



REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON THE

ACCOUNTS OF THE FEDERATION

FOR THE YEAR

1994-95

NATIONAL ASSEMBLY SECRETARIAT
ISLAMABAD

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

هُوَ الَّذِي خَلَقَ السَّمَوَاتِ وَالْأَرْضَ فِي سِتَّةِ أَيَّامٍ ثُمَّ اسْتَوَىٰ عَلَى الْعَرْشِ
يَعْلَمُ مَا يَلْجُ فِي الْأَرْضِ وَمَا يَخْرُجُ مِنْهَا وَمَا يَنْزِلُ مِنَ السَّمَاءِ وَمَا
يَعْرُجُ فِيهَا وَهُوَ مَعَكُمْ أَيْنَ مَا كُنْتُمْ وَاللَّهُ بِمَا تَعْمَلُونَ بَصِيرٌ ﴿٤﴾

He it is who created the heavens and the earth in Six Days, and is moreover firmly established on the Throne (of Authority). He knows what enters within the earth and what comes forth out of it, what comes down from heaven and what mounts up to it. And He is with you wheresoever ye may be. And Allah sees well all that ye do. (Sureh Al –Hadid)

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EXECUTIVE SUMMARY

It is a fundamental principle of any Parliamentary system that each Federal, Provincial and District Government must be held accountable to the Legislature (by whose authority it governs) and through the Legislature to the taxpayers at large. This process is underlined in Article 171 of the Constitution of the Islamic Republic of Pakistan, whereby 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

2. *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.*

3. *The present Public Accounts Committee, constituted on April 14th, 2008, is the 13th PAC of the National Assembly and it is for the first time that the PAC is headed by the Leader of the Opposition, Ch. Nisar Ali Khan. This Committee inherited a backlog of 12 years' Audit Reports containing more than 24,000 audit paras. To examine this huge backlog a number of Sub/Special Committees were constituted which were given different years for examining the paras and hence the PAC achieved remarkable success, not only by completing consideration of 9 years' Audit Reports, but by effecting recovery of huge amount of public moneys. Total verified recovery upto end June, 2011 is a colossal amount of Rs. 115 billion.*

4. *The PAC constituted three Sub/Special Committees under the Convenership of Ms. Yasmeen Rahman, M.N.A, (Monitoring and Implementation Committee/Sub/Special Committee # I) Mr. Zahid Hamid M.N.A. (Sub/Special Committee # II) & Mr. Riaz Hussain Pirzada M.N.A. (Sub/Special Committee # III).*

5. *Sub/Special Committee–III of the PAC headed by Mr. Riaz Hussain Pirzada, along with Mrs. Asiya Nasir, Mr. Nadeem Afzal Gondal, Mr. Muhammad Pervaiz Malik, Mr. Riaz Fatyana and Mr. Saeed Ahmad Zafar, as Members, examined Audit Reports for the years 1994-95 & 1997-98.*

6. *The Report of the Auditor General of Pakistan for the year 1994-95 was tabled in the House on 22nd May, 1997 and was referred to the PAC for examination which contained 186 Grants and 309 Paras. 56 paras and 02 grants were referred to Monitoring and Implementation Committee which were thoroughly discussed during the three series of meetings and concerned Ministries were directed to take action, in the given time limits, but Ministries could not completed their actions during the period of PAC-III. Cases referred to the M&I Committee were mostly court cases, cases requiring submission of enquiry reports and regularization or paras where recoveries were pending partially.*

7. *During the period, Accounts and Audit Reports of the 48 Ministries, Divisions and Departments were examined and 65 meetings were held.*

8. *The paras presented by the Auditor General were thoroughly examined and the Ministries were directed to hold DACs without fail, before appearing in PAC meeting, produce records wherever it was require, make efforts for recoveries, follow PPRA rules, while making procurements, hold inquiries, fix responsibility and take appropriate actions against those who were responsible. It was also emphasized that cases pending in various courts of law may be followed vigorously and the Attorney-General's assistance may also be resorted to, to finalize such cases.*

Issues

- *The Sub-Committee PAC-III repeatedly showed displeasure over financial indiscipline. In a number of cases, while examining Appropriation Accounts, the Committee came across some general issues, including huge savings and excesses, non surrender of savings in time, which caused financial loss to the exchequer. A few Ministries also showed huge saving which occurred due to late releases of funds by the Ministry of Finance.*

- *It was observed that while, in few Ministries and Divisions, financial rules were totally ignored, some Departments were completely lacking any rules and procedures in that period. Some areas official negligence was also observed and were discouraged by the Committee.*
- *The Committee observed that General Financial Rules (GFRs) were also not observed by the Officers and Officials of some Departments while spending public funds which were placed at their disposal.*
- *In few Ministries it was noticed that the Principal Accounting Officers (PAOs) were usually not equipped for responding to the PAC mainly because of lack of skilled assistance at the basic level.*
- *In most of the Ministries, Divisions, Attached Departments and subordinate offices, it was observed that the PAOs were not vigilant for framing accurate annual budgetary estimates or to monitor the flow of the expenditure through a proper system of internal controls. The incumbent PAOs were directed to strengthen their financial management systems so that saving and excess are avoided.*
- *In most of the Ministries record was not maintained which was given serious attention during the PAC meetings.*
- *Some serious fraud cases came under discussion and the PAOs were directed to dispose them according to the rules laid down.*
- *Cases pending in the court in many Ministries were not followed on regular basis due to which huge amount was wasted on these cases and also major recoveries were not possible to be achieved.*
- *In some Ministries, Divisions, Departments and their subordinate offices, the Committee noticed that the Officers dealing with Accounts were also not trained for such assignments, resulting in weak internal budgetary controls.*
- *The Committee observed that the FIRs of theft cases and cases referred to FIA and NAB, were not being dealt on priority which encourages wrong doers.*
- *Misuse of Government land particularly land owned by Pakistan Railways, Pak Army and Evacuee Trust Property Board etc. were not being managed according to the prescribed rules.*
- *In some Ministries vehicles belonging to foreign funded projects/programmes were found to be misused along with Government owned vehicles, which was taken serious note of by the Committee.*

- *Wrong allotment of Government accommodation, misuse of lands belonging to Welfare Organizations, Government owned rest houses and misuse of other Government property related issues were discussed in detail.*

Recommendations:

- *Every Ministry should hold Departmental Accounts Committee (DAC) on regular basis and at least once a month.*
 - *Financial discipline and rules should strictly be followed by the Ministries, Departments and Divisions and rules should be framed on urgent basis wherever lacking.*
 - *The Principal Accounting Officer should be fully equipped with the complete record before appearing in the Public Accounts Committee.*
 - *The Financial Management System should be strengthened to ensure zero saving and zero excess.*
 - *Fraud and court cases should be given serious and personal attention by the PAOs.*
 - *Officers/officials dealing with Accounts, Budget should be skilled and trained for such assignments to control the budgetary system.*
 - *The Committee also recommended that it was the duty of Federal Ministers, Ministers of State, MNAs and Senators and PAOs that the facilities provided to them are as per their entitlement and ceiling. Violations on this accounts to financial irresponsibility.*
 - *It was also recommended that to enhance the financial condition of the Government exchequer, the cases pending with court for more than three years should be finalized expeditiously.*
 - *The rules laid down in GFRs and PPRA need to be strictly followed by the PAOs in respective Departments and Organizations. It was also observed that the rules framed by the Departments were in conflict with directions given by the Ministry of Finance and Establishment Division.*
9. *In conclusion the Committee is thankful to Mr. Aftab Shahban Mirani, Mr. Bahadur Ahmed Khan Sihar, Mr. Hamid Yar Hiraj, Syed Ghulam Mustafa Shah, and Syed Haider Abbas Rizvi, MNAs who were invited as special invitees and provided their valuable input in the meetings.*

10. *The Auditor General's staff, especially Mr. Tahir Saeed, Deputy Auditor General of Pakistan, Dr. Asif ur Rehman, D.G works, Mrs. Rubina Faisal, D.G Audit, WAPDA and all the concerned D.Gs, the Accountant General staff especially Mr. Sharifullah Khan Wazir, Director General deserve special thanks who worked hard to accomplish this task. The Principal Accounting Officers also deserve thanks for cooperating with the Audit and the Public Accounts Committee to clear the backlog.*

11. *The Committee would like to acknowledge the hard work of the Sub/Special Committee-III of the PAC including Ms. Roomana Gul Kakar, Secretary Committee and staff who coordinated with Ministries, Audit and Members and compiled this report.*

12. *While submitting Report the Committee also congratulates the Honourable Chairman for clearing the pending backlog and recommends that suggestions, directives and recommendations made by the Committee in this Report and the Actionable Points be implemented by respective Ministries, Divisions and Departments in the Federal Government.*

(Mian Riaz Hussain Pirzada)
MNA
Convener
Sub/Special Committee-III

Chaudhry Nisar Ali Khan,
Honorable Chairman PAC,
National Assembly of Pakistan
Islamabad.

EXCESS BUDGET STATEMENT FOR THE YEAR 1994-95

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplemen- tary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
1	2	3	4	5	6	7	8	
01.	Cabinet Division 25-08-2010	i). Grant # 2- Cabinet Division. (OTC)	422,683,000	250,164,000	672,847,000	689,874,650	17,027,650	The Committee settled the grant.
02.	M/o Culture, Sports & Tourism 10-12-2010 16-03-2011	i). Grant # 24- Culture and Sports	18,928,000	1,426,000	20,354,000	21,473,295	1,119,295	The Committee settled the grant.
		ii). Grant # 26- Other Expenditure of Culture and Sports	112,862,000	34,344,000	147,206,000	151,404,195	4,198,195	The Committee settled the grant.
03.	M/o Defence 11,12 &13-10-2010 07-02-2011 10-02-2011 22-02-2011 05-04-2011	i). Grant # 29- Aviation (OTC).	453,813,000	2,500,000	456,313,000	476,840,493	20,527,493	The Committee settled the grant.
		ii). Grant # 33- Federal Government Educational Institutions in Cantonment and Garrisons. (OTC).	361,665,000	-----	361,665,000	397,101,879	35,436,879	The Committee settled the grant.
04.	M/o Education 15--07-2010 15-01-2011	i). Grant #. 36- Education (OTC)	2,092,977,000	95,832,000	2,188,809,000	2,282,530,329	93,721,329	The Committee settled the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplemen- tary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
		i). Grant #. 37- Federal Government Educational Institutions in the Capital and Federal Areas.	424,892,000	218,000	425,110,000	449,052,352	23,942,352	The Committee settled the grant.
05	M/o Environment, Local Government and Rural Development 09-08-2010 08-01-2011 14-03-2011	i). Grant # 60- Zoological Survey Department. (OTC).	3,520,000	-----	3,520,000	4,133,933	613,933	The Committee settled the grant.
06	Economic Affairs Division 24-09-2010	i). Grant # 51- Economic Affairs Division. (OTC).	36,798,000	4,250,000	41,048,000	46,283,934	5,235,934	The Committee settled the grant.
07.	FATA Secretariat 10-08-2010 08-01-2011	i). Grant # 125- Federally Administered Tribal Areas. (OTC).	572,459,000	14,637,000	587,096,000	596,557,098	9,461,098	The Committee settled the grant.
		ii). Grant # 126- Other Expenditure of Federally Administered Tribal Areas. (OTC).	874,054,000	232,242,000	1,106,296,000	1,159,295,976	52,999,976	The Committee settled the grant.
		iii). Grant # 175- Development Expenditure of Federally Administered Tribal Areas. (OTC).	769,000,000	88,000,000	857,000,000	866,812,123	9,812,123	The Committee settled the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
08.	Finance Division 29-10-2010	Grant # 136- Development Expenditure of Finance Division (OTC).	2,072,430,000	30,736,000	2,103,166,000	4,192,525,764	3,422,260,653	The Committee settled the grant.
09.	M/o Foreign Affairs Division 04-01-2011	i). Grant # 65- Foreign Affairs (Pakistan Missions Abroad) (OTC).	1,391,271,000	131,769,000	1,523,040,000	1,622,405,817	99,365,817	The Committee settled the grant.
10.	M/o Health 15-07-2010 15-01-2011	i). Grant # 68- Medical Services (OTC).	756,008,000	141,036,000	897,044,000	919,122,949	22,078,949	The Committee settled the grant.
		ii). Grant # 69- Public Health (OTC).	75,007,000	-----	75,007,000	75,413,387	406,387	The Committee settled the grant.
11	M/O Information & Broadcasting	i). Grant # 81- Ministry of Information and Broadcasting. (OTC).	34,528,000	23,730,000	58,258,000	66,880,216	8,622,216	The Committee settled the grant.
		ii). Grant # 82- Directorate of Publications Newsreels and Documentaries (OTC).	31,675,000	203,000	31,878,000	33,711,238	1,833,238	The Committee settled the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
		iii). Grant # 83- Press Information Department. (OTC).	35,521,000	200,000	35,721,000	53,337,673	17,616,673	The Committee settled the grant.
		iv). Grant # 84- Information Services Abroad. (OTC).	84,876,000	2,050,000	86,926,000	97,464,610	10,538,610	The Committee settled the grant.
		v). Grant # 85- Pakistan National Centre. (OTC).	22,433,000	-----	22,433,000	24,647,662	2,214,662	The Committee settled the grant.
12.	M/o Interior 04-01-2011 16-03-2011	i). Grant # 87- Interior Division (OTC).	34,397,000	10,624,000	45,021,000	45,860,206	839,206	The Committee settled the grant.
		ii). Grant # 88- Islamabad (OTC).	318,313,000	11,425,000	329,738,000	381,517,081	51,779,081	The Committee settled the grant.
		iii). Grant # 89- Passport Organization (OTC).	77,407,000	-----	77,407,000	81,290,118	3,883,118	The Committee settled the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
		iv). Grant # 90- Civil Armed Forces (OTC).	2,052,266,000	131,775,000	2,184,041,000	2,465,116,765	281,075,765	The Committee settled the grant.
		v). Grant # 91- Pakistan Coast Guards (OTC).	100,113,000	439,000	100,552,000	115,127,535	14,575,535	The Committee settled the grant.
		vi). Grant # 93- Registration Organization (OTC).	177,231,000	6,000	177,237,000	216,591,075	39,354,075	The Committee settled the grant.
		vii). Grant # 94- Civil Defence (OTC).	19,009,000	563,000	19,572,000	20,696,003	1,124,003	The Committee settled the grant.
		viii). Grant # 95- Federal Investigation Agency (OTC).	95,516,000	168,001,000	263,517,000	343,564,113	80,047,113	The Committee settled the grant.
		ix). Grant # 124- Frontier Constabulary (OTC).	482,491,000	-----	482,491,000	510,741,148	28,250,148	The Committee settled the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplemen- tary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
		x). Grant # 164- Development Expenditure of Interior Division (OTC).	33,809,000	-----	33,809,000	87,054,299	53,245,299	The Committee settled the grant.
13.	M/o Industries and Production 16-07-2010 08-02-2011	i). Grant # 76- Industries Wing (OTC).	24,995,000	170,537,000	195,532,000	197,520,381	1,988,381,	The Committee settled the grant.
		ii). Grant # 77- Industries (OTC).	50,867,000	-----	50,867,000	53,021,637	2,154,637	The Committee settled the grant.
		iii). Grant # 78- Department of Investment Promotion and Supplies (OTC).	38,854,000	-----	38,854,000	47,171,838	8,317,838	The Committee settled the grant.
		iv). Grant # 80- Production Wing (OTC).	30,069,000	401,000	30,470,000	32,774,101	2,304,101	The Committee settled the grant.
		v). Grant # 138- Capital Outlay on Miscellaneous Stores (OTC).	1,677,000	-----	1,677,000	1,848,673	171,673	The Committee settled the grant.
14.	M/o Kashmir Affairs and Northern Areas 10-12-2010	i). Grant # 131- Northern Areas (OTC).	419,721,000	25,250,000	444,971,000	484,897,814	39,926,814	The Committee settled the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
		ii). Grant # 132- Federal Government Educational Institutions in Northern Areas (OTC).	171,303,000	-----	171,303,000	196,177,221	24,874,221	The Committee settled the grant.
		iii). Grant # 133- Other Expenditure of Kashmir Affairs and Northern Affairs Division (OTC).	2,006,187,000	330,651,000	2,336,838,000	2,374,624,822	37,786,822	The Committee settled the grant.
		iv). Grant # 139 Capital Outlay on Purchases by Kashmir Affairs and Northern Areas Division. (OTC).	80,000,000	84,000,000	164,000,000	164,144,740	144,740	The Committee settled the grant.
15.	M/o Labour, Manpower and Overseas Pakistanis Division. 09-08-2010	Grant # 102 – Other Expenditure of Labour. (OTC).	2,147,926,000	-----	2,147,926,000	2,180,162,566	32,236,566	The Committee settled the grant.
16.	M/o Law, Justice, Human Rights and Parliamentary Affairs 15-07-2010	Grant # 09 – Service Tribunal. (OTC).	8,909,000	2,875,000	11,766,000	12,728,682	962,682	The Committee settled the grant.
17.	M/o Local Government and Rural Development 09-08-2010 08-01-2011 14-03-2011	i). Grant # 104- Ministry of Local Government and Rural Development. (OTC)	30,883,000	-----	30,883,000	75,707,457	44,824,457	The Committee settled the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
		ii). Grant # 168 Development Expenditure of Ministry of Local Government and Rural Development. (OTC)	3,548,681,000	7,390,000	3,556,071,000	3,861,331,573	305,260,573	The Committee settled the grant.
18.	Narcotics Control Division 22-12-2010	Grant # 97- Narcotics Control Division. (OTC).	66,078,000	62,671,000	128,749,000	146,283,402	17,534,402	The Committee settled the grant.
19.	M/o States and Frontier Regions 10-08-2010 16-03-2011	i). Grant # 123 – Frontier Regions (OTC).	468.188,000	288,000	468,476,000	552,300,837	83,824,837	The Committee settled the grant.
		ii). Grant # 128 – Other Expenditure of States and Frontier Regions Division (OTC).	101,151,000	-----	101,151,000	105,966,000	4,815,000	The Committee settled the grant.
20.	M/o Special Education and Social Welfare 30-07-2010	i). Grant # 120 – Special Education (OTC).	69,353,000	-----	69,353,000	84,380,637	15,027,637	The Committee settled the grant.

S.#	Name of Ministry/ Division and Date of Meeting	Grant No. & Name of Grant	Original Grant	Supplemen- tary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
1	2	3	4	5	6	7	8	
		ii). Grant # 174 – Development Expenditure of Special Education (OTC).	44,074,000	-----	44,074,000	46,611,069	2,537,069	The Committee settled the grant.

CABINET DIVISION

1994-95

1. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Cabinet Division were examined by the Sub-Committee PAC-III during two series of meetings held on 25th August, 2010 and on 8th January, 2011. During the 1st round, the Committee issued its directions and subsequent round of meetings were held to ensure the implementation of the PAC directive issued during the 1st round.

1.1 Eleven grants, six paras and three reports were presented by the AGPR and Audit.

1.2 After detailed discussion all grants and three paras were settled.

1.3 The Committee showed displeasure on the poor budgeting mechanism which prevailed in the Ministry during the financial year 1994-95. The Committee directed the present management to strengthen their financial system.

1.4 One Audit Report was settled on the recommendation of the Audit, however the PAO was directed to get verified the record by the Audit.

1.5 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and recommended that record should be verified by the Audit and zero saving and zero excess should be ensured in future.

