMENT
 - 6.4 FINANCIAL MIS-MANAGEMENT
7. RECOMMENDATIONS

DIRECTIVE

The Committee endorsed the recommendations of the DAC for settlement of the above-mentioned Performance Audit Reports.

- i. **PARA No. 6.2**
COST OVER RUN
- ii. **PARA No. 6.3**
ACHIEVEMENT OF OBJECTIVES

The PAO informed the Committee that in accordance with the DAC's decision the requisite record relating to the management information system (for monitoring and evaluation of development programmes) would be provided to Audit.

DIRECTIVE

The Committee directed the PAO to provide relevant record of the above-mentioned two Audit Paras to Audit. The Para was recommended for settlement subject to verification by Audit.

On 3rd November, 2010 the DAC recommended the following Performance Audit Reports for approval by the Special Committee.

PARA No. 6.2 **COST OVER RUN**

DIRECTIVE

The Committee endorsed the recommendations of the DAC on the above-mentioned Performance Audit Reports.

6.1 **PARA No. 6.3** **ACHIEVEMENT OF OBJECTIVES**

Audit stated that no management information system as an aid to monitoring and evaluation of development programmes had been developed so far despite the fact that project started functioning in January, 1989.

The PAO informed the Committee that the Ministry of Women Development had a large number of projects. The PAO stated that before creation of the Ministry many NGO's were involved and then created Tenant Operating Procedure (TOP) and a paper was created for Standard Operation Procedure (SOP) from which a request for a large number of projects were reduced because the projects did not fulfill the requirements and now the Ministry had only 26 projects.

The PAO stated that the Ministry would review / revisit all the 26 projects and submit its recommendations.

The PAO further stated that the National Commission on Status of Women, was looking on all the discriminatory laws and had prepared a list of Laws that had been amended and some were still in process.

The PAO informed the Committee that in accordance with the DAC decision the requisite record relating to the management information system (for monitoring and evaluation of development programmes) would be provided to Audit.

DIRECTIVE

The Committee asked the PAO to send a list of laws which were still in process regarding Women development.

The Committee recommended the para for settlement as the Ministry had systems in place.

6.2 **PARA No. 7** **OVERALL ASSESSMENT**

The PAO informed the Committee that the Monitoring and Evaluation Project carried out monitoring of 892 projects, identified bottlenecks and proposed strategies for improvement.

The PAO further informed that the Ministry of Women Development was now able to review and process projects of important nature.

The Committee directed the PAO to provide relevant record to Audit for verification.

The Committee also directed the PAO to study the entire Performance Audit Report with a view to ensuring that all problem areas identified therein have been addressed. Report in this regard should be sent to Audit, with a copy to the Committee.

On 3rd November, 2010 Audit stated that the project had not achieved its objectives. It was mismanaged and the plans set out in PC-I were not implemented. The project failed to monitor those projects costing to Rs 50 million and above.

The PAO informed the Committee that the Ministry of Women Development had now been able to review projects of important nature. The PAO said that there was no accountability of these NGO's. As far as the Ministry of Women Development was concerned the Ministry was in partnership with a lot of NGO's, but their selection was made in consultation with the District Government. There were 26 crisis centers in the name of Shaheed Benzair Bhatto in which the Ministry was running on public private partnership and the concerned DCO was fully involved in it.

The PAO stated that a grant of 40 million dollar was expected of the Kerry-Lugar Bill coming through an NGO, the Aurat Foundation.

The PAO informed the Committee that in accordance with the DAC's decision the requisite record relating to the monitoring and evaluation of development programmes was available and would now be provided to Audit.

DIRECTIVE

The Committee observed that the previous government had made a law in order to regulate the NGO's because so far these had been registered under different laws i.e. parent statute, trust, volunteer Social Welfare Organization Ordinance, Society Acts, Corporate Society etc. So, there was a law which had been drafted after long detailed exercise but it was still pending.

The Committee directed the Audit to make a reference to the Ministry of Social Welfare about this and inform the Committee of the fate of that law.

The Committee also directed the PAO to provide relevant record to Audit for verification.