CABINET DIVISION
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 25th August, 2010 and 8th January, 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Cabinet Division, are summarized as under:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. i) **Grant No 1 - Cabinet Division**
(Total Grant - Rs.20,353,000) (Saving - Rs.5,072,197)
The AGPR pointed out that the grant closed with a saving of Rs.5,072,197 which worked out to 24.92 % of the total grant. An amount of Rs.4,636,000 (22.77%) was surrendered leaving net saving of Rs.436,197 (2.14%).
The PAO explained that saving occurred mainly due to less utilization of funds than anticipated by the Federal Ministers during last two months of the financial year 1994-1995.
- ii) **Grant No 2 - Cabinet Division**
(Total Grant - Rs.672,847,000) (Excess – Rs.17,027,650)
The grant closed with an excess of 17,027,650 which worked out to 2.53% of the total grant. An amount of 6,171,567 (0.91%) was surrendered increasing net excess to Rs 23,199,217 (3.44%). A supplementary grant of Rs.25, 000,000 was sanctioned but not included in supplementary schedule of authorized expenditure.
The PAO explained that saving occurred mainly due to non fulfillment of vacant posts in Pak Missions abroad and economy measures imposed by the Government.
- iii) **Grant No 03 - Inter Provincial Coordination Division**
(Total Grant - Rs.5,204,000) (Saving – Rs.2,396,631)
The AGPR pointed out that the grant closed with a saving of Rs.2,396,631/- which worked out to 46.05% of the total grant. An amount of Rs.2,315,576 (44.49%) was surrendered leaving net saving of Rs.81,055 (1.55%)
The PAO explained that saving occurred due to less expenditure than anticipated due to abolition of some posts.
- iv) **Grant No 5 - Land Reforms**
(Total Grant - Rs.8, 596,000) (Saving - Rs.69, 272)
The AGPR pointed out that the grant closed with a saving of Rs.69,272 which worked out to 0.81 % of the total grant. An amount of Rs.83,000 (0.96 %) was surrendered leaving net excess of Rs.13,728 (0.15%).
The PAO explained that excess was due to payment of arrears of pay.

v) **Grant No 6 - Other Expenditure of Cabinet Division**
(Total Grant - Rs.426,071,000) (Saving Rs.11,845,179)

The AGPR pointed out that the grant closed with a saving of Rs.11,845,179 which worked out to 2.78% of the total grant. An amount of Rs.11,229,100 (2.63%) was surrendered leaving net saving of Rs.616,079 (0.14 %)

The PAO explained that saving was mainly due to ban and economy measures imposed by Government, however, the surrender was in time.

vi) **Grant No 140 - Capital Outlay on Land Reforms**
(Total Grant - Rs.5,899,000) (Saving Rs.4,799,201)

The AGPR pointed out that the grant closed with a saving of Rs.4,799,201/- which worked out to 81.36% of the total grant. An amount of Rs.4,719,200/- (80.00%) was surrendered leaving net saving of Rs.80,001 (1.36%).

The PAO explained that saving was due to the reason that funds were not utilized by CLC Peshawar.

PAC DIRECTIVE

After detailed discussion, the Committee settled the grant and recommended regularization of savings and excess in above mentioned grants it observed that budgeting mechanism evolved at that time in the Ministry seemed to be poor. The Committee, thus, directed the present management to further strengthen their financial systems so that there should be zero saving and excess in future.

2. **Grant No 4- Emergency Relief And Repatriation**
(Total Grant 1,166,155,000) (Saving Rs. 803,201,862)

The AGPR pointed out that the grant closed with a saving of Rs.803,201,862/- which works out to 68.88 % of the total grant. An amount of Rs.507,288,803 (43.50%) was surrendered leaving net saving of Rs.295,913,059 (25.37%).

The PAO stated that originally the amount was provided for the purchase of helicopters of US Origin but later it was decided to purchase helicopters of Russian Origin which were much cheaper. Hence the saving occurred.

PAC DIRECTIVE (25-08-2010)

The Committee directed the PAO and the AGPR to hold fresh DAC on the above-Mentioned four grants **within one month** and submit report of the outcome to PAC.

PAC DIRECTIVE (08-01-2011)

The Committee settled the grant.

3. **Grant No 145- Development Expenditure of Cabinet Division**
(Total Grant 14,838,000) (Saving Rs. 7,000,000)

The AGPR pointed out that the grant closed with a saving of Rs.7,000,000/- which works out to 47.18 % of the total grant.

PAC DIRECTIVE (25-08-2010)

The Committee directed the PAO and the AGPR to hold fresh DAC on the above-mentioned four grants **within one month** and submit report of the outcome to PAC.

The PAO stated that documents are available and will be verified by Audit.

PAC DIRECTIVE (08-01-2011)

The Committee settled the grant after detailed discussion and directed that record should be verified by the AGPR.

4. **Grant No 181 - Capital Outlay on Works of Cabinet Division**
(Total Grant - Rs.496,000,000) (Saving Rs.53,473,000)

The AGPR pointed out that the grant closed with a saving of Rs.803,201,862/- which worked out to 10.78 % of the total grant. An amount of Rs.507,288,803 (43.50%) was surrendered leaving net saving of Rs.295,913,059 (25.37%).

PAC DIRECTIVE (25-08-2010)

The Committee directed the PAO and the AGPR to hold fresh DAC on the above-mentioned four grants **within one month** and submit report of the outcome to PAC.

The PAO stated that documents are available and will be verified by Audit.

PAC DIRECTIVE (08-01-2011)

The Committee settled the grant after detailed discussion and directed that record should be verified by the AGPR.

5. **Grant No 182 - Capital Outlay on new Federal Capital**
(Total Grant - Rs.1,511,583,000) (Saving Rs.181,120,000)

The AGPR pointed out that the grant closed with a saving of Rs.181,120,000/- which worked out to 11.98 % of the total grant.

PAC DIRECTIVE (25-08-2010)

The Committee directed the PAO and the AGPR to hold fresh DAC on the above-mentioned four grants **within one month** and submit report of the outcome to PAC.

The PAO explained that an amount of Rs.181.120 million actually represent JICA's Foreign Aid Component for the project "Rehabilitation Project for improvement of water treatment system, in Islamabad". Foreign Aid is accounted for between respective

Ministry and AGPR. Since the said amount remained un-reconciled between the concerned Ministry and AGPR, it appeared as a saving.

The AGPR agreed with the reply of PAO and requested for documents to be verified by Audit.

PAC DIRECTIVE (08-01-2011)

The Committee settled the grant after detailed discussion and directed that record should be verified by the AGPR.

6. **Grant No 16 - Stationery and Printing**

(Total Grant - Rs.99,959,000) (Saving Rs.16, 416,542)

The AGPR pointed out that the grant closed with a saving of Rs.16,416,542/- which worked out to 16.42 % of the total grant. An amount of Rs.14,729,754 (14.73%) was surrendered leaving net saving of Rs.1,686,788 (1.68%)

The PAO explained that the saving occurred mainly due to the fact that Department of Supplies could not materialize the supply of stocks in May and June.

The AGPR pointed out that the saving needs to be got waived off/condoned from the Finance Division.

PAC DIRECTIVE

The Committee directed the PAO to obtain waiver from Finance Division if not already obtained and provide the same to AGPR for verification **within one month**. However, the saving in the grant was regularized, on the verification of record by the AGPR.

CABINET DIVISION FOR THE YEAR (1994-95)

Prepared by DG (Federal Audit)

7. **Para – 2 (Page-13)-AR-94-95**

NON RECEIPT OF SALE PROCEEDS OF RELIEF GOODS RS.13.74 MILLION

Audit pointed out that Emergency Relief Cell under Cabinet Division in January, 1993, instead of distributing among the flood affectees, handed over the Utility Stores Corporation 550 M.tons of various edible items received from Kuwait as donation. The decision of the Cabinet Division to dispose off the relief goods on commercial basis was unauthorized and irregular. The Relief Cell was required to get refund of the sales proceeds of Rs.13.74 million (approx) calculated at September, 1995, rates of the Utility Stores Corporation from the Corporation but failed to do so despite a lapse of two and a half years.

The PAO replied that the relief goods comprising food items were received from Kuwait and were distributed amongst affected people in Northern Areas, AJK and NWFP (Karak) as per the requirement. Since there was no emergency and no major natural disaster prevailing at that time there was no chance of utilizing the remaining items in the near future. Because of their limited shelf life, it was decided to give surplus items to Utility Stores Corporation for sale. The Utility Stores Corporation sold the bulk of these items for Rs.8,180,105.28 and, after deducting service and incidental charges amounting to Rs.1,152,751.93, remitted Rs.7,027,354/- to Cabinet Division for use on relief operations, the very purpose for which the relief items had been donated.

PAC DIRECTIVE

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

8. **Para – 3 (Page-14)-AR-94-95**

NON-OBTAINING OF AUDIT CERTIFICATE OF RELEASES TO PROVINCE FATA, FANA AND AJK RS.918,942,250/-

Audit pointed out that ERC under Cabinet Division during 1992-93, released Rs.918,942,250/- to the four provinces, FATA, FANA, and AJK for flood relief operations. The Cell was required to obtain audit certificate of utilization for the releases to ensure that funds were spent for the specific purposes, but no audit certificates were obtained from the relief agencies till July, 1994.

The PAO replied that an amount of Rs.918,942,250/- was released during 1992-93 to the four provinces including FATA, FANA and AJK for flood operation:

As per information received from the Department of Auditor General of Pakistan the status of Audit of releases made from Prime Minister's Disaster Relief Fund to Provinces, included

NWFP -Special Audit for 1992-93 to 1995-96 completed,

Sindh The Audit for the period from 1992-93 to 1995-96 was initiated by the D.G. Audit, Sindh. At various places relevant record was not provided to Audit,

AJ&K Audit has been completed for the period 1992-93 and

NAs The accounts are available with the Home Department. The D.G. Audit (FG) has been requested to approach to Auditees for the purpose.

Audit requested the Committee that PAO may be advised to take up the matter with concerned Audit Offices for audit of the funds released and audit reports may be produced to Federal Audit for verification.

PAC DIRECTIVE

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES 1994-95

Prepared by DG (CA&E), Lahore

9. i) **PRINTING CORPORATION OF PAKISTAN (PCP) Working Results**
Para 5, (Page 22-ARPSE-94-95)

Audit pointed out that the Printing Corporation of Pakistan is a Private Limited Company and its shares are wholly owned by the Federal Government. The Corporation is engaged in the printing of Government publication.

On presentation of above-mentioned Audit Para, the Committee was informed that the same has already been discussed by the main PAC in its meeting held on 13-09-2010.

PAC DIRECTIVE (25-08-2010)

The Committee directed the PAO to implement the decision of 13-09-2010 PAC and submit compliance report to the PAC and Audit **within one month.**

ii) **Para – 7 (Page-23)-ARPSE-94-95**

Audit pointed out that the balance of contributory provident Fund amounting to Rs 79.057 million as on June 30, 1995, was not paid to the said Fund Trust within the time period as specified in section 227 of the Companies Ordinance, 1984, which needs justification.

The PAO stated that the profit decreased and operational expenses were on high side due to increase in paper and printing material costs, increase in pay and allowances of staff from time to time, over staffing, increase of rates of utility items and non-availability of work orders. It was decided to privatize the Corporation but there were some obstacles in this process. In some cities there were no proprietorship documents of Corporation land and the second issue was to dis-employee/to provide Golden hand shake to one thousand employees of Corporation for which respect, a summary for the Prime Minister has been moved. PAO further stated that pays are being paid from loan.

PAC DIRECTIVE (08-01-2011)

The Committee clubbed paras 5 and 7 and pended the para till the final decision comes from the Prime Minister Secretariat.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL X-1994-95)

Prepared by DG (CA&E), Karachi

10. **GOVT. STATIONERY, FORMS & PUBLICATIONS DEPATT., IBD.**

On presentation of above-mentioned Audit Report, the Committee was informed by Audit that there is no highlighted para in the Report, therefore, the same is recommended for settlement.

PAC DIRECTIVE

The Committee endorsed Audit's recommendation and settled all the paras as contained in the Audit Report.

**AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-X
FOR THE YEAR (1994-95)**

Prepared DG CA&E Karachi

The report was settled at DAC level and was brought into the knowledge of the PAC.

AUDIT REPORT FEDERAL GOVERNMENT 1994-95

Prepared by DG Works (Federal), Islamabad

11. **CAPITAL DEVELOPMENT AUTHORITY (CDA)
OVERPAYMENT OF ESCLATION-RS.18.761 MILLION
PARA A.I.1, (PAGE 5-ARWF-94-95)**

Audit pointed out that a formation allowed labour escalation to a contractor on higher rates than admissible under the provisions of contract agreement and Govt. Notification on the subject. This resulted in an overpayment of Rs.18.761 million up to 37th running bill.

The PAO replied that M/s Moin Sons, the contractor for construction of Supreme Court Building, Islamabad, were paid escalated amount of Rs. 18.761 million as per contract agreement. A similar Audit Observation (i.e A.I.1 for the year 1996-97), was referred to an IDC by the PAC. The IDC, not only set-aside CDA's clarification, but, also did not attach dissenting note of the CDA with its report, and concluded, one way, to effect recovery from the contractor. In the said note of dissent, it was pointed out that IDC did not look into and address the PAC's concern for not linking the decision of Wage Committee and decision taken by the Dy. Auditor-General in the similar case of Supreme Court Building. Moreover, the linked Para A.I.1 of 196-97 has been recommended for settlement by the DAC in its meeting held 12-04-2010.

The DG Audit informed that the letter of Dy. Auditor-General has been verified by Audit.

PAC DIRECTIVE

After detailed discussion, the Committee settled the para.

CENTRAL BOARD OF REVENUE
1994-95

2. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Central Board of Revenue examined by the Sub-Committee PAC-III during three rounds of meetings were held on 30th November, 2010, 7th March, 2011 and 31st March, 2011. During the 1st round the Committee issued its directions and two other rounds of meetings were held to ensure the implementation of the PAC directive issued during the 1st round.

- 2.1 Five grants were presented by the AGPR and twelve paras were reported by the Audit.
- 2.2 After detailed discussion the Committee settled all the grants and three paras.
- 2.3 Some of the amount was also recovered during the course of action. Proper financial measures were assured for future.
- 2.4 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and directed the PAO to recover the balance amount, pursue the Court cases and in some cases directed the PAO to hold enquiries, fix responsibility and take appropriate action.

CENTRAL BOARD OF REVENUE
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 30TH November, 2010, 7th and 31st March, 2011, regarding Appropriation Accounts and Audit Reports for the years 1994-95 of Central Board of Revenue, are summarized below:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 46 –Revenue Division**
(Total Grant - Rs.128,812,000) (Saving - Rs.56,704,697)

The AGPR pointed out that the grant closed with a saving of Rs.56,704,697/- which worked out to 44.02% of the total grant. An amount of Rs.30,548,000 (23.71%) was surrendered leaving net saving of Rs.26,156,697 (20.30%).

The PAO stated that Revenue Division was abolished in 1995. All matters relating to Revenue Division were transferred to Finance Division. The functions of Revenue Division were restricted due to its abolishment and funds provided for the purpose were not utilized. Hence saving occurred. The PAO requested for one week time to hold inquiry. Finance representative stated that the saving was not surrendered in time and recommended warning to the officer concerned, under intimation to the Audit.

PAC DIRECTIVE (30-11-2010)

The Committee accepted the request of PAO and granted one week time to hold inquiry and report back to PAC-III.

The PAO stated that more than one Department was involved and unfortunately all those Departments have been closed, hence record was not available. He further informed that, part of the record was available that has been submitted to Audit. The PAO requested for the settlement of grant.

PAC DIRECTIVE (07-03-2011)

The Committee directed the PAO to hold inquiry, recover complete record, and submit report to Audit and PAC-III within ten days.

The PAO informed that fresh inquiry has been conducted and inquiry report will be verified by Audit.

PAC DIRECTIVE (31-03-2011)

The Committee settled the grant after detailed discussion and directed that record should be verified by the AGPR.

2. **Grant No 47 – Central Board of Revenue**
(Total Grant - Rs.1,137,345,000) (Saving - Rs.119,396,389)

The AGPR pointed out that the grant closed with a saving of Rs.119,396,389/- which worked out to 10.49% of the total grant.

The PAO stated that saving was under the head 50000-Commodities and Services which explained that an amount of Rs.950 million was sanctioned as supplementary grant for payment of pre-shipment fee to MS.SGS and Cotecna. Full amount could not be utilized due to non receipt of claims and vouchers from the concerned agencies upto 30-06-1995. The saving could not be surrendered in time.

Audit informed that the saving was mainly on account of allotment for M/s SGS Cotecna for pre-inspection of import.

PAC DIRECTIVE

After detailed discussion of the Members, the AGPR and PAO, the Committee settled the grant.

3. **Grant No 48 – Sea Customs**
(Total Grant - Rs.381,724,000) (Saving - Rs.14,538,779)

The AGPR pointed out that the grant closed with a saving of Rs.14,538,779/- which worked out to 3.80% of the total grant. An amount of Rs.4,166,000 (1.91%) was surrendered leaving net saving of Rs.10,372,779 (2.72%).

The PAO stated that saving occurred due to vacant posts and because funds reserved for purchase of vehicles and some items of machinery and equipment could not be utilized due to non completion of codal formalities, due to imposition of economy measures and non receipt of utilities bills.

The AGPR stated, after examining the details, that the saving was only 2.7% which was satisfactorily explained. The AGPR recommended the grant for settlement.

PAC DIRECTIVE

The Committee settled the grant.

4. **Grant No 49 – Land Customs and Central Excise**
(Total Grant - Rs.849,567,000) (Saving - Rs.300,368,427)

The AGPR pointed out that the grant closed with a saving of Rs.300,368,427/- which worked out to 35.35% of the total grant. An amount of Rs.91,017,797 (10.71%) was surrendered leaving net saving of Rs.209,368,360 (24.65%).

The PAO stated that saving could not be surrendered in time because funds were allocated for creation and establishment of new entity of Sales Tax Collect-orates throughout the country which could not be done till the close of financial year.

PAC DIRECTIVE

After detailed discussion, the Committee settled the grant.

5. **Grant No 50 – Taxes on Income and Corporation Tax**
(Total Grant - Rs.1,088637,000) (Saving - Rs.286,264,135)

The AGPR pointed out that the grant closed with a saving of Rs.286,264,135/- which worked out to 26.29% of the total grant. An amount of Rs.256,056,703 (23.52%) was surrendered leaving net saving of Rs.30,207,432 (2.77%).

The PAO informed that after timely surrender of Rs.256,056,703/-, a saving of Rs.30,207,432/- occurred which was 3.63% of the final grant. The saving occurred because certain posts remained vacant. The saving is nominal and may be condoned.

PAC DIRECTIVE

The Committee settled the grant.

AUDIT REPORT FOR THE YEAR 1994-95
(DIRECT TAXES)

6. i) **(Para – 3.4 Page 22-AR-94-95)**
ADDITIONAL TAX UNDER SECTION 87-RS77,832,990

Audit pointed out that Additional tax for default of payment of advance tax was leviable under the provisions of Income Tax Ordinance, 1979. During test check it was noticed that in 280 cases, where mandatory additional tax was either not levied or short levied a revenue loss of Rs.77,832,990 had resulted.

The PAO replied that record could not be recovered due to administrative changes.

ii) **Para – 5.5 Page 71-AR-94-95)**
LOSS OF REVENUE AMOUNTING TO RS44,439,549 DUE TO INCORRECT
SET OFF OF INCOME AGAINST BROUGHT FORWARD LOSSES

Audit pointed out that during test check it was noticed that seven assessies set off entire other income against B/F losses which is incorrect as only Business Income can be set off against B/F losses. This resulted in under assessment of income and consequential loss of Rs.44,439,549.

The PAO requested for one month time for recovery.

iii) **Para – 5.6 Page 71-AR-94-95)**

LOSS OF REVENUE AMOUNTING TO RS 31,446,023 DUE TO NON ADDITION OF INADMISSIBLE EXPENSES

Audit pointed out that income from business and profession is taxable under the provision of Income Tax Ordinance, 1979. The Law specifies inadmissible allowances and deductions in computing the taxable income. Audit observed that during test check in forty one cases expenses, not admissible under the law, were allowed by the department as a deduction from profit for the year which resulted in under assessment of income with consequential tax effect of Rs.31,446,023.

The PAO requested for one month time for recovery.

PAC DIRECTIVE (30-11-2010)

The Committee directed the PAO to hold an inquiry in above mentioned three paras for fixing responsibilities, take action for recovery and submit report within one month.

PAC DIRECTIVE (07-03-2011)

The Committee deferred the above three paras with the directions that PAO should hold inquiry, produce record for all the pending cases and recovery be made. FBR will be called again within fifteen days.

PAC DIRECTIVE (31-03-2011)

The Committee referred the above three paras to the Monitoring and Implementation Committee for further follow up because the Ministry could not complete the task which was directed during the series of PAC-III meetings.

7. i) **Para – 5.7 Page 81-AR-94-95)**

LOSS OF REVENUE AMOUNTING TO RS 29,439,012 DUE TO NON-IMPOSITION OF PENALTY UNDER SECTION 111

Audit pointed out that penalty at the prescribed rate is imposed upon the assessies who conceal their income or furnish inaccurate particulars of income to evade tax.

The PAO explained that action was taken according to the directives of DAC and requested for one month time for verification of record by the Audit.

ii) **Para – 5.8 Page 86-AR-94-95)**

LOSS OF RS.14,814,653 DUE TO INCORRECT COMPUTATION OF INCOME

Audit pointed out that it was noticed during test audit that taxable income was under assessed in 14 cases due to calculation errors and omissions while computing the total income, resulting in short levy of tax of Rs.14,814,653.

The PAO explained that action had been taken according to the directives of DAC and requested for one month time to verify the record.

PAC DIRECTIVE (30-11-2010)

The Committee granted one month time in above mentioned two paras for verification of record from the Audit.

PAC DIRECTIVE (07-03-2011)

The Committee deferred the above three paras with the direction that PAO should hold inquiry, record be produced for all the pending cases and recovery should be made. FBR will be called again within fifteen days.

PAC DIRECTIVE (31-03-2011)

The Committee referred the above two paras to the Monitoring and Implementation Committee for further follow up because the CBR could not complete the action which was directed during the series of PAC-III meetings.

AUDIT REPORT ON THE ACCOUNTS OF FEDERAL BOARD OF REVENUE INDIRECT TAXES FOR THE YEAR (1994-95)

8. **(Para – 3.1(b)-AR Page 19-94-95)**

NON-ASSESSMENT OF FIXED AMOUNT OF SALES TAX RS.11.289

Audit pointed out that Central Board of Revenue vide their notification dated 22nd July, 1992, levied a fixed amount of sales tax equal to two percent of the landed cost of the imported goods, at source, on certain specified items including motor cars and jeeps and telephone sets. The fixed amount of sales tax so leviable was in addition to the standard rate of sales tax leviable on import of such goods.

The PAO informed the Committee the matter has been referred to Custom Wing FBR to resolve the matter soon.

PAC DIRECTIVE

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit within one week.

9. **(Para – 3.6 Page 32-AR-94-95)**

SHORT-ASSESSMENT/REALIZATION OF CUSTOMS DUES DUE TO NON-INCLUSION OF LOADING CHARGES ON IMPORTED VALUE - RS. 1.772 MILLION

Audit pointed out that Law provides that if the value of the imported goods declared by the importer is found less than their normal value, the appropriate officer may require the importer to clear the goods on paying duty on the value determined by him. According to

this provision of law, an appropriate officer of the Customs enhanced the declared value of the four consignments of "Phathalic Anyhydride" (PCT heading 2917.3500) ranging from US\$ 495 to US\$ 520 per metric ton to US\$ 750 per metric ton on in-bond bill of entry. The Deputy Collector Customs (BWH), Dryport, Mughalpura, Lahore failed to include the enhancement in the value of imported goods, causing short-assessment of customs dues amounting to Rs. 1,772,026/- from an industrial unit, during September, 1994. The Government was thus deprived of a revenue of Rs. 1,772,026/-.

The PAO informed that as the efforts were underway to recover the amount of Rs.1.772 million, another business of concerned defaulter was also traced out. PAO requested for one month time to do the needful.

PAC DIRECTIVE (30-11-2010)

The Committee directed the PAO to hold an inquiry, fix responsibility, take action and submit report to PAC within one month.

The PAO informed that inquiry has been carried out and proceedings will be completed within time limits.

PAC DIRECTIVE (07-03-2011)

The Committee deferred the para and granted fifteen days to submit report of inquiry Committee.

PAC DIRECTIVE (31-03-2011)

The Committee referred the para to Monitoring and Implementation Committee for further follow up because the CBR could not complete the task or action which was directed during the series of PAC-III meetings.

10. **(Para – 3.7 Page 33-AR-94-95)**

NON-REALIZATION OF SALES TAX DUE TO INADMISSIBLE EXEMPTION - RS. 0.502 MILLION

Audit pointed out that the Federal Government vide their notification dated 26th June, 1998, exempted from the sales tax on import into Pakistan to chassis fitted with engines for the buses and coaches of seating capacity exceeding forty persons in CBU condition without body falling, under PCT heading 87.06.

The PAO stated that the importers are not traceable but the concerned clearing agents name has been blocked in the computer as defaulter.

PAC DIRECTIVE

After detailed discussion the Committee settled the para.

11. **(Para – 4.3 Page 39-AR-94-95)**
NON REALIZATION OF CENTRAL EXCISE LICENCE FEE/ RENEWAL FEE –
RS.1.503 MILLION

Audit pointed out that in terms of notification dated 7th June 1990, issued under the law, certain excisable services are required to be provided or rendered, obtaining licences on payment of CE licence fee. These licences are also required to be renewed on annual basis. Contrary to above, certain dealers, under the jurisdiction of the Suptd. CE & ST Sargodha, were providing such services without holding/renewal of licence despite the demands issued to them. The omission resulted in non realization of Government revenue of Rs.1.503 million.

The Department stated that amount is irrecoverable as the licenses are not traceable.

The PAO requested for ten days time to probe the issue and submission of report.

PAC DIRECTIVE (30-11-2010)

The Committee directed the PAO to personally look into the matter and submit report within ten days.

The PAO informed that the write off proceeding for Rs.1,492,500 has been initiated accordingly and will be complete shortly.

Audit suggested to the Committee that the present status of compliance of PAC's earlier directive may be obtained.

PAC DIRECTIVE (07-03-2011)

The Committee granted fifteen days to submit report of inquiry Committee to PAC Monitoring and Implementation Committee.

12. **(Para – 7.2.1 to 7.3.1, SSRSCG Page 93 to 117-AR-94-95)**
SUBJECT STUDY REPORT ON SEIZED AND CONFISCATED GOODS

Audit pointed out that on arrival, landing and smuggling contraband goods are seized, confiscated and then disposed of by various agencies under the jurisdiction of Customs Department of Revenue Division (FBR) and Ministry of Interior, Islamabad according to the power vested under the Customs Act, 1969 and allied laws. A subject study was conducted by Audit firstly to see as to how the contraband goods are seized, confiscated, accounted for and released/disposed of, secondly to evaluate the effectiveness of the Department's overall approach to meet its goals through anti smuggling activities and, thirdly to bring out the lacunae in the system and procedure, if any, and to suggest remedial measures to avoid loss of Revenue.

The PAO explained that maximum recovery has been made.

PAC DIRECTIVE

The Committee settled the para.

13. **(Para – 8.3 to 8.6, SSR Page 127 to 173-AR-94-95)**

SUBJECT STUDY REPORT ON SEIZED AND CONFISCATED GOODS

Audit pointed out that Debentures, bank/insurance guarantees and indemnity bonds are instruments to provide relaxation against payment of duties and taxes under the relevant law. Subject study on debentures, bank/ insurance guarantees and indemnity bonds was conducted with a view to examine whether the customs laws and procedures prescribed under various notifications issued from time to time were being followed in letter and spirit and to see whether adequate rules and procedures exist for the security of government dues. Audit also examined the department's overall approach of achieving their goals set for the purpose. Follow up interviews were also conducted with some of the officers of CBR.

The PAO stated that recovery has been made and verification from the Audit is required.

PAC DIRECTIVE (30-11-2010)

The Committee directed the PAO that record should be verified from the Audit within seven days.

The PAO informed that with regard to paras No. 8.3.1(b), 8.3.2 & 8.3.4 matter was still subjudice with the Honourable Islamabad High Court. As regards para N.8.6.2 (a) the position has been verified by Audit in the case of M/s Zulshan Engineering.

Audit informed that an amount of Rs.125,599 million recovered has been verified by Audit. Audit suggested that the Committee may direct the department to expedite the recovery proceeding of Rs.1.268 million.

PAC DIRECTIVE (07-03-2011)

The Committee directed the PAO to pursue the cases in Court vigorously and write to Law and Justice Division for early hearings of those cases which are in pending with court.

PAC DIRECTIVE (31-03-2011)

The Committee referred the para to Monitoring and Implementation Committee because the matter is pending in the court.

14. **Chapter 9 Page 177 to 205-AR-94-95)**
SUBJECT STUDY REPORT ON CENTRAL EXCISE DUTY ON FINANCIAL SERVICES

Audit stated that the study was conducted to reduce deficit budgeting and to generate revenue for state activities. A new area of financial services in the shape of loans/advance rendered by various financial institutions of the country was subject to levy of central excise duty. This area having a high potential in revenue generation was selected for subject study in April, 1995.

The PAO informed that recovery has been made from the Habib Bank. As far as Muslim Commercial Bank was concerned, recovery had not yet been made.

PAC DIRECTIVE (07-03-2011)

The Committee directed that the amount from Muslim Commercial Bank should be recovered, whereas, amount recovered from Habib Bank should be verified by the Audit.

PAC DIRECTIVE (31-03-2011)

The Committee referred the para to Monitoring and Implementation Committee because the CBR could not complete the task or action which was directed during the series of PAC-III meetings.

MINISTRY OF COMMERCE
1994-95

3. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Commerce examined by the Sub-Committee PAC-III during three series of meetings were held on 14th October, 2010, 9th February, 2011 and on 20th April, 2011. During the 1st round the Committee issued its directions and two other rounds of meetings were held to ensure the implementation of the PAC directive issued during the 1st round.

- 3.1 Three grants and five paras were presented by the AGPR and the Audit.
- 3.2 After detailed discussion the Committee settled the grants and three paras. The Audit was directed to verify the records.
- 3.3 Regarding court cases PAC-III directed that court cases should be followed vigorously on priority basis.
- 3.4 Some of the recoveries were also made during the series of PAC-III meetings.
- 3.5 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and recommended that proper rules should be followed, zero saving and zero excess should be ensured in future, court cases should be given serious attention to save Government money and recovery balance of amount should be made.

MINISTRY OF COMMERCE
ACTIONABLE POINTS

Actionable points arising out from discussion of the meetings of Sub-Committee PAC-III held on 14th October, 2010, 9th February, 2011 and 20th April, 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Commerce, are summarized below:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 17 – Ministry of Commerce**
(Total Grant - Rs.840,716,000) (Saving - Rs.22,451,172)

The AGPR pointed out that the grant closed with a saving of Rs.22,451,172/- which worked out to 2.67% of the total grant. An amount of Rs.2,520,000 (0.29%) was surrendered leaving net saving of Rs.19,931,172 (2.37%). A Supplementary grant of Rs.3,221,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that saving and excess occurred due to revision of pay scales, devaluating of Pak. Rupees and less budgetary provision.

PAC DIRECTIVE (14-10-2010)

The Committee settled the grant after detailed discussion of the Members, the AGPR and PAO.

2. **Grant No 18 – Export Promotion**
(Total Grant - Rs.500,047,000) (Saving - Rs.114,057,890)

The AGPR pointed out that the grant closed with a saving of Rs.114,057,890/- which worked out to 22.80% of the total grant. A supplementary grant of Rs.2,500,000 was sanctioned but not included in supplementary schedule of authorized expenditure (Seclude not available).

The PAO explained that saving occurred due to Allowances, TA and DA in transfer case, payments and purchases etc.

PAC DIRECTIVE(14-10-2010)

The Committee settled the grant with the instruction that there should be zero excess and zero saving in future, as directed by the Honorable Chairman PAC.

3. **Grant No 19 – Other Expenditure of Ministry of Commerce**
(Total Grant - Rs.10,491,000) (Saving - Rs.759,520)

The AGPR pointed out that the grant closed with a saving of Rs.759,520/- which worked out to 7.23% of the total grant.

The PAO explained that saving is only 7.23% of the total grant and requested the Committee for settlement of the grant.

PAC DIRECTIVE

The Committee settled the grant.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR (1994-95)

Prepared by DG (CA&E) Lahore

The report was settled at DAC level and was brought into the knowledge of the PAC.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-X)
FOR THE YEAR 1994-95

Prepared by DG (CA&E), Karachi

4. **(Para – 56, Page 49-ARPSE-94-95)**
RICE EXPORT CORPORATION OF PAKISTAN (PVT) LIMITED

Audit pointed out that the stores of Rs.161.033 million as on September 30, 1994 included gunny bags of Rs.136.821 million, held by handling agents out of which confirmations of bags amounting to Rs.94.85 million were received, whereas the remaining bags amounting to Rs.41.971 million remained unconfirmed. Legal action was stated to have been initiated against the handling agents for realization of Rs.13.627 million in respect of bags destroyed by fire and the misappropriated. Thus, there was an outright loss of Rs.13.627 million to the Corporation as the finalization of the court cases take decades of together and it is not necessary that the case will be decreed in favour of R.E.C.P and even if decided favorably, the money will loss its value exceedingly due to inflationary impact. The remaining amount of Rs.28.344 million is doubtful.

PAC DIRECTIVE (14-10-2010)

The Committee directed that court cases should be pursued vigorously. A letter to Attorney General of Pakistan should be written for final decision and report should be submitted to PAC-III within one month.

The PAO stated that case is still pending in Court for final decision.

PAC DIRECTIVE (09-02-2011)

The Committee directed the PAO that a list of all court cases should be sent to the Law and Justice Division with the request that they should pursue the cases vigorously. The progress report of the cases may be submitted to Sub-Committee PAC-III.

The PAO informed that in compliance of PAC directive, list of all ongoing Court Cases has been sent to the Law and Justice Division. The PAO also suggested that there should be Law Division representative to represent the Court Cases in the PAC meetings for their updated progress.

PAC DIRECTIVE (20-04-2011)

The Committee showed displeasure about the delay in Court decisions and huge amounts spent on solving issues and referred the para to Monitoring and Implementation Committee of PAC because the matter was pending in the Court.

5. **(Para – 60, Page 50-ARPSE-94-95)**

RICE EXPORT CORPORATION OF PAKISTAN (PVT) LIMITED

Audit pointed out that Trade deposits, prepayments and other receivables rose from Rs.32.973 million as on September 30, 1993 to Rs.54.871 million as on September 30, 1994. It proved that recovery position was unsatisfactory and no recoveries were affected. The Director finance informed that the balance of Rs.72.20 million is adjustable against the expired bank guarantee obtained by RECP from NBP in favour of sales tax department against payment of 100% margin to bank. Furthermore, despite of best efforts the bank guarantee have not been returned by the sale tax authorities.

PAC DIRECTIVE (14-10-2010)

The Committee directed that matter should be taken up with sales tax authorities through M/o Commerce for the return of bank guarantee. Report should be submitted to the PAC in one month.

The PAO replied that out of the balance amount of Rs.41.57 million, an amount of Rs.14.37 million has been recovered and adjusted, leaving a balance of Rs.27.20 million.

PAC DIRECTIVE (09-02-2011)

The Committee settled the para after the verification of record.

In the light of the PAC directive the case was taken up with FBR, the Director Commercial II of TCP informed that the TCP management has tried at appropriate level to resolve the issue of Bank Guarantees.

PAC DIRECTIVE (20-04-2011)

The Committee granted fifteen days to submit the update position and progress report to the Audit. The Committee referred para to the Monitoring and Implementation Committee.

6. **(Para – 64, Page 52-ARPSE-94-95)**

EXPECTED LOSS OF RS 1.423 MILLION DUE TO NON- RECOVERY OF DESPATCH MONEY FROM FOREIGN BUYERS

Audit pointed out that in Rice Export Corporation of Pakistan an amount of Rs.1.423 million was lying outstanding against the various foreign buyers on account of Despatch Money receivable as on Sept 30, 1992.

The most of the balances pertaining to the years 1979 and 1980 had remained under dispute with the concerned buyers, as such the chances of its recovery are remote and the Corporation may sustain loss on this account.

The PAO stated that he has directed the TCB to either recover the amount or requested the off to (BOD) Board of Directors to write it off in its next meeting.

PAC DIRECTIVE

The Committee settled the para subject to verification of records from Audit.

STATE LIFE INSURANCE CORPORATION OF PAKISTAN

7. **(Para – 77, Page 59-ARPSE-94-95)**

WASTEFUL EXPENDITURE OF RS.2.429 MILLION DUE TO DEMOLITION OF BUILDING AFTER CONSTRUCTION/ RENOVATION

Audit pointed out that State Life Insurance Corporation, awarded civil contract to M/s. Advance Builds System, Lahore for construction of additional two-storey of its Faisalabad building the structure thereof was old styled, another two contracts were awarded to the ail contractor for renovation of the building in December, 1989. The construction/renovation of the building was completed in Mid 1991 and an amount of Rs 2.329 million is incurred thereon. Besides, an amount of Rs 0.100 million was paid to M/s. NESPAK for supervision. Thus, total expenditure on building was worked out to Rs 2.429 million. The idea of construction and renovation of an old building was to shift its Zonal III office from rented building to the newly renovated building. However, in August 1991 it was decided in a meeting of Executive Committee to partly demolish the existing building and to retain the main structure and construct a high-rise commercial building on the ground as Faisalabad being a big industrial, and commercial city of Pakistan. The building was utilized for training centre for one year and then completely demolished. The construction work of high-rise commercial building has not yet started as decided in a meeting of

Executive Committee on Aug 13, 1991. Hence total expenditure of Rs 2.429 million proved to be wasteful, due to ill planning.

The PAO stated that Corporation had decided to build a large multi-storied building on the whole plot. While considering the feasibility of construction of such a building it was observed that the existing old house which was constructed by a Sikh gentleman as his family residence should be demolished as it would not be justified to retain the house at such a prestigious location. It was considered that the land being most prestigious and expensive it should be fully utilized in order to get the best returns on the investment.

PAC DIRECTIVE

The Committee settled the para and directed records should be verified from the Audit.

**AUDIT REPORT VOL-1, FEDERAL GOVERNMENT – (CIVIL)
FOR THE YEAR (1994-95)**

Prepared By DG Audit (Foreign & International) Islamabad

8. **(Para – 1, Page 17-AR-94-95)**

INFRACTUOUS EXPENDITURE ON STORAGE OF HOUSE-HOLD GOODS RS.577,920

Audit pointed out an Officer of the Commercial wing of a Pakistan Mission abroad was transferred to Headquarter in July, 1989. Due to non posting of his substitute official house-hold goods costing Rs.300,000 were placed in a store and Mission expended Rs.277,920 as storage charges during 7/89 to 12/93. Details of house-hold goods lying in store were not available on record. New Officer assumed charge of his post in 1990, and hired a furnished house. The furniture lying in store remained unutilized and its condition deteriorated further. Government suffered a loss of Rs.577,920 in the form of payment of storage and cost of furniture.

The PAO informed that the case is being pursued for its regularization from Finance Division and regularization is in process.

Audit requested the Committee to direct the Ministry to effect recovery or get the expenditure regularized from the competent authority within one month.

PAC DIRECTIVE

The Committee settled the para with the observations that it was bad management and proper rules were not followed. The PAO was directed to personally look into the matter and resolve the issue by effecting recovery or regularize the expenditure as deemed proper.

MINISTRY OF COMMUNICATION
1994-95

4. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Communication were examined by the Sub-Committee PAC-III during three series of meetings held on 25th and 26th November, 2010, 9th March, 2011 and 5th April, 2010. During the 1st round the Committee issued its directions and two other rounds of meetings were held to ensure the implementation of the PAC directive issued during the 1st round.

4.1 Five paras were reported by the Audit.

4.2 After detailed discussion the Committee settled three paras.

4.3 Ministry of Communication could not submit the enquiry reports even after completing three rounds of PAC-III.

4.4 Three paras recommended for settlement were also discussed and finally settled by the Committee.

4.5. The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations in a number of cases.

MINISTRY OF COMMUNICATION
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of Sub-Committee PAC Committee-III held on 25th and 26th November, 2010, 9th March, 2011 and 5th April, 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Communication, are summarized below:-

AUDIT REPORT FOR THE YEAR 1994-95
MINISTRY OF COMMUNICATIONS (NHA)

Prepared by DG (Federal Audit) Islamabad

1. **(Para – A.1.1, Page 31-94-95)**
OVERPAYMENT OF RS. 54.657 MILLION

Audit pointed out that formation of the Authority paid a quantity of 1,271,095 cubic meter for the item of work “Formation of embankment from borrow excavation in common material with all leads” at the revised rate of Rs. 113 per cum instead of Rs. 70/- per cm. This resulted in overpayment of Rs. 54,657,085/- to the contractor in March, 1995. Audit stressed on recovery and fixation of responsibility.

The Chairman NHA informed the Committee that he will inquire the matter, fix responsibility and will recover the amount.

PAC DIRECTIVE (25-11-2010)

The Committee directed the PAO to hold an enquiry, fix responsibility, take action and submit report to the Committee within 20 days.

The PAO informed that inquiry was initiated and he requested for further extension in time limit.

PAC DIRECTIVE (09-03-2011)

The Committee granted twenty five days for recovery of amount.

The PAO informed that recovery process has already been initiated and recovery would be deducted from the contractor in upcoming contact’s payment.

Audit informed that no recovery has been reported so far.

PAC DIRECTIVE (05-04-2011)

The Committee referred the para to Monitoring and Implementation Committee because the Ministry could not complete the task which was directed during the series of PAC-III meetings.

2. **(Para – A.1.2, Page 32-94-95)**

EXCESS PAYMENT OF RS. 3.925 MILLION

Audit pointed out that a formation of the Authority approved and paid excessive rates for the additional items of work by adding extra cost in the Rate Analysis of the items. This resulted in excess payment of Rs. 3,925,284/- to the contractor.

The Department representative stated that para relates to Lahore-Gujranwala Overlay Project awarded to M/s Pavital Engineering. Audit pointed out that excessive rates for the additional items were approved. Para may be settled because the contract for overlay is based on Bill of Quantities. During execution of work the project authority required some additional items to be executed which were not part of the original BOQ.

The rates of these items were analyzed and approved by the competent authority. The payment had been made as per approved rates and as such there is no excess payment as pointed out by audit. The para may, therefore, please be dropped.

PAC DIRECTIVE (25-11-2010)

The Committee regarding inclusion of indirect cost/overhead (15%) and contractor's risk overhead (10%) in addition to 10% contractor's profit. The Departmental representative could not satisfy. Therefore, the Committee directed to resolve the issue at DAC level and report within ten days.

Audit informed the Committee that no DAC meeting could be convened. However, rates of M/s HCL and M/s Pavital were produced to the Audit office. Audit pointed out that inclusion of Contract's risk overhead (10%) was unjustified.

PAC DIRECTIVE (09-03-2011)

The Committee settled the para with the directions that Audit objections should be followed strictly.

3. **(Para – A.1.3, Page 32-94-95)**

LOSS OF RS. 41.43 MILLION

Audit pointed out that a formation of the Authority before the date of opening of tenders of a project asked the participating bidders through Addendum No. I to quote cost of construction of the project on the basis of 30 months and 36 months completion period. The 1st lowest bidder offered the cost of Rs.2,071.44 million for 30 months and Rs. 2,030.01 million for 36 months. The Authority, however, accepted the bid at higher cost of Rs. 2,071.44 million for 30 months (ignoring 2% rebate offered for 36 months completion period judiciously stipulated during the process of calling the tenders) but

failed to manage completion of the work within the stipulated period (30 months) and extended the completion period up to 40 months without any penalty/rebate. Thus the government was put to a deliberate loss of Rs. 41.43 million due to wrong award of work. The Departmental representative stated that original bid price offered by M/s Put Sarajevo was Rs. 2,071.44 million with completion period of 30 months. The contractor offered that a rebate of 2% over bid cost of Rs. 2,072.174 million would be given in case the completion period is extended upto 36 months. In such case bid cost would be Rs. 2,030 million. The case was submitted to NHA Executive Board in its meeting on 27th May 1993. NHA Executive Board gave approval of bid amounting to Rs. 2,071.44 million with completion period of 30 months.

The PAO told that no further payment in this project was made. Member (Finance), NHA will inquire the matter and report to the concerned.

PAC DIRECTIVE

The Committee directed the PAO to examine the matter, fix responsibility and submit report to the Audit and Monitoring and Implementation Committee within month.

4. **(Para – B.I.I, Page 46-94-95)**
NON RECOVERY OF RS. 733.541MILLION

Audit pointed out that a formation of the Authority failed to effect recovery of Mobilization Advance from the contractors according to the provision made in the contract agreements. This resulted in non-recovery of Rs. 733,540,682/-.

The Departmental representative stated that para relates to contract No. IHP (C-12B) awarded to M/s CPECC. The work on this project started in June, 1994. The audit observation is that according to amended clauses 1-29 (4), 5, 6 of the contract document Vol-I, Instruction to Bidders recovery of Mobilization Advance was required to be made monthly, in equal installments without alteration in the value and monthly payment, which is not followed. The audit contention is correct but the total Mobilization Advance has been deducted from IPC # 01 to 19.

Audit stated that no record was produced for record verification.

PAC DIRECTIVE

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

5. **(Para – B.II.1, Page 47-94-95)**
NON RECOVERY OF RS. 27.054 MILLION

Audit pointed out that a formation of the Authority made payments for handling charges of Letters of Credit but did not recover the same from the contractors contrary to clause of the agreement. The amount of non-recovery on this account accumulated from Rs. 485,413 to Rs. 27,054,408 during November 1993 to March 1995.

The PAO stated that as the Letters of Credit had been opened by the National Highway Authority and not by the contractor, National Highway Authority had to pay for it according to the letters of credit. As per Commitment procedures, the payment for opening of LC had to be made by the Employer, because the contractor would bear the banking charges of his own bank where he had maintained the accounts. The Consultants M/s PCI held meeting with OECF and then issued their letter dated 7th October 1996 that the charges would be borne by the National Highway Authority and not by the contractor. The case was referred to Law Division by the Ministry of Communications, who did not give any clear-cut reply rather advised to settle the issue between the parties concerned. Moreover, they had remarked that the payment was to be made by the party who was supposed to make it according to the LC opened with Bank.

The PAO further informed that case also came under discussion during PAC (1993-94) meeting held on 17.02.1993 wherein it was decided that the subject matter should be referred to Ministry of Finance for further guidance. As soon as the final decisions accorded, it would be complied with accordingly.

It was brought to the notice of Committee that the PAC sub committee has already recommended it for settlement subject to verification of record by the audit but record has not still been provided.

PAC DIRECTIVE

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

6. **(Para – A.1.3, Page 32-94-95)**
LOSS OF RS.41.43 MILLION

7. **(Para – B. I.1, Page 46-94-95)**
NON RECOVERY OF RS.733.541 MILLION

8. (Para – B.II.1, Page 47-94-95)
NON RECOVERY OF RS.27.054 MILION

Audit recommended the above mentioned three paras for settlement.

PAC DIRECTIVE

The Committee settled the above mentioned three paras on the recommendations of the Audit.

AUDIT REPORT 1994-95

1. Para No A.1.5 Page No. 34 Overpayment of Rs. 2.925 million
2. Para No. A.V.2 Page No. 42 EXCESS PAYMENT OF RS. 1.223 MILLION
3. Para No .B.I.3 Page No. 47 Non adjustment of advances worth of Rs. 3,639,538
4. Para No C.II.I Page No. 49 Loss of Rs. 11.039 million

Audit recommended the above mentioned four paras for settlement.

PAC DIRECTIVE

The Committee settled the above mentioned four paras on the recommendations of the Audit.

UN-HIGHLIGHTED PARAS (SETTLED AT DAC LEVEL)

1. Para No. A.IV.3 Page No. 40 Overpayment of Rs. 13.674 million
2. Para No A.VIII.I Excess payment of Rs. 3,627,037
3. Para No B.I.2 Page No. 47 Non recovery of Rs. 636 million

The above mentioned paras were settled at DAC level and was brought into the knowledge of the PAC.

MINISTRY OF CULTURE
1994-95

5. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Culture were examined by the Sub-Committee PAC-III during two series of meetings held on 10th December, 2010 and 16th March, 2011. During the 1st round the Committee issued its directions and other round of meeting was held to ensure the implementation of the PAC directive issued during the 1st round.

- 5.1 Four grants were presented by the AGPR and there were no paras in Audit Report of Public Sector Enterprises (1994-95).
- 5.2 After detailed discussion the Committee settled three grants, while one grant was requested to Ministry of Sport that was also settled during the meeting of Ministry of Sport.
- 5.3 The Committee showed displeasure over savings that occurred during the financial year.
- 5.4 The Committee directed that the Financial Management should be improved.
- 5.5 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations in a number of cases.

MINISTRY OF CULTURE
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 10th December, 2010 and 16th March, 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Culture, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-1-1994-95)

1. **Grant No. 24 – Culture And Sports**

(Total Grant Rs.20,354,000) (Excess/Saving - Rs.1,119,295)

The AGPR pointed out that the grant closed with an excess of Rs.1,119,295/- which worked out to 5.49% of the total grant. An amount of Rs.66,000 (0.32% was surrendered increasing net excess to Rs.1,185,295 (5.82%). A supplementary grant of Rs.2,640,000 (11.48%) was sanctioned but was not included in supplementary schedule of authorized expenditure.

The PAO explained that surrender order amounting to Rs.814,000 was issued after prescribed date of 15th May, therefore it was not taken into account, if this account for is consider then saving comes to 2%. He explained that saving was mainly due to less expenditure than originally estimated on pay and allowances, due to ecomey measures imposed by the Finance Division and some of saving was due to expenditure on appointment of cultural attache in Sydney, Australia.

PAC DIRECTIVE

The Committee settled grant with the observation that it was bad financial management and directed the PAO to ensure zero saving and zero excess in future.

2. **Grant No. 25 – Archaeology and Museums**

(Total Grant Rs.112,131,000) (Saving - Rs.111,684,536)

The AGPR pointed out that the grant closed with a saving of Rs.446,464/- which worked out to 0.39% of the total grant. A supplementary grant of Rs.1,387,000 (1.248%) was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that surrender order amounting to Rs.1,789,000 was not taken into account . Hence saving occurred.

PAC DIRECTIVE

The Committee settled the grant.

3. **Grant No. 26 – Other Expenditure of Culture and Sports**
(Total Grant Rs.147,206,000) (Excess/Saving - Rs.4,198,195)

The AGPR pointed out that the grant closed with an excess of Rs.4,198,195/- which worked out to 2.85% of the total grant. An amount of Rs.1,000,000 (0.67% was surrendered increasing net excess to Rs.5,198,195 (3.53%). A supplementary grant of Rs.4,450,000 (2.93%) was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO stated that expenditure occurred due to promotion of Sports activities. He further informed that record was not available with the Ministry of Culture as Sports was established as a independent Ministry.

PAC DIRECTIVE

The Committee deferred the grant to Ministry of Sports.

4. **Grant No. 148 – Development Expenditure of Culture and Sports**
(Total Grant Rs.144,523,000) (Saving - Rs.25,087,300)

The AGPR pointed out that the grant closed with a saving of Rs.25,087,300/- which worked out to 17.36% of the total grant.

The PAO explained that surrender order of Rs.10,687,000 was issued after 15th May, therefore it was not taken into account. PAO further explained that the saving occurred due to non clearance of a bill of Rs.9,056,000 in respect of National Art Gallery, Multan, non receipt of foreign aid equivalent to Pak Rs.4,528,000 in respect of conservation of Moenjodaro and non availability of administrative approval of Archaeological projects having allocation of Rs.2,717,000.

PAC DIRECTIVE

The Committee settled the grant with the observations that it was bad financial management and directed the PAO to ensure zero saving and zero excess in future.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR (1994-95)

Prepared by DG (CA&E) Lahore

The report was settled at DAC level and was brought into the knowledge of the PAC.

MINISTRY OF DEFENCE(PIAC)
1994-95

8. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Defence (PIAC) examined by the Sub-Committee PAC-III during three series of meetings were held on 13th October, 2010, 10th February, 2010 and 5th April, 2011. During the 1st round of meeting the Committee issued its directions and two other rounds of meetings were held to ensure the implementation of the PAC directive issued during the 1st round.

- 8.1. Nine paras were reported by the Audit.
- 8.2. After detailed discussion the Committee settled all the paras and directed the Audit to verify the facts stated by the Corporation.
- 8.3. Issuance of tickets on loan basis on verbal orders of VIPs was discouraged during the meeting.
- 8.4. The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations in a number of cases.

MINISTRY OF DEFENCE (PIAC)
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 13th October, 2010, 10th February and 5th April 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Defence (PIAC), are summarized below:

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-X-A)
FOR THE YEAR 1994-95

Prepared by DG (CA&E), Karachi

PAKISTAN INTERNATIONAL AIRLINES CORPORATION

1. **(Para – 12, Page 21-ARPSE-94-95)**
EXTRA EXPENDITURE OF RS 0.346 MILLION DUE TO UN-ECONOMICAL PURCHASE OF DISPOSABLE TEA/COFFEE CUPS.

Audit pointed out that the stores and purchase department of PIAC issued a press tender for the purchase of Rs.0.960 million disposable plastic tea/coffee cups in February 1993 although the previous supplier M/s Shan Plastics was willing to supply the cups at the previous rate of Rs.0.89 per piece.

In response to the tender eight parties quoted their rates including the previous contractor who quoted Rs.1.01 per cup for fresh supply.

The lowest rate of Rs.0.65 per cup of M/s Kohinoor was not accepted due to poor quality of his sample and the Purchase Manager re-commended purchases from M/s. Shan Plastics @ Rs.1.01 per cup. The purchase committee disapproved the proposal time and again and ordered to purchase from the lowest bidder @ Rs.0.65 per cup on the ground that the cups being disposal after a single use quality of material did not matter, but the purchase order was not issued.

In June 1993 the purchase order was issued to M/s. Kohinoor for the supply of cups which was declined by them on the ground that validity period of two months had passed and they would not accept the quoted rates.

In the meantime stock position being critical the entire lot valuing Rs.0.960 million was purchased from M/s. Shan Plastics @ Rs 1.01 per cup in August 1993.

Audit holds the view that the bargain was prolonged and delayed unnecessarily simply to favour M/s. Shan Plastic by purchasing at higher rate of Rs.1.01 when the same was offered by him @ Rs.0.89 per cup in the first instance. By Not purchasing cups @

Rs.0.65 per cup on one or the other pretext an extra expenditure of Rs.0.346 million was incurred which could have been avoided

The PAO replied that there was no delay in placing the orders on M/s. Kohinoor, since their project, despite being lowest, did not conform to the specifications, even though that they were given too chances to develop their product to match corporate standard. Alternatively, M/s. Shan Plastic being the next lowest in the relative tender were asked to supply the material.

As far as purchase was concerned Audit pointed out that since it was a small purchase the sample was not checked and delay was made intentionally.

PAC DIRECTIVE

The Committee settled that para with displeasure and directed that such practice should be discouraged.

SKYROOMS (PVT) LIMITED

2. i) **(Para – 31, Page 48-ARPSE-94-95)**

Audit pointed out that Skyrooms (Pvt) limited, a wholly owned subsidiary of PIA Holdings (Pvt) Limited, was incorporated as a private limited company on May 20, 1975. Formerly it was a wholly owned subsidiary of Pakistan International Airline Corporation. The company owns and manages “Airport Hotel” at Karachi.

SKYROOMS (PVT) LIMITED

ii) **(Para – 32, Page 49-ARPSE-94-95)**

Audit pointed out that the gross income of the company during the year under review amounted to Rs.42.810 million as against the expenditure of Rs.56.440 million of which Rs.32.849 million pertained to salaries, wages and benefits. This needs to be controlled.

SKYROOMS (PVT) LIMITED

iii) **(Para – 33, Page 49-ARPSE-94-95)**

Audit pointed out that Replacement cost of crockery and cutlery of the hotel increased to Rs.0.662 million during the year under review as against Rs.0.276 million for the previous year indicating the fact that it is being consumed very liberally without exercising any control on its consumption. Excessive breakage and mis-utilization of its same can also not be ruled out.

The PAO explained that skyrooms (Pvt) Ltd. Company is running in profit and at the same time it improved its financial condition, however, increase in Account was related with the purchase of crockery, cutlery and linen/carpet. He further stated that only Rs.10,000 was spent on purchase.

Audit supported the statement of PAO and recommended the para for settlement.

PAC DIRECTIVE

The Committee settled the above-mentioned three paras and directed the PAO that improving trend should be maintained.

SPECIAL AUDIT REPORT ON ISSUANCE OF FREE TICKETS BY PIA (1995-97)

Prepared by: D.G (C.A & E), Karachi

3. i)

Para- 05, Page- 03 (ARPSE-SAR 1995-97)

EXPECTED LOSS OF RS 5.103 MILLION ON ACCOUNT OF NON-RECOVERY OF CREDIT SALES

Audit pointed out that the PIA District Sales Office, Karachi issued 264 air tickets for sector Karachi/Jeddah/Karachi valuing Rs 5.103 million on credit to Ministry of Religious Affairs, Hajj Directorate in April, 1995 under the Prime Minister's Free Hajj Scheme. As per procedure the above credit sales should have been extended under an agreement setting the clear terms and conditions for payment of the cost. The needful was not done at the time of issue of tickets. The amount in question is still outstanding against the Ministry and could not be recovered by PIA for reasons not known to Audit.

PAC DIRECTIVE (1ST ROUND)

Inspite of PAC's repeated instructions to hold fresh DAC and update the record, no action from PIA was taken.

The Committee showed its deep concern for not following the PAC instructions. The Department was directed to hold fresh DAC, submit record to Audit for give justifications regarding payment of extra incentives and investigation the issues pointed out by Audit, on urgent basis.

The PAO replied that under the Prime Minister's Free Hajj Scheme, 262 air tickets for Sector Karachi/Jeddah/Karachi valuing Rs 5.103 million were provided to Ministry of Religious Affairs, Hajj Directorate in April 1995.

Mr. Shahzad Yar Khan Director Hajj Ministry of Religious Affairs and Minorities Affairs requested in writing on different dates in of April, May 1995 the then District Manager Karachi to issue 262 tickets for KHI-JED-KHI and advised that invoices may be sent to Ministry of Religious Affairs.

The Ministry of Religious Affairs has directed the GM PIA Islamabad that the matter may be taken up with with Prime Minister's Secretariat for payment as the scheme of Rahbaran-e- Hujjaj was sponsored by the Prime Minister's Secretariat and not by Ministry of Religious Affairs. Various recovery/follow-up actions, including letters/telexes exchanged between Ministry of Religious Affairs and Finance Manager-KBO and General Manager Reservation, took place without any positive outcome. In view of the above, Marketing and Finance Departments jointly stated that despite all efforts these long outstanding amounts have not been recovered and may be written off. Write off approval was duly provided by the then Chairman CEO on 5th March 2007.

The PAO further stated that the PIAC is going to take up the issue with P.M Secretariat. Audit suggested the Committee to find out the action taken by the department in this respect.

PAC DIRECTIVE (2ND ROUND)

The Committee settled the para because the then Prime Minister is not alive. And directed the PAO to submit a comprehensive summary to the Honourable Prime Minister, P.M, Secretariat to write off and resolve the issue. The Committee directed the PAO that this settlement should not be considered as precedent and in future all tickets should be sold after proper written orders.

ii) **Para- 06, Page- 04 (ARPSE-SAR 1995-97)**

EXPECTED LOSS OF RS 3.024 MILLION DUE TO UN-AUTHORISED CREDIT SALES

Audit pointed out that the PIA Islamabad (Sales Office) issued 109 tickets valuing Rs 2.411 million on credit in favour of workers of a political party on the instructions of Prime Ministers Secretariat for Haj in 1994 as Rehbaran-e-Haj. The amount is still appearing in the debtors list. Another invoice valuing Rs 0.613 million was also raised being the cost of tickets for 43 party workers issued from PIA Rawalpindi Sales office on the same account which is also outstanding.

PAC DIRECTIVE (1ST ROUND)

Inspite of PAC's repeated instructions to hold fresh DAC and update the record, no action was taken by PIA.

The Committee showed its deep concern for not following the PAC instructions. The Department was directed to hold fresh DAC, submit record to Audit for give justifications regarding payment of extra incentives and investigation the issues pointed out by Audit, on urgent basis.

The PAO stated that Ministry of Religious Affairs owned PIA 3.024 million on account of issuance of tickets to Rehbaran - Hajj. Rs 1.909 million was adjusted against 3.024 million leaving a remaining balance of 1.115 million. Ministry of Religion Affairs was requested to arrange for balance amount payable to PIA to the tune of Rs 1.115 million. Out of Total of 3.024 million remaining balance is 1.115 million which is 36.87 % of the total. Various recovery/follow-up actions including letters/telexes have been exchanged between Ministry of Religious Affairs / Finance Manager- RWP/ISB and General Manager Reservation took place without any positive outcome. Proposals for writing off the proposal of Rs 613,180 was initiated by the then District Manager Rawalpindi which could not be processed. However Marketing Management has initiated a new write off minute for the remaining amount of 1.115 million which will be finalized very soon.

Audit insisted to know the action taken by the department.

PAC DIRECTIVE (2ND ROUND)

The Committee settled the para subject to verification by the audit. And directed that such generosity at the Government exchequer should be stopped.

iii) **Para- 08, Page- 08,(ARPSE-SAR 1995-97)**

Excess expenditure of Rs 45.212 million on T.A. (International)

Audit pointed out that a scrutiny of the records pertaining to the grant of TA/DA, specially for foreign travels, revealed that the staff /officers of the PIAC were frequently deputed on overseas duties involving huge expenditure in US dollars. An expenditure equivalent to Pak Rs 112.412 million (Rs 57.185 million + Rs 55.227 million) was incurred on this account during 1994-95 and 1995-96 against the budgetary provision of Rs 67.20 million (Rs 32.362 million + Rs 34.838 million) respectively resulting into excess expenditure of Rs 45.212 million

PAC DIRECTIVE (1ST ROUND)

Inspite of PAC's repeated instructions to hold fresh DAC and update the record, no action was taken, by PIA.

The Committee showed its deep concern for not following the PAC instructions. The Department was directed to hold fresh DAC and where ever Audit has recommended for record submission, few justifications regarding payment of extra incentives, investigation and matter which were under observation of Audit shall be taken very seriously and on urgent basis.

The PAO stated that all foreign OCS were approved by the management as per schedule of financial powers. The accounts for the period under review have already been approved by the Board of Directors. The actual expenses for the TA/DA therefore stand regularized. Increase in expenditure on this account as compared to budgetary provision was mainly due to mandatory operational requirement such as Haj operations, temporary duties at foreign stations V.V.I.P. flights etc and continuous devaluation of Pak Rupee.

Audit stated that the department was asked to furnish a copy of the approval of regularization.

The PAO again stated that the record has been retrieved and will be provided to Audit.

PAC DIRECTIVE (2ND ROUND)

The Committee settled the para and directed that record should be verified by the Audit.

- iv) **Para- 09, Page- 08,(ARPSE-SAR 1995-97)**
NON-SETTLEMENT OF T.A. ADVANCE OF US\$ 152,230 (PAK RS 5.986 MILLION)
AND UNAUTHORIZED T.A. ADVANCE OF US\$ 141,510 (RS 5.565 MILLION)

Audit pointed out that advances amounting to US\$ 152,230 equivalent to Pak Rupees 5.986 million were paid by PIA to various employees of the Marketing, Finance and Administration Departments on temporary postings to foreign stations during 1995-96 and 1996-97. The same are still pending for adjustment/ settlement despite a lapse of considerable period of time. The advances paid to 48 employees were unauthorised.

PAC DIRECTIVE (1ST ROUND)

Inspite of PAC's repeated instructions to hold fresh DAC and update the record, no action was taken, by PIA.

The Committee showed its deep concern for not following the PAC instructions. The Department was directed to hold fresh DAC and where ever Audit has recommended for record submission, few justifications regarding payment of extra incentives, investigation and matter which were under observation of Audit shall be taken very seriously and on urgent basis.

The PAO stated that all the employees have deposited the T.A form duly filled in and approved by the Competent Authority and the issue has been settled. The required record will be provided to audit. PAO apprised the Committee that DAC has recommended this para for settlement.

Audit insisted to provide the record to the Audit.

PAC DIRECTIVE (2ND ROUND)

The Committee settled the para subject to verification and satisfaction of audit.

Audit recommended the above four paras for settlement.

PAC DIRECTIVE (3RD ROUND)

After detailed discussion the Committee settled the above four paras.

**4. Para- 07, Page- 05, (ARPSE-SAR 1995-97)
HEAVY ISSUANCE OF FREE TICKETS DUE TO GENEROUS PASSAGE ENTITLEMENT RULES**

Audit pointed out that a test check of the records of passage entitlement cases of the employees revealed that the Free Passages Facility was availed by a fairly large number of employees to the maximum limit of their entitlement during the year Mar 1996 to Feb 1997 against the prescribed rules.

PAC DIRECTIVE (1ST ROUND)

Inspite of PAC's repeated instructions to hold fresh DAC and update the record, no action was taken, by PIA.

The Committee showed its deep concern for not following the PAC instructions. The Department was directed to hold fresh DAC and where ever Audit has recommended for record submission, few justifications regarding payment of extra incentives, investigation and matter which were under observation of Audit shall be taken very seriously and on urgent basis.

The PAO stated that the policy regarding issuance of free tickets to PIA employees has been revised. PIAC Board of Directors approved revised policy guidelines for issuance of rebated tickets to the employees which has been implemented.

The PAO further stated that employees of PIA are provided with limited free of cost or concessional tickets subject to availability of space on the aircraft. Since the employees and their dependants are accepted for travel at last moments before departure against unutilized/empty seats only, Corporation's revenues are not affected. It may be noted that

the Corporation's product i.e. the seats available on a particular flight are a perishable item in nature, which means that once the flight is closed for check-in before departure, the product (seats) perish in value. Therefore, it makes perfect business sense to utilize these perishable products in form of a benefit to the employees since otherwise, after take off, these unutilized seats lose their value anyway. Besides, this passage entitlement is an attractive benefit that the Corporation has to offer to lure qualified human resource and it is a common prevalent practice in the global airline industry.

Audit suggested that the Corporation should review its Passage Entitlement Rules to restrict the grant of free tickets.

PAC DIRECTIVE (2ND ROUND)

The Committee settled the Para and directed the PAO to re-examine the policy of issuance of free tickets to the employees in the BOG and such policy of showing generosity from the Government Exchequer should be discouraged.

MINISTRY OF DEFENCE(CAA)
1994-95

9. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Defence (CAA) were examined by the Sub-Committee PAC-III during two series of meetings held on 11th October, 2010, and 5th April, 2011. During the 1st round of meeting the Committee issued its directions and two other rounds of meetings were held to ensure the implementation of the PAC directive issued during the 1st round.

9.2 Three paras were reported by the Audit.

9.3 After detailed discussion the Committee settled three paras on the recommendation of audit and directed recovery in two paras.

9.4 The Committee also settled two paras which were recommended for settlement by the Audit after long deliberations.

9.1 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations in a number of cases.

MINISTRY OF DEFENCE (CAA)
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of Sub-Committee PAC-III held on 11th October, 2010 and 5th April 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Defence, (CAA) are Summarized below:-

(CIVIL AVIATION AUTHORITY)
AUDIT REPORT FOR THE YEAR (1994-95)
Prepared by DG Audit Works (Federal) Islamabad

1. i) **(Para – B 1.1, Page 57-ARFG-94-95)**
NON RECOVERY OF RENT AND OTHER DUES RS.24.294 MILLION

Audit pointed out that in a formation, material was purchased for a work, whereas, the execution of work was the responsibility of the contractor. This resulted into a bogus payment of Rs.135,050/-.

The PAO replied that the 2-3 session for arbitrations decision/conclusion were expected 29-10-2010.

ii) **(Para – B 1.2, Page 56-ARFG-94-95)**
NON RECOVERY OF REVENUE RS.279.240 MILLION

Audit pointed out that a formation did not recover rent and other dues from various agencies. This resulted in non-recovery of Rs.24.294 Million.

The representative from M/o Defence informed the Committee that in the case of PIAC, Secretary, Defence, is arbitrator. So far 2 to 3 arbitration sessions have been held. Next date will be 29-10-2010 and hopefully, in this session, fate of the matter will be determined.

PAC DIRECTIVE (1ST ROUND)

The Committee expressed its concern over long outstanding dispute between CAA and PIAC and directed that Secretary Defence may be conveyed, on behalf of Sub-Committee PAC-III for early finalization of the issue as well as submission of compliance report to the PAC and Audit within one month. And recovery be effected within one month. The Paras will be considered as settled subject to verification by Audit. Para B 1.1 & B 1.2 were clubbed.

The PAO informed that recovery is under process, outstanding payment will be recovered.

PAC DIRECTIVE (2ND ROUND)

The Committee clubbed the above two paras and directed that the amount should be recovered within ten days and referred the Paras to Monitoring and Implementation Committee for further follow up because the Ministry could not complete the task or action which was directed during the series of PAC-III meetings.

2. **(Para – D 1.1, Page 59-ARFG-94-95)**
IRREGULAR EXPENDITURE OF RS.134.567 MILLION

Audit pointed out that a formation purchased glass Fiber reinforced polyester Airport counters at very high rates without inviting tenders and thus incurred expenditure of Rs.134.567 million irregularly.

The DG Audit pointed out that record regarding writing off the amount by CAA Board has been verified, therefore, the para may be settled.

PAC DIRECTIVE

The Committee endorsed Audit's suggestion and settled the para.

3. **Para-A.1.1, Page-56 (AR-1994-95)**
BOGUS PAYMENT OF RS. 0.135 MILLION
4. **Para-C.I.1, Page- 59(AR-1994-95)**
LOSS OF RS. 0.480 MILLION
5. **PARA NO. B.1.4 PAGE-58**
NON-RECOVERY OF RENT AND OTHER DUES ETC RS. 1.585 MILLION
6. **PARA NO. B.1.5 PAGE-58**
NON-RECOVERY OF RENT ELECTRIC/WATER CHARGES RS. 0.295 MILLION

Audit recommended the above mentioned four paras for settlement.

PAC DIRECTIVE

The Committee settled the above mentioned two paras on the recommendation of the Audit.

UN-HIGHLIGHTED PARAS (SETTLED AT DAC LEVEL)

1. Para No. B.1.3 Page-57 Non-recovery of Rent and Other Dues etc Rs.2.892 Million
2. Para No. B.1.4 Page-58 Non-recovery of Rent and Other Dues etc Rs. 1.585 Million
3. Para No. B.1.5 Page-58 Non-recovery of Rent Electric/Water Charges Rs.0.295 Million
4. Para No. B.1.3 Page-57 Non-recovery of Rent and Other Dues etc Rs. 2.892 Million

The above mentioned four paras were settled at DAC level and was brought into the knowledge of the PAC.

ECONOMIC AFFAIRS DIVISION
1994-95

10. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Economic Affairs Division were examined by the Sub-Committee PAC-III on 24th September, 2010.

- 10.1 Four grants were presented by the AGPR.
- 10.2 After detailed discussion all grants were settled and recommended for regularization.
- 10.3 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations that financial system should be strengthened and in future proper rules should be followed in future.

ECONOMIC AFFAIRS DIVISION
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of PAC Special Committee-III held on 24th September, 2010, regarding Appropriation Accounts for the year 1994-95 of Economic Affairs Division, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I) (994-95)

1. i) **Grant No 51 – Economic Affairs Division**
(Total Grant - Rs.41, 048,000) (Excess - Rs.5, 235,934)

The AGPR pointed out that the grant closed with an excess of Rs.5,235,934/- which worked out to 12.75% of the total grant. An amount of Rs.231,000 (0.56%) was surrendered increasing net excess to Rs.5,466,934 (0.23%).

The PAO explained that excess occurred mainly due to wrong booking of an expenditure of Rs.5,370,200 actually relating to Grant No.172 of Ministry of Science & Technology under this grant.

- ii) **Grant No 52- Technical Assistance Schemes**
Charged
{Total Appropriation Rs.143, 900,000} (Saving of Rs.60, 000,000)

The AGPR pointed out that the appropriation closed with a saving of Rs.60,000,000 which worked out to 41.69 percent of the total appropriation.

The PAO explained that the saving occurred due to the fact that US AID Mission closed its office and refunded the unspent amount of Rs.60,000,000 to Government on 18-05-1995 i.e after prescribed surrender date. However, unspent balance was deposited into Government Account on 04-06-1995.

- Other than Charged**
(Total Grant Rs.258, 748,000) (Saving of Rs.3, 975,490)

The AGPR pointed that the grant closed with a saving of Rs.3,975,490 which worked out to 1.53% of the total grant. An amount of Rs.1,539,000 (0.59%) was surrendered leaving net saving of Rs.2,436,490 (0.94%).

The PAO explained that an amount of Rs.2,240,000 for the year 1994-95 was booked in the accounts for 1995-96 by the AGPR because a sealed payment authority issued by AGPR before 30-06-1995 could not be realized by the State Bank of Pakistan before 30-06-1995. In fact, this expenditure was booked in the financial year 1995-96. The net

saving of Rs.196,490 which is 0.07% of the total grant, resulted due to foreign exchange rate fluctuation.

iii) **Grant No 154 - Development Expenditure of Economic Affairs**
(Total Grant Rs.90, 500,000) (Saving of Rs.1, 175,000)

The AGPR pointed out that the grant closed with a saving of Rs.1,175,000/- which worked out to 1.29% of the total grant. The entire saving was surrendered.

The PAO explained that entire saving was surrendered in time.

iv) **Grant No 188 - External Development Loans and Advance by the Federal Government**
(Charged)
(Total Appropriation - Rs.8,314,244,000) (Saving - Rs.2,916,325,085)

The AGPR pointed out that the appropriation closed with a saving of Rs.2,916,325,085/- which worked out to 35.07% of the total appropriation.

The PAO explained that the demand was of uncertain nature and EAD was not directly in a position for surrenders. The EAD made surrenders only on the advise of executing agencies concerned. During the financial year 1994-95, less imbursements and disbursements of various foreign loans were made than the expected figures.

(Other than Charged)
(Total Grant - Rs.41,936,100,000) (Saving - Rs.23,399,088,844)

The AGPR pointed that the grant closed with a saving of Rs. 23,399,088,844 which worked out to 55.79% of the total grant. An amount of Rs.2,289,500,000 (5.45%) was surrendered leaving net saving of Rs.21,109,588,844 (50.33%).

The PAO explained that saving occurred mainly due to less receipt of aid.

Servicing of Foreign Debt
(Saving - Rs.1,453,587,438)

The AGPR pointed out that the appropriation closed with a saving of Rs.1,453,587,438/- which worked out to 6.37% of the total appropriation.

The PAO explained that the expenditure amounting to Rs.1,945,086,469 pertaining to the year 1994-95 was booked in 1996-97. However, saving and excess occurred because the payment of different fees and charges were immediately on execution of loan agreement and interest payment occurred on completion of six months after disbursement made by DFIs/Banks during second half of the financial year but even then the requirement could not be met and expenditure exceeded to the tune of Rs.91,499,031. Beside, Payment of

interest on foreign loans in multicurrency against SDR Loans also involved increase of expenditure due to fluctuation of exchange rate.

Foreign Loans Repayment

(Saving - Rs.1,921,258,844)

The AGPR pointed out that the appropriation closed with a saving of Rs.1,921,258,844/- which worked out to 5.67.% of the total appropriation.

The PAO explained that an expenditure of Rs.3,349,728,611 pertaining to the year 1994-95 was booked in 1996-97. However, saving/excess occurred due to following reasons:

- i) In the case of France, Exim Bank Japan Norway and Australia first payment of a few foreign loans fell due at the end of Financial Year for which no budget provision was made by the EAD as amortization schedules were not available.
- ii) payment of interest on foreign loans in multicurrency against SDR Loans also involved increase of expenditure due to fluctuation of exchange rate
- iii) and in case of Russia with-held repayment for want of settlement of Rupee-Rouble parity issue was released during 1994-95.

Re-Payment of Short Term Foreign Credits

(Total Appropriation Rs.24,390,322,000) (Saving of Rs.182,266,564)

The AGPR pointed out that the appropriation closed with a saving of Rs.182,266,564/- which worked out to 0.75% of the total appropriation. A sum of Rs.182,267,000 (0.75%) was surrendered resulting into net excess of Rs.436.

The PAO made no comments.

PAC DIRECTIVE

The Committee settled the above mentioned grants and recommended regularization of savings and excesses and appropriation but, observed that budgeting mechanism evolved at that time in the Ministry seemed to be poor. The Committee, thus, directed the present management to further strengthen their financial systems so as to avoid recurrence of such practices in future.

MINISTRY OF EDUCATION
1994-95

11. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95, pertaining to the Ministry of Education were examined by the Sub-Committee PAC-III during two series of meetings held 15th July, 2010 and 5th January, 2011. During the 1st round of meeting the Committee issued its directions and another round of meeting was held to ensure the implementation of the PAC directive issued during the 1st round.

11.1 Four grants were presented by the AGPR and six paras were reported by the Audit.

11.2 After detailed discussion the Committee settled the grants and were recommended for regularization and four paras were settled by the Committee.

11.3 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations in a number of cases.

MINISTRY OF EDUCATION
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of Sub-Committee PAC-III held on 15th July, 2010 and 15th January, 2011, regarding Appropriation Accounts and Audit Reports for the years 1994-95 of Ministry of Education, are summarized below:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. i) **Grant No 35 - Ministry of Education**
(Saving - Rs.759,247)

The AGPR pointed out that the grant closed with a saving of Rs.759,247/- which worked out to 0.62% of the total grant. An amount of Rs.181,000 (0.15%) was surrendered leaving net saving of Rs.578,247 (0.47%).

The PAO explained that saving occurred mainly due to economy measures taken under the directive of Finance Division.

ii) **Grant No 36 - Education**
(Excess - Rs.93,721,329)

The AGPR pointed out that the grant closed with an excess of Rs.93,721,329/- which worked out to 4.28% of the total grant. A supplementary grant of Rs.93,220,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO explained that there was saving in the grant instead of excess as pointed out by the AGPR. The saving occurred due to ban on purchase of durable goods and TA/DA by the Finance Division.

iii) **Grant No 37 - Federal Government Educational Institutions in the Capital and Federal Areas**
(Excess - Rs.23,942,352)

The AGPR pointed out that the grant closed with an excess of Rs.23,942,352/- which worked out to 5.63% of the total grant. A supplementary grant of Rs.23,670,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO informed that excess occurred mainly due to revision of pay scales.

PAC DIRECTIVE

After detailed discussion by the Members, the AGPR and PAO, the Committee settled the above mentioned grants and recommended regularization of savings and excess.

However, the Committee observed that budgeting mechanism evolved at that time in the Ministry and its sub-ordinate/attached Departments seemed to be very poor. The Committee, thus, directed the present management to further strengthen their financial systems so that there should be zero saving and excess in future, as is the direction of Chairman PAC as well.

2. **Grant No -152 Development Expenditure of Ministry of Education**
(Saving of Rs.53,072,444)

The AGPR pointed out that the grant closed with a saving of Rs.53,072,444/- which worked out to 6.53% of the total grant. An amount of Rs.3,444,000 (0.42%) was surrendered leaving net saving of Rs.49,628,444(6.10%) in a sanctioned supplementary grant of Rs.2500,000 but not included supplementary schedule of authorized expenditure.

The PAO explained that there was excess expenditure in the grant instead of saving as pointed out by the AGPR. The excess occurred due to obligatory payment to scholars who were studying abroad. He, however, disclosed that the amount of re-appropriation needs re-verification.

PAC DIRECTIVE

After detailed discussion the Committee settled the grant and directed the PAO to get all the stated facts verified from AGPR within one month.

AUDIT REPORT FEDERAL GOVERNMENT (CIVIL)
(VOL-I) (1994-95)

Prepared by DG Audit (F&I) Islamabad

3. i) **(Para – 8, Page 22-ARF&I-94-95)**
IRREGULAR ACQUIRING OF EMPLOYMENT BY URDU SCHOLAR WITH LOCAL UNIVERSITY AND EARNING OF EXTRA FINANCIAL BENEFIT OF DH 263,266/- (RS.849,916/-)

Audit pointed out that in a mission abroad a Pakistani Urdu Scholar appointed against the Quaid-e-Azam Chair at Morocco University, Rabat, besides availing full facilities as per terms and conditions of her appointment, made a parallel contract with certain institutions and received Dh 263,266 in lieu of services rendered during her stay there in violation of contract. The irregularity was pointed out in June, 1994 for taking appropriate action but no action has been taken so far. An immediate action is required to effect recovery of Dh 263,266 from the officer concerned.

The PAO replied that Dr. Shafiqua Mutiul Haq, former Deputy Educational Adviser, Ministry of Education, was appointed as scholar against Quaid-i-Azam Chair in Urdu and

Pakistan Studies at Rabat University, Morocco, for a period of three years. Her tenure was extended for two more years. Pakistan Embassy informed Ministry of Education that Dr. Shafiqua signed a parallel employment contract with Casablanca University. The Ministry, on advice of Law & Justice Division, referred her case to FIA for investigation and recovery of DH 2634,266/-. The Ministry of Education referred the case to the Establishment Division, Law & Justice Division for early settlement of the case as well. In this regard, a letter on August 25, 2004 was written to Dr. Shafiqua Mutiul Haq with the request to refund Rs.849,916/- (equal of DH 263,266/-) failing which legal action, as per rules and regulations, would be taken against her but no response from her was received so far. He also informed that Dr. Shafiqua Mutiul Haq has been retired from Government service in 1991 and her whereabouts were not traceable either in the Ministry or the AGPR.

PAC DIRECTIVE (15-07-2010)

The Committee directed the PAO to hold a detailed enquiry, find out the person(s) who were providing shelter to the lady officer and report to Audit within one month. The Committee pended the para.

ii) **(Para – 9, Page 22-ARF&I-94-95)**

LOSS OF DH 47,355 (RS. 152,957) ON ACCOUNT OF UN-NECESSARY RETENTION OF RESIDENCE

Audit pointed out that in a mission abroad, an amount of Dh 47,355/- was paid on account of rent of residence which was un-necessarily retained for a period of one year after transfer of the officer for which it was specially hired.

The PAO replied that Ministry of Foreign Affairs informed the Ministry of Education that a flat hired for Dr. Shafiqua Mutiul Haq was not de-hired by the Embassy of Pakistan, Rabat Morocco after completion of her tenure. Ministry of Education requested many times to Ministry of Foreign Affairs to investigate how the said flat was not de-hired. In reply to an Office Memorandum and subsequent reminders Ministry of Foreign Affairs forwarded a letter of the Embassy of Pakistan, Rabat, in which it was clearly mentioned that the Embassy had retained the flat on verbal instructions of the then Education Secretary. Ministry of Foreign Affairs, was therefore, asked to settle the audit para at their end.

PAC DIRECTIVE (15-07-2010)

The Committee directed the PAO to personally take up the issue with the Secretary Ministry of Foreign Affairs requesting him to hold an inquiry in order to find out person(s) involved/benefited for retaining the accommodation and submit report to Audit/PAC in one month time.

Audit was of view that only in case of consultancy contract any Government officer and official is bound, otherwise a Government servant can teach/deliver knowledge to any person.

PAC DIRECTIVE (15-01-2011)

The Committee clubbed the above two paras and directed the PAO to personally look into the matter, re-examine the issue keeping in view that the concerned an educated old lady. PAC therefore asked PAO to take a positive decision as per rules.

AUDIT REPORT FEDERAL GOVERNMENT (1994-95)

Prepared by DG (Federal Audit) Islamabad

4. i) **(Para – 3, Page 19-ARFG-1994-95)**
IRREGULAR PAYMENT OF RS. 6.795 MILLION AS COMPENSATION TO A CONTRACTOR.

Audit pointed out that in Polytechnic Institute for Women, Islamabad, under Ministry of Education, a contract was awarded to a contractor M/S Inayat Ullah Khan & Co., for construction of Institute's Buildings at a cost of Rs.27,757,523/-. The work commenced was to be completed on 30-03-1990. Mobilization advance amounting to Rs.4,000,000/- was also paid to the contractor. The contractor stopped the work and claimed 35 compensations due to increase in the cost of material as a result of 1988 budget. His plea was not correct as per rules

The PAO replied that Mobilization Advance of Rs.4,000,000/- was paid to the contractor, which was 15% of Rs.27,757,523/- contract cost of the project as per agreement. Since the contractor stopped the construction work, the case for termination of contract was referred to Arbitrator (The Education Secretary) under Clause-50 of the Tender Document (Vol-I) conditions of contract, as per advice of Law & Justice Division. Arbitrator preferred to have the amicable settlement with the contractor in public interest.

The Arbitrator deemed it fit to reconcile with the contractor by payment of compensation to him in exercise of his powers, conferred on him by the Arbitrator Act. No.1940. The PAO also informed the Committee that the matter was discussed in the DAC meeting and

it was decided that Arbitration Law and the evidence of appointment of Arbitrator by the court will be made available to Audit for verification.

ii) **(Para – 4, Page 20-ARFG-94-95)**

IRREGULAR EXPENDITURE OF RS. 461,450/- BLOCKADE OF PUBLIC MONEY

Audit pointed out that Pakistan Academy of Letters, under M/o Education, printed books worth Rs 461,450/- lying in stock even after lapse of four years and deterioration in value. The selection of books was not convincing as the books selected were not in demand. The printing of books, without demand, resulted in blockade of public money against the provision in G.F.R. Besides, stock registers were not maintained properly and were not up dated which are also against the provision of Para 154 of G.F.R Vol. 1.

The PAO replied that the Pakistan Academy of Letters is a premier institution, working for promotion of Pakistani literature and language and welfare of writers' community in the country. The sale were Rs.2,575,597/-, whereas, the worth of books under reference were Rs.461,540/- The sale proceeds were higher than the stock of books under question. All the books were being published on the recommendations of the Publications Committee with approval of the Board of Governors headed by the Chairman, PAL. Stock Register was being maintained and updated, regularly.

iii) **(Para – 5, Page 20-ARFG-94-95)**

IRREGULAR EXPENDITURE OF RS.1,065,500/- BLOCKADE OF GOVERNMENT MONEY RS.723,572/- AND LOSS OF RS.124,250/-

Audit pointed that Pakistan Academy of Letters incurred an expenditure of Rs.1,065,500/- for printing of the book namely "Klam of Khushahal Khan Khattak" comprising of eight volumes. An examination of record revealed that the tender requirements and NOC of the books were for three volumes while it was printed in eight volumes. The local office could produce the bid of only one supplier i.e M/s Crystal Printers who made the supplies at higher rates than the rates quoted in its bid, which resulted into a loss of Rs.124,250 on printing of 2000 books and therefore, the expenditure of Rs1,065,500 was treated as irregular. The books were distributed free of cost or sold at a price lower than half the actual cost. Books worth Rs.723,572/- were still lying in the stock after lapse of four years. The printing of books in excess of requirement resulted in blockade of public money in contravention of Para 290 of F.T.R.

The PAO admitted the irregularity and stated that the irregular expenditure involved may be condoned and the remaining stock may be cleared by donating the books to the libraries of colleges and universities of the country as the books were meant for research scholars and students of literature.

PAC DIRECTIVE (15-07-2010)

The Committee, during the course of discussion on both above-mentioned paras, observed that proper planning was not done before printing of books. Therefore, the PAO was directed that in order to make use of spare stock, some strategy should be evolved for donating these books to libraries of different Government Schools and Colleges across the country within one month and report may be submitted to Audit/PAC.

The PAO replied that action has been taken as per directive of PAC.

PAC DIRECTIVE (15-01-2011)

The Committee settled the above three paras and directed that record should be verified by the Audit and report should be submitted to Audit within two weeks.

5. **(Para – 7, Page 21-ARG-94-95)**

INCURRENCE OF EXPENDITURE IN EXCESS OF BUDGET ALLOCATION AND POSTPONEMENT OF PAYMENT TILL NEXT FINANCIAL YEAR RS.554,408.

Audit pointed out that Ministry of Education during 1990-91 failed to curtail its expenditure within budget allocation in violation of GFR-9. Due to insufficient funds, it postponed the payment of bills till next year and by doing so it accumulated a liability of Rs.554,408/- violating GFR-14. The liability was cleared from the allocations of next year which again was a violation of FTR-289.

The PAO replied that due to non-availability of funds, liabilities of one financial year 1990-91, were transferred to next financial year 1991-92. In order to meet these liabilities, Finance Division was approached for supplementary grant but they did not agree.

PAC DIRECTIVE

The Committee directed the PAO to forward their case again to Finance Division in order to get the irregularity in question regularized within fifteen days and report should be submitted to the Audit and PAC. However, the Committee **settled the para** with the direction that this should be considered as one time relaxation and such practices should be avoided in future.



ELECTION COMMISSION OF PAKISTAN
1994-95

12. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Election Commission of Pakistan were examined by the Sub-Committee PAC-III on 16th July, 2010.

12.1 One grant was presented by the AGPR and one para was reported by the Audit.

12.2 The Committee settled all the grants and paras after detailed discussion.

12.3 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations in a number of cases.

ELECTION COMMISSION OF PAKISTAN **ACTIONABLE POINTS**

Actionable points arising out from discussion of the meeting of PAC Special Committee-III; held on 16th July, 2010, regarding Appropriation Accounts and Audit Report for the year 1994-95 of Election Commission of Pakistan, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL I-1994-95)

1. **Election (Charged)**
(Saving of Rs.4,908,673)

The AGPR pointed out that the Appropriation closed with a saving of Rs.4,908,673/- which worked out to 4.17.% of the total Appropriation.

The PAO explained that an amount of Rs.9,359,860/- was surrendered which was not accounted for in the Appropriation Accounts. He further told that excess occurred mainly due to revision of pay scales and late receipt of debit from DAO Sukkur, etc.

PAC DIRECTIVE

The Committee settled the grant and recommended regularization of saving and excess in the grant on the clarifications given by the PAO. It, however, directed that financial and budgeting system should be strengthened further so that there should be zero saving and excess in future, as per PAC rules.

AUDIT REPORT FEDERAL GOVERNMENT (1994-95)

Prepared by DG (Federal Audit) Islamabad

2. **(Para No. 1, Page 71-ARFG-94-95)**
IMPROPER ACCOUNTING SYSTEM/NON MAINTENANCE OF RECORD OF ADVANCE - RS 146,607/-

Audit pointed out that Election Commission of Pakistan in September, 1993, received pay order for Rs146,607/- from Deputy Commissioner Mardan being the District Returning Officer as unspent balance of an advance. The Commission, despite a lapse of one year, did not bother to verify from its record or the payer's. The date and amount of advances and source of funds showing that the financial transactions were not being properly recorder in the books of accounts as required under GFR-309.

Audit therefore, had the apprehension that there would be much more unspent and un-refunded balance of advances with the District Returning Officers which could not be refunded because the payments were not recorded properly.

The PAO replied that the amount of Rs. 146,607/- has been deposited into Government Treasury and copy of Challan has been verified from Audit, whereas, certain steps have been taken by the ECP for improvement of financial management system and non-occurrence of such lapses in future.

PAC DIRECTIVE

After detailed discussion the Committee settled the para.

ESTABLISHMENT DIVISION
1994-95

13. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95, pertaining to the Establishment Division were examined by the Sub-Committee PAC-III on 30th September, 2010.

- 13.1 Four grants and one para were presented by the AGPR and Audit.
- 13.2 After detailed discussion the Committee settled the grants and para.
- 13.3 The Committee directed the present management to further strengthen their financial systems so that there should be zero saving and zero excess in future.
- 13.1 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations that the financial management system was very poor during the year.

ESTABLISHMENT DIVISION
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of PAC Special Committee-III held on 30th September, 2010, regarding Appropriation Accounts and Audit Reports for the years 1994-95 of Establishment Division are summarized as under:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I) (1994-95)

1. i) **Grant No 07 - Establishment Division**
(Saving - Rs.9,769,561)

The AGPR pointed out that the grant closed with an saving of Rs.9,769,561/- which worked out to 5.55% of the total grant. An amount of Rs.9,232,001 (5.24%) was surrendered leaving net saving of Rs.537,560 (0.31%).

The PAO explained that saving occurred mainly due to the fact that the bill on account of arrears of pay and allowance in respect of 03 officers re-instated in service retrospectively were submitted but were not cleared till 30th June, 1995. The PAO further explained that due to this fact the expenditure remained lower than anticipated.

ii) **Grant No 08 – Federal Public Service Commission**
(Saving - Rs.395,166)

The AGPR pointed out that the grant closed with a saving of Rs.395,166/- which worked out to 0.84% of the total grant.

The PAO explained that saving occurred mainly due to the fact that provision was made for pay of the vacant posts of Director (BPS-19) Data Controller Officer (BPS-17) (1) and Librarian (BPS-16) (1) which were likely to be filled in April/May, 1994-95. These posts could not be filled during the year 1994-95 as the process of promotion and recruitment could not be finalized. The expenditure remained lower than anticipated under the sub-head “03400-Medical Re-imburement” also and due to the fact that the Finance Division has imposed ban on purchase of durable goods. Therefore, the under process cases of purchase of Machinery & Equipment and Furniture & Fixture could not be materialized.

iii) **Grant No 10 – Other Expenditure of Establishment Division**

(Total Grant - Rs.120,853,000) (Saving - Rs.1,799,308)

The AGPR pointed out that the grant closed with a saving of Rs.1,799,308/- which worked out to 1.49% of the total grant. The amount of Rs.155,318 (0.12%) was surrendered leaving net saving of Rs.1,643,990 (1.36%).

The PAO explained that saving occurred mainly due to Rs.1,634,000/- representing 1st release to PARD, Peshawar for the year 1994-95 not included by the AGPR Sub-office Peshawar, and Rs.10,000/- on account of Economy Cut for TA not reduced.

iv) **Grant No 146 – Development Expenditure of Establishment Division**

(Saving - Rs.620,036)

The AGPR pointed out that the grant closed with a saving of Rs.620,036/- which worked out to 5.95% of the total grant. The entire saving was surrendered.

The PAO made no comments.

PAC DIRECTIVE

The Committee recommended regularization of savings in above mentioned grants, but, observed that budgeting mechanism evolved at that time in the Ministry seemed to be very poor. The Committee, thus, directed the present management to further strengthen their financial systems so that there should be zero saving and excess in future.

**AUDIT REPORT FEDERAL GOVERNMENT ESTABLISHMENT DIVISION
FOR THE YEAR (1994-95)**

Prepared by DG (Federal Audit)

2. **(Para – 2, Page 15-ARFG-94-95)**

**INFRACTUOUS EXPENDITURE OF RS 29,737,371 ON ACCOUNT OF PAY
AND ALLOWANCE IN RESPECT OF OFFICERS ON SPECIAL DUTY**

Audit pointed out that a large number of officers from BPS-17 to BPS-22 are posted as OSD in the Establishment Division every year. They have to wait for long periods for their postings and keep on drawing salaries and other benefits without performing any duties. During 1989-90 to 1993-94 an expenditure of Rs29,737,371 was incurred on pay and allowances of these OSDs which was held infructuous. The expenditure on Pay and Allowance of OSDs as compared to regular officers in the Establishment Division is to the ratio of 2:3.

The management replied that nearly every OSD after expiry of his waiting period is against a regular post. The reply is not tenable because a huge amount of Government

money is spent without any useful return due to unnecessary waiting by the officers posted for special duties.

The PAO replied that when an officer is withdrawn from one post, he has to wait for a certain period till his next posting is decided in consultation and consent of the Organization and Provincial Government where he is going to be posted. Officers are made OSDs in BS-21 and above with the approval of the Prime Minister while for Officers in BS-17 to BS-20 the competent Authority is the Establishment Secretary.

Audit request for settlement as Ministry's viewpoint was valid.

PAC DIRECTIVE

After detailed discussion the Committee settled the para, but, observed that budgeting mechanism evolved at that time in the Ministry seemed to be very poor. The Committee, thus, directed the present management to further strengthen their financial systems so that there should be zero saving and zero excess in future.

MINISTRY OF ENVIRONMENT
1994-95

14. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95, pertaining to the Ministry of Environment were examined by the Sub-Committee PAC-III on 16th July, 2010.

- 14.1 Four grants and one para were presented by the AGPR and the Audit.
- 14.2 After detailed discussion the Committee settled the all grants.
- 14.3 Some of the recoveries were also made during the series of PAC-III meeting.
- 14.4 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and recommended record with the Ministries should be maintained and financial management system should be improved in future.

MINISTRY OF ENVIRONMENT
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of PAC Special Committee-III held on 16th July, 2010, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Environment, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. i) **Grant No. 56 - Forest**

(Saving of Rs.167,974)

The AGPR pointed out that the grant closed with a saving of Rs.167,974/- which worked out to 0.66% of the total grant. An amount of Rs.166,000 (0.65%) was surrendered leaving net saving of Rs.1,974 (0.007%).

The PAO explained that the saving occurred mainly due to non-recruitment of officers, withdrawal of Ad-hoc and Additional Ad-hoc Relief by the Government, etc.

ii) **Grant No. 60 - Zoological Survey Department**

(Excess of Rs.613,933)

The AGPR pointed out that the grant closed with an excess of Rs.613,933/- which worked out to 17.44% of the total grant. A supplementary grant of Rs.600,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO explained that excess occurred mainly due to revision of pay scales during that period of time.

iii) **Grant No 70 - Environment and Urban Affairs Division**

(Saving of Rs.30,080,471)

The AGPR pointed out that the grant closed with a saving of Rs.30,080,471/- which worked out to 48.73% of the total grant. An amount of Rs.31,435,906 (50.92%) was surrendered resulting into an excess of Rs.1,355,435 (2.19%).

The PAO explained that due to two fire incidents on 16th January, 2002, in Shaheed-e-Millat Secretariat, Islamabad, and CDA Block No. IV; near Lal Masjid, G-6/2, Islamabad, on 3rd July, 2007, the record of Ministry of Environment was burnt, therefore, the Ministry is not in a position to explain the reasons for saving and excess, etc.

iv) **Grant No 160 - Development Expenditure of Environment Division**

(Saving of Rs.41,875,118)

The AGPR pointed out that the grant closed with a saving of Rs.41,875,118/- which worked out to 35.83% of the total grant.

The PAO explained that due to two fire incidents on 16th January, 2002, in Shaheed-e-Millat Secretariat Islamabad and CDA Block No. IV, near Lal Masjid, G-6/2, Islamabad, on 3rd July, 2007, all the record of Ministry of Environment was burnt, thus, the Ministry is not in a position to explain reasons for saving/excess, etc.

PAC DIRECTIVE

The Committee recommended the savings and excess in above-mentioned four grants for regularization on the basis of clarifications given by the PAO. However, it was observed that the financial management during the period under discussion were very poor, therefore, the Committee directed the present PAO to strengthen their budgeting and financial system so that there should be zero saving and excess in future.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (1994-95) Prepared by DG (CA&E) Lahore

PAK. ENVIORNMENTAL PLANNING & CONSULTANT (PVT) LTD.

2. **Para - 145 (Page 121-APRSE-94-95)**

Audit pointed that professional fee receivable increased to Rs. 14.934 million from Rs. 11.109 million on June 30th , 1995. The increasing trend on this account needs to be controlled to avoid turning these receivable into bad debts. Included in these receivable, professional fee amounting to Rs.1.540 million is doubtful. The details and prospects of recovery from doubtful debtors are required to be intimated to Audit.

The PAO explained that the accounts receivables increased mainly due to the fee bill of clients:

The PAO also claimed that they had received Rs.2,050,000/- and Rs.187,430/- which indicated that balance is doubtful due to dispute in scope of works. He, however, assured the Committee that he will contact the Heads of major defaulters through every means of communication for recovery of receivables from them.

PAC DIRECTIVE

The Committee directed the PAO to complete recovery of all outstanding receivables within one month and report to the Audit.

FATA SECRETARIAT **1994-95**

15. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the FATA Secretariat were examined by the Sub-Committee PAC-III during two series of meetings held on 10th August, 2010 and 8th January, 2011. During the 1st round of meeting the Committee issued its directions and another round of meeting was held to ensure the implementation of the PAC directive issued during the 1st round.

15.2 FATA Secretariat appeared before the PAC-III without holding DAC, therefore all grants were deferred for DAC with displeasure, which were settled in 2nd Round of PAC-III.

15.3 After detailed discussion the Committee settled the grants.

15.1 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations that DAC should be held regularly.

FEDERALLY ADMINISTERED TRIBAL AREAS (FATA)
SECRETARIAT
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 10th August, 2010 and 8th January, 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Federally Administered Tribal Areas (FATA) Secretariat, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 125 – Federally Administered Tribal Areas**
(Total - Grant Rs.587,096,000) (Excess - Rs.9,461,098)

The AGPR pointed out that the grant closed with an excess of Rs.9,461,098/- which worked out to 1.61% of the total grant. A supplementary grant of Rs.9,688,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

On presentation of above grant, the AGPR informed the Committee that no DAC meeting could be held to discuss and examine the Grant, therefore, the same may be deferred.

PAC DIRECTIVE (10-08-2010)

The Committee endorsed the recommendation of the AGPR and deferred the grant with direction to the Department and AGPR to hold DAC meeting at the earliest and submit report to the PAC within one month.

The PAO stated that excess occurred due to change of incumbents of FATA Administration, increase in Medical Allowances, repair and maintenance of vehicles, furniture, machineries, fluctuation of market rates for repair and maintenance.

Audit recommended the grants for settlement.

PAC DIRECTIVE (08-01-2011)

After detailed discussion the Committee settled the grant.

2. **Grant No 126 – Other expenditure of Federally Administered Tribal Areas**
(Total - Grant Rs.1,106,296,000) (Excess - Rs.52,999,976)

The AGPR pointed out that the grant closed with an excess of Rs.52,999,976/- which worked out to 4.79% of the total grant.

On presentation of grant, the AGPR informed the Committee that no DAC meeting could be held to discuss and examine these Grants, therefore, the same may be deferred.

PAC DIRECTIVE (10-08-2010)

The Committee endorsed the recommendation of the AGPR and deferred the grant with direction to the Department and AGPR to hold DAC meeting at the earliest and submit report to the PAC within one month.

The PAO stated that excess occurred due to change of incumbent, move over, selection grade promotion, payments of T&T bills, adjustment of stationery, advertisement bills fluctuation of market rates etc.

PAC DIRECTIVE (08-01-2011)

The Committee settled the grant with the instruction that such practice should be looked into by the PAO in future.

3. **Grant No 175 – Development Expenditure of Federally Administered Tribal Areas**
(Total - Grant Rs.857,000,000) (Excess - Rs.9,812,123)

The AGPR pointed out that the grant closed with an excess of Rs.9,812,123/- which worked out to 1.14% of the total grant.

On presentation of grant the AGPR informed the Committee that no DAC meeting could be held to discuss and examine these Grants, therefore, the same may be deferred.

PAC DIRECTIVE (10-08-2010)

The Committee endorsed the recommendation of the AGPR and deferred grant with direction to the Department and AGPR to hold DAC meeting at the earliest and submit report to the PAC within one month.

The PAO stated that excess occurred on completion of on going works of power sector in less amount than anticipated.

PAC DIRECTIVE (08-01-2011)

The Committee settled the grant.

4. **Grant No 195 – Capital Outlay on Development Tribal Areas**
(Total - Grant Rs.127,707,000) (Saving - Rs.27,168,000)

The AGPR pointed out that the grant closed with an excess of Rs.27,168,000/- which worked out to 21.27% of the total grant.

On presentation of grant the AGPR informed the Committee that no DAC meeting could be held to discuss/examine these Grants, therefore, the same may be deferred.

PAC DIRECTIVE (10-08-2010)

The Committee endorsed the recommendation of the AGPR and deferred the grant with direction to the Department and AGPR to hold DAC meeting at the earliest and submit report to the PAC within one month.

The PAO pointed out that an expenditure of Rs.50,252,336 relating to foreign Aid was not accounted for and therefore excess expenditure incurred.

Audit recommended for the settlement of the grants.

PAC DIRECTIVE (08-01-2011)

The Committee settled the grant.

FEDERALLY ADMINISTARTED TRIBAL AREA (FATA)

SECRETARIAT

For The Year (1994-95)

Prepared by DG (Federal Audit)

The PAO stated that record has been provided to the Audit.

PAC DIRECTIVE

After detailed discussion the Committee settled the above mentioned report and directed that record should be verified by the Audit.

MINISTRY OF FOREIGN AFFAIRS
1994-95

16. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Foreign Affairs were examined by the Sub-Committee PAC-III during two series of meetings held on 4th January, 2011 and 11th April, 2011. During the 1st round of meeting the Committee issued its directions and other round of meeting was held to ensure the implementation of the PAC directive issued during the 1st round.

16.1 Three grants were presented by the AGPR and nine paras were reported by the Audit.

16.2 All Grants were settled by the Committee. Five paras were conditionally settled subject to verification of record by the Audit.

16.3 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations that financial system should be improved in future and recovery should be made.

MINISTRY OF FOREIGN AFFAIRS
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 4th January and 11th April 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Foreign Affairs, are summarized below:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I) (1994-95)

1. **Grant No 64 – Foreign Affairs Division (Headquarter)**
(Final Grant - Rs.330,829,000) (Saving - Rs.58,498,640)

The AGPR pointed out that the grant closed with saving of Rs.58,498,640/- which worked out to 17.68% of the final grant. A sum of Rs.47,400,000 was surrendered in time resulting in a net saving of Rs.11,098,640 (3.91%).

The PAO stated that saving occurred due to vacant posts, less expenditure under the head of purchase of durable goods and due to strict economy measures.

PAC DIRECTIVE

The Committee settled the grant.

2. **Grant No 65 – Foreign Affairs (Pak. Missions Abroad)**
(Final Grant - Rs.1,523,040,000) (Excess - Rs.99,365,817)

The AGPR pointed out that the final grant worked out to Rs.1,523,040,000 against which an expenditure of Rs.1,622,405,817 was incurred resulting in net excess of Rs.99,365,817 (6.52%).

The PAO explained that excess occurred due to vacant posts, less sanctioned budget for medical charges and on account of establishment charges. Excess occurred under the head of durable goods purchased and due to depreciation of Pak. Rupee against major International Currencies.

PAC DIRECTIVE

The Committee settled the grant with the observations that there should be improvement in financial system in future.

3. **Grant No 66 – Other Expenditure of Foreign Affairs Division**
(Final Grant - Rs.10,000,000) (Excess/Saving - Rs.1,908,555)
(Charged)

The AGPR pointed out that final grant is Rs.10,000,000/- against which an expenditure of Rs.8,091,445 was incurred, resulting in a net saving of Rs.1,908,555 (19.09%).

The PAO stated that saving occurred due to less foreign visits of the President.

Other Than Charged

(Final Grant - Rs.1,001,907,000) (Saving - Rs.110,268,165)

The AGPR pointed out that net saving worked out to 9.95% of the final grant. A supplementary grant of Rs.90,000,000 was sanctioned but not included in supplementary schedule. After taking it into account the net saving increased to Rs.189,761,165 (17.54%).

The PAO stated that saving was due to strict economy measures, and cancellation of international meetings and conferences.

PAC DIRECTIVE

The Committee settled the grant.

**AUDIT REPORT VOL-1 ON THE ACCOUNT OF FEDERAL
GOVERNMENT (CIVIL) FOR THE YEAR (1994-95)**

Prepared by DG Audit (F&I) Islamabad

4. **(Para – 3, Page 33-AR-94-95)**

**AVOIDBLE EXPENDITURE US\$2,846 AND TSH 340983 ON ACCOUNT OF
RENT UTILITY CHARGES OF VACANT RESIDENCE**

Audit pointed out that in a mission abroad a residence was hired for Ambassador that remained vacant from February, 1992, to August, 1994, and expenditure amounting to US\$62,846 and Tsh.340983 was incurred on account of rent and utility charges respectively. The building was not de-hired till the irregularity was disclosed by the Audit. The PAO replied that due to technicalities beyond the jurisdiction of the Ministry, no Ambassador was posted to the Mission and the house remained vacant in anticipation of an Ambassador's posting and appointment. The PAO further explained that after de-hiring the house it would have been extremely difficult to locate a suitable house within the same amount. Government would have had to bear extra expenditure on providing five star hotel accommodation to Ambassador and his family till availability and hiring of new residence. PAO also requested the Committee that as the case pertains to 1997-98, so it may be settled.

PAC DIRECTIVE

The Committee settled the para with the observation that it was bad financial management.

5. i) **(Para – 8, Page 35-AR-94-95)**
IRREGULAR PAYMENT OF HONORARIUM S\$8100

Audit pointed out that in a Pakistan mission abroad, an amount of US\$8100 was paid as honorarium to a locally recruited official without any written orders and formal sanction of the competent authority.

Audit stated that honorarium was paid on the verbal orders of Prime Minister of Pakistan during on his visit to Singapore.

Audit stated that Ministry may regularize the expenditure with the approval of competent authority viz Finance Division.

The PAO stated that the payment of honorarium was made by the Mission on the Prime Minister's orders during his visit to Singapore. Finance Division has been requested to expedite ex-post-facto sanction and for regularization of the amount.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO that no verbal orders should be followed in future, and that the matter should be regularized from the Finance Division within two weeks. The Committee settled the para and directed that record should be verified by the Audit.

ii) **(Para – 12, Page 37-AR-94-95)**
AVOIDABLE EXPENDITURE OF DAILY ALLOWANCE RS.1,044,981

Audit pointed out that in a Mission abroad, an officer and four officials were paid 15 days daily allowance, in addition to six days joining time, in lieu of foreign allowances. As per the Ministry's order, Head of Missions are responsible to secure residential accommodation for the officials posted abroad immediately after their arrival at the stations of their posting. Payment of Rs.815,868 (US\$826,280) could have been avoided either by arranging accommodation well in time according to their entitlement or arranging their stay in a hotel at government expenses.

In the same Mission, a Head of Mission was allowed to draw daily allowance of 15 days worth Rs.229,133 (US\$7380) in lieu of foreign allowance and house rent allowance after availing 6 days joining time D.A in spite of the fact that Government accommodation was available for him.

The PAO stated that recovery will be made from officer.

Audit requested the Committee to direct the Ministry to effect recovery of amount US\$ 7,380 from the officer concerned.

PAC DIRECTIVE (04-01-2011)

The Committee directed that recovery should be made within two weeks and report should be submitted to PAC-III.

iii) **(Para – 15, Page 38-AR-94-95)**

UN-AUTHORIZED PAYMENT OF PAY AND ALLOWANCES AMOUNTING TO RS.714,099

Audit pointed out that in Pakistan Mission abroad, three posts of trained security guards were converted into one post of security guard and Naid Qasid by the Ministry of Foreign Affairs in 1991, but Mission retained three security guards, which resulted in an unauthorized payment of Pay and Allowances, amounting to Rs.714,099, to the two security guards.

The PAO stated that to regularize the expenditure incurred, Ministry has already approached the Finance Division.

Audit requested the Committee to direct the Ministry to regularize the expenditure from Finance Division within one month.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO that expenditure should be regularized from the Finance Division within two weeks.

iv) **(Para – 19, Page 40-AR-94-95)**

NON-RECOVERY OF TELEPHONE CHARGES RS.1,236,928

Audit pointed out that in five Mission's abroad, and two subordinate offices of Ministry of Foreign Affairs, an expenditure of Rs.1,236,928 had been incurred over and above the maximum limit, prescribed for office and residential telephones.

The PAO stated that from a total amount of Rs.1,236,928/-, an amount of Rs.924,386/- has been settled leaving a balance of Rs.312,542/- as recoverable.

Audit requested the Committee to direct the Ministry to recover remaining amount of Rs.326,005/- within one month.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO that recovery should be made within one month.

PAC DIRECTIVE (11-04-2011)

The Committee referred the above four paras to Monitoring and Implementation Committee for further follow up because the Ministry could not complete the task or action which was directed during the series of PAC-III meetings.

6. **(Para – 9, Page 36-AR-94-95)**
IRREGULAR EXPENDITURE ON PURCHASE OF CRYSTAL WARE AND OTHER EQUIPMENT WORTH RS.637,930

Audit pointed out that a Pakistan Mission abroad, incurred an expenditure of Rs.637,930 on last day of the financial year on purchase of crystal wares, furniture, silver wares and other equipment without sanction of the competent authority. No open tenders had been invited to achieve benefit of competitive rates. Stock entries had also not been made in Stock Register.

The PAO stated that the matter was under process of regularization between the Ministry and the Mission.

Audit requested the Committee to direct the Ministry to provide relevant record to audit within one month for verification.

PAC DIRECTIVE

The Committee directed the PAO to hold inquiry, fix responsibility and amount should be recovered within two weeks. All records should be provided to Audit.

7. **(Para – 10, Page 36-AR-94-95)**
IRREGULAR PAYMENT OF RS.84,455 ON STORAGE CHARGES OF HOUSE HOLD GOODS.

Audit pointed out that a Pakistan Mission abroad paid Rs.84,455 (US\$2,720.40) on account of storage charges of house hold goods of an officer for the period from 5/92 to 8/92. The payment was not recovered by any rule/order.

The PAO stated that the Ministry after scrutiny of the case issued ex-post-facto sanction with the approval of competent authority. He further stated that settlement of Para is under process with the Finance Division.

Audit requested the Committee to direct the Ministry to regularize the expenditure from Finance Division or effect recovery within one month.

PAC DIRECTIVE

The Committee directed that explanation from the officer may be sought within two weeks and directed the PAO to regularize the expenditure from Finance Division.

8. **(Para – 13, Page 37-AR-94-95)**
IRREGULAR EXPENDITURE ON PURCHASE OF VEHICLES RS.1,004,885

Audit pointed out that in Pakistan Mission abroad, an expenditure of Rs.1,004,885 was incurred on purchase of two cars during 1990-91, while there was no budget provision. The expenditure was met from saving under the Head “Establishment Charges” without

making re-appropriation through Finance Division. The expenditure was neither sanctioned by the competent authority nor provided for in the budget. Codal formalities on the incurrence of expenditure were also not observed.

The PAO stated that the expenditure on the purchase of staff cars was regularized through an ex-post-facto sanction for Rs.1,004,885 by the competent authority. The PAO further stated that Ministry is in process of completing the remaining formalities for settlement of the para.

Audit requested for regularization of the expenditure from Finance Division within one month.

PAC DIRECTIVE

The Committee directed the PAO that Ministry should implement the decision of Audit and get it regularized from Finance.

9. **(Para – 17, Page 39-AR-94-95)**

LOSS OF RS.1,092,981 ON ACCOUNT OF INTEREST PAID TO BANK DUE TO OVERDRAFT

Audit pointed out that in a Mission abroad, an over draft aggregating Rs.32,229,132.60 was made during four months resulting in loss of Rs.1,092,981 in the form of payment of interest thereon to Bank.

The PAO stated that the Finance Division has already been approached to regularize the payment of interest, paid earlier by the Mission and regularization is awaited.

Audit requested the Committee to direct the Ministry to regularize the expenditure from the Finance Division within one month.

PAC DIRECTIVE

The Committee directed the PAO that expenditure should be regularized from the Finance Division in two weeks.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO that recovery should be made within one month and expenditure should be regularized from Finance Division.

FINANCE DIVISION

1994-95

17. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Finance Division were examined by the Sub-Committee PAC-III on 29th October, 2010.

- 17.1 Sixteen grants, twelve paras and three Audit Reports were presented by the AGPR and Audit.
- 17.2 After detailed discussion the Committee settled the fifteen grants and three paras.
- 17.3 In two cases the PAO was asked to constitute a Committee to probe the issues properly.
- 17.4 The Committee also settled twenty seven paras which were recommended for settlement by the Audit after long deliberations.
- 17.5 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations. It directed the PAO that budgeting measures should be taken in time and to recover the balance recoverable amount.

FINANCE DIVISION
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 29th October, 2010, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Finance Division, are summarized as under:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 38 - Finance Division**
(Total Grant - Rs.343,666,000) (Saving - Rs.51,888,995)

The AGPR pointed out that the grant closed with a saving of Rs.51,888,995 which works out to 15.09% of the total grant.

The PAO explained that savings were related to newly created offices of Regional Administrators Zakat and over 100 District committees established in all provinces and Districts of Pakistan. Funds were provided as per their demand which they could not utilize in time.”

PAC DIRECTIVE

After detailed discussion the Committee settled the grant.

APPROPRIATION ACCOUNTS CIVIL VOL-I 1994-95

2. **Grant No 40 - Superannuation Allowances And Pension (CHARGED)**
(Total Grant - Rs.344,257,000 (Saving – Rs.213,710,012)

The AGPR pointed out that in the "Charged" section the appropriation closed with a saving of Rs.213,710,012 which works out to 62.07% of the total appropriation.

(OTHER THAN CHARGED)
(Total Grant - Rs.3,369,823,000 (Saving – Rs.309,926,770)

AGPR pointed out that the "Other than Charged" section the grant closed with a saving of Rs.309,926,770 which works to 9.19% of the total grant.

The PAO replied that saving occurred due to provision in 1992 when there was no proper system of charged savings. Now its successfully introduced so it will be properly looked in future.

Audit pointed out that the charged portion should not be so huge.

PAC DIRECTIVE

The Committee settled the grant with instruction that it should not occur in future.

3. **Grant No 42 - Other Expenditure Of Finance Division**

(Total Grant - Rs.2,778,407,000) (Saving – Rs.969,945,794)

The AGPR pointed out that the grant closed with the saving of Rs.969,945,794 which works out to 34.91% of the total grant. An amount of Rs.1,234,019,000 (44.41%) was surrendered resulting into an excess of Rs.264,073,206 (9.50%).

The Audit stated that surrender was in time but if it was properly handed over at that time, it would have been properly utilized.

The PAO explained that actual expenditure was received after closure of the financial year, that's why it was not utilized.

PAC DIRECTIVE

The Committee settled the grant with the instructions that finance should be very careful in dealing with Accounts in future.

4. **Grant No 43 - Grants-In-Aid and Miscellaneous Adjustments between the Federal and Provincial Governments**

(Total Grant - Rs.700,000,000) (Saving/Excess)

The AGPR pointed out that in "Charged" section the entire budget provision was utilized in full.

(OTHER THAN CHARGED)

(Total Grant - Rs.2,126,299,000) (Saving/Excess - Rs.2,319,499,000)

The AGPR pointed out that in "Other than Charged" section the grant closed with an excess of Rs.2,319,499,000 which works out to 109.08% of the total grant. An amount of Rs.67,389,200 (3.17%) was surrendered increasing net excess to Rs.2,386,888,200 (112.25%).

The PAO replied that in charged section budget was entirely utilized, whereas excess occurred because of booking of expenditure of Rs.2,384,849,000 by DGPR, Karachi after completion of reconciliation.

PAC DIRECTIVE

The Committee settled the grant and directed that record should be verified by the AGPR.

5. **Grant No 44 - Grants And Subsidies To Non Financial Institution**

(Total Grant - Rs.3,425,164,000) (Saving/Excess Rs.1,336,237,000)

The AGPR pointed out that the grant closed with an excess of Rs.1,336,237,000 which works out to 39.01% of the total grant. An amount of Rs.77,249,000 (2.25%) was surrendered increasing net excess of Rs.1,413,486,000 (41.26%). A supplementary grant

of Rs.1,600,000,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO replied that the grant for Railway was sanctioned and due to operational short fall, amount was not properly used and excess occurred.

PAC DIRECTIVE

Because of ground reality explained by PAO, the Committee settled the grant with instructions that the system should be improved.

6. **Grant No 45 - Subsidies and Miscellaneous Expenditure**
(Total Grant - Rs.38,182,880,000) (Saving Rs.31,522,442,018)

The AGPR pointed out that the grant closed with a saving of Rs.31,522,442,018 which works out to 82.55% of the total grant. An amount of Rs.4,597,328,157 (12.04%) was surrendered leaving net saving of Rs.26,925,113,861 (70.51%).

The PAO replied the saving of Rs.23,000,000,000/- related to payment from Privatization fund. Saving was due to non finalization of accounting procedure, thus expenditure of Privatization funds could not be reflected.

Audit objected that details of savings were not provided.

PAC DIRECTIVE

The Committee settled the grant subject to verification of record by the Audit.

7. **Grant No 141- Federal Miscellaneous Investments**
(Total Grant – Rs.1,715,905,000) (Excess/Saving Rs.156,748,530)

The AGPR pointed out that the grant closed with an excess of Rs.156,748,530 which works out to 9.13% of the total grant. An amount of Rs.622,579,000 (36.28%) was surrendered increasing net excess to Rs.779,327,530 (45.41%). A supplementary grant of Rs.880,000,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO replied that instead of excess there was saving.

PAC DIRECTIVE

The Committee settled the grant subject to verification of record by the Audit.

8. **Grant No 142- Other Loans and Advances by the Federal Government**
(Total Grant- Rs.10,325,441,000) (Saving Rs.4,161,878,559)

The AGPR pointed out that the grant closed with a saving of Rs.4,161,878,559 which works out to 40.30% of the total grant. An amount of Rs.2,045,888,020 (19.81%) was

surrendered leaving net saving of Rs.2,115,990,539 (20.49%).

The PAO stated that the amount surrendered was in time and it occurred because of non-utilization of amount by Azad Jamu and Kashmir, loan to Government Servants which was not utilized at that time etc.

PAC DIRECTIVE

The Committee settled the grant with the instruction that due care should be taken in future.

9. **Grant No 153 - Development Expenditure of Finance Division**
(Total Grant - Rs.8,487,729,000) (Excess Rs.3,422,260,653)

The AGPR pointed out that the grant closed with an excess of Rs.3,422,260,653 which works out to 40.32% of the total grant. An amount of Rs.649,820,000 (7.65%) was surrendered increasing net excess to Rs.4,072,080,653 (47.97%). A supplementary grant of Rs.1,427,167,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained the information conveyed on 8th October. This information should have been conveyed at the most till end of July, and would have been utilized for next financial year. He further stated that account were already closed.

PAC DIRECTIVE

After listening to the AGPR and PAO, the Committee settled the grant with the direction that budgetary measures should be taken well in time.

10. **Grant No 186 - Capital Outlay on Federal Investments**
(Total Grant - Rs.54,535,000) (Saving/Excess)

The AGPR pointed out that the budget provision was utilized in full.

The PAO explained the budget provision was utilized in full.

PAC DIRECTIVE

The Committee settled the grant.

11. **Grant No 187 - Development Loans and advances by the Federal Government**
(Total Grant - Rs.7,409,500,000) (Saving Rs.996,286,000)
(CHARGED)

The AGPR pointed out that in "Charged" section Appropriation closed with a saving of Rs.996,286,000 which works out to 13.44% of the final Appropriation. An amount of

Rs.1,166,667,000 (15.74%) was surrendered resulting into an excess of Rs.170,381,000 (2.30%).

(OTHER THAN CHARGED)

(Total Grant - Rs.14,744,448,000) (Excess Rs.34,000,000)

The AGPR pointed out that in "Other than Charged" section the grant closed with an excess of Rs.34,000,000 which works to 0.23% of the total grant. A supplementary grant of Rs.34,000,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

PAC DIRECTIVE

The Committee deferred this grant for fresh DAC and report back to the Audit.

12.i) **Servicing of Domestic Debt (SDD)**

(Total Grant - Rs.82,724,149,000) (Saving Rs.7,679,344,365)

The AGPR pointed out that the appropriation closed with a saving of Rs.7,679,344,365 which works out to 9.28% of the total appropriation. An amount of Rs.6,346,632,000 (7.67%) was surrendered leaving net saving of Rs.1,332,712,365 (1.61%).

The PAO stated that saving was surrendered and this was an error of judgment.

ii) **Repayment of Domestic Debt (RDD)**

(Total Grant - Rs.729,767,006,000) (Saving Rs.11,120,345,153)

The AGPR pointed out that the appropriation closed with a saving of Rs.11,120,345,153 which works out to 1.52% of the total appropriation.

The PAO replied that receipts and later repayments are difficult to be assessed more precisely.

Audit agreed with the PAO.

PAC DIRECTIVE

The Committee settled the above mentioned two grants.

13. **Audit**

(Total Grant - Rs.578,399,000) (Excess - Rs.94,674,108)

The AGPR pointed out that the appropriation closed with an excess of Rs.94,674,108 which works out to 16.36% of the total appropriation. A supplementary grant of Rs.56,510,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that saving was occurred due to revision in pay & allowances.

PAC DIRECTIVE

The Committee settled the grant.

APPROPRIATION ACCOUNTS (CIVIL/DS) (VOL-II-1994-95)

14. **Grant No 39 – Pakistan Mint**
(Total Grant - Rs.60,950,000) (Saving - Rs.368,036)

The AGPR pointed that the grant closed with a excess/saving of Rs.368,036/- which works out to 0.06% of the total grant.

The PAO requested for settlement of the grant as it was minor saving and excess.

PAC DIRECTIVE

The Committee settled the grant.

Ministry of Finance (National Saving Organization)

15. **Grant No 41 – National Savings**
(Total Grant - Rs.148,691,000) (Excess - Rs.8,126,426)

The AGPR pointed out that the figures of actual expenditure are in agreement/conformity with the departmental record which is based on the reconciled accounts. The over all excess of Rs.8,126,426/- relates to 45 budgetary units (New item statements), under which allocations were made to 413 offices scattered all over the country and which was mainly due to revision of pay scale by the Government.

The PAO stated that excess occurred due to the revision of basic pay scales.

PAC DIRECTIVE

The Committee settled the grant.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES 1994-95

Prepared by DG (CA&E), Lahore

AGRICULTURAL DEVELOPMENT BANK OF PAKISTAN (ADBP) (ZTBL)

16. **Para 7, (Page 17-ARPSE-94-95)**

Audit pointed out that Income tax and turn-over tax refundable / recoverable amounted to Rs.9.549 million and Rs.69.449 million during 1993.94 and 1994-95 respectively. These amounts being old, needed to be recovered and adjusted as early as possible.

The PAO stated that on the request of CBR the Cabinet Division has referred the case to Attorney General of Pakistan for decision, which is still pending. ZTBL through its Tax advisor is pursuing the matter.

PAC DIRECTIVE

The Committee gave time period of one month to them to submit the progress report to the Audit.

17. **Para 11, (Page 17-ARPSE-94-95)**

Audit pointed that the Income on account of "Commission" decreased from Rs.33.503 million during 1993-94 to Rs.27.659 million during the year under review. Reasons for decrease in income on this account during 1994-95 needed to be looked into and the affairs of the Bank pertaining thereto may be set right in the years to come.

The PAO explained that Commission comprises of income on account of various miscellaneous items like remittances, bills for collection, demand draft and renewal charges of Sada Bahar scheme etc. Because of above reasons income on this account fluctuated.

PAC DIRECTIVE

After detailed discussion the Committee settled the para.

18. **Para 12, (Page 17-ARPSE-94-95)**

Audit pointed out that Fixed assets were valued at Rs.221.130 million as on June 30, 1995 (June 30, 1994-Rs.242.321 million). Physical verification was conducted at the close of the financial year 1994-95. The aforesaid amount did not, therefore, represent true value of these assets as on June 30, 1995. Physical verification of all the fixed assets needs to be carried out as early as possible and results thereof be incorporated in the future accounts of the Bank.

ZTBL representative clarified that re-verification of dead stock items was carried out by the management Audit Team during the year 2008. To assess factual position, a Task Force for reconciliation of the short items was constituted. The Task Force traced out all the short items and finally internal audit re-verified the short items. The above position reveals that there is no shortfall in the dead stock as per available record.

PAC DIRECTIVE

The Committee settled the para subject to verification by the Audit.

19. **Para 15, (Page 19-ARPSE-94-95)**

SUSPECTED LOSS OF RS.33.343 MILLION DUE TO NON-RECOVERY OF LOAN FROM AL-UMAR PAK LTD

Audit pointed out that the Agricultural Development Bank of Pakistan, Model Branch Lahore paid a loan of Rs.12.076 million to M/s Al-Umar Pak Limited in March, 1985 against the sanctioned loan of Rs.16.130 million for the purchase of 15 combines sanctioned in November, 1984 by the ADBP, HO, Islamabad. The loan was recoverable on interest bearing basis. The remaining loan of Rs.4.054 million was cancelled.

The Branch paid an additional loan of Rs.9.794 million in March, 1986 for the purchase of 7 combines on interest bearing basis (IBS) without obtaining personal sureties of all the Directors of the Company. An amount of Rs.4.198 million could only be recovered from the loanee during December 1985 to June, 1989.

On the request of the party the recovery and repayment of the loan was rescheduled according to which both the loans were to be recovered in 14 half yearly installments during the period from January 7, 1988 to January 7, 1993. The loanee did not pay any installment after rescheduling of loans on the plea that he got the loan on IBS on which the charging of interest was against the principles of Islam. He further stated that as per agreement the ADBP and AI-Umer Pak Limited were mutually agreed to treat it as a trial project and the Bank would provide all the essential facilities for the project and the bank is liable to compensate the loanee by taking into account of losses sustained by the party by the Act of ADBP.

The party filed the case in the court in July, 1990 against the bank to get the share of losses to the project due to the fault of the Bank.

The matter was also stated to have been investigated by the Committee of ADBP by the orders of the Chairman on November 7, 1993 which has not yet finalized the matter regarding the assessment of the losses caused to the project of the loanee.

The total amount outstanding in both the loan cases against the loanee stood raised to Rs.52.627 million (32.470 + 19.557 million) as on June 30, 1995 after deducting a sum of Rs.4.198 million upto June 1989. The project has been closed and not in operation thus, the chances of recoveries seem remote.

The PAO replied that said case was taken over by CIRE on 22-03-2001 with a book value of Rs.1.276 million. Copies of agreement and amount received alongwith findings of

inquiry report and results and its implementation has been sent to Commercial Audit, Wah Cantt on 08-05-2009 for verification and has been verified.

PAC DIRECTIVE

The Committee settled the para and directed that record should be verified by the Audit.

20. **Para 20, (Page 24-ARPSE-94-95)**
SHORTAGE OF DEAD STOCK ITEMS VALUING RS.4.626 MILLION (APPROX)

Audit pointed out that in Agricultural Development Bank of Pakistan, Head Office, Islamabad, huge numbers of articles valuing Rs.4.62 million (approx) were found short as a result of physical verification carried out on June 30, 1991.

The PAO stated that there is no shortfall in the dead stock as per available record and Commercial Auditor has already verified the position on 22-07-2010.

PAC DIRECTIVE

The Committee settled the para and directed that record should be verified by the Audit.

21. **Para 68, (Page 61-ARPSE-94-95)**
REGIONAL DEVELOPMENT FINANCE CORPORATION (RDFC)

Audit pointed out that other receivables at the close of the year under review amounted to Rs.38.395 million. Year-wise break up of other receivables was not prepared by the management. The needful should be done urgently.

PAC DIRECTIVE

The Committee directed the PAO to get the record verified from Audit and submit report to PAC within one month.

22. **Para 74, (Page 63-ARPSE-94-95)**
LOSS OF RS.974,827 DUE TO NON RECOVERY OF LOAN AMOUNTING TO RS.482,000 DISBURSED IN 1986

Audit pointed out that in Small Business Finance Corporation, Lahore a loan amounting to Rs.482,000 was sanctioned and disbursed to Dr. Tahseen Alam in three installments of Rs.150,000 ,Rs. 150,000 and 182,000 on April 10, 1986, June 4, 1986 and Nov 23, 1986 respectively to establish an hospital. The entire loan alongwith mark up @ 11% was required to be repaid by the loanee in 60 equal installments i.e. up to April 9, 1991. But the loanee did not repay the above-mentioned loan except a sum of Rs.82,400 deposited up to Dec 29, 1988. A huge balance of Rs.974,827 was still recoverable as on June 30, 1994.

Audit pointed out that record was not provided.

The SME representative stated that as it was fifteen years old record and most of it was not traceable. Representative requested for one month time from the Committee so that record may be traced.

PAC DIRECTIVE

The Committee pended the para for one month and directed the Department to trace the previous record and recover the remaining amount and referred the Para to Monitoring and Implementation Committee for further follow up because the Ministry could not complete the task or action which was directed during the series of PAC-III meetings.

23. **Para 76, (Page 65-ARPSE-94-95)**
NON-RECOVERY OF OVERDUE INSTALLMENT OF LOAN AMOUNTING TO RS.485,260

Audit pointed out that in Small Business Finance Corporation (SBFC), Jhelum a loan of Rs.375,000 was granted to a loanee Ch. Akbar for the establishment of bricks kiln on July 3, 1991. The loanee had to repay an amount of Rs.536,260 (i.e. Rs.375,000 Principal + Rs.161,260 Markup) up to Dec 31, 1994, out of which only Rs.51,000 were received from him leaving a balance of Rs.485,260.

Audit pointed out that record was not provided.

The PAO requested for one month time.

PAC DIRECTIVE

The Committee directed the PAO to trace the previous record and recover the remaining amount.

24.i) **Para 77, (Page 65-ARPSE-94-95)**
IRREGULAR PAYMENT OF INSURANCE PREMIUM AMOUNTING TO RS.482,788 BEING MADE ON BEHALF OF BORROWERS

Audit pointed out that in Small Business Finance Corporation (SBFC) Regional Office, Lahore an irregular payment of Rs.482,788 was made by its branches towards insurance premium on behalf of borrowers, in contravention of clause-12 & 13 of Financial Assistance Agreement. The SBFC(H.O) vide their circular dated Aug 21, 1991 advised all Regional Managers and Branch Managers to stop this irregular payment of premium on behalf of borrowers and an amount so paid be treated as additional loan to the borrowers and recovered from the borrowers concerned in lumpsum) instead of debiting the same to the loan account of the borrowers but the branches concerned failed to comply with the orders of the Head Office.

ii) **Para 79, (Page 66-ARPSE-94-95)**
NON-RECOVERY OF LOAN AS FINANCIAL ASSISTANCE FROM LAWYERS
AMOUNTING TO RS.418,755

Audit pointed out that in Small Business Finance Corporation, (SBFC) Jhelum, Loan of Rs.275,000 on account of financial assistance was granted and disbursed to four lawyers from 1988 to 1992. The loan was to be recovered in monthly installments but despite elapse of a period ranging from two to five years an amount of Rs.10,000 only has been recovered from them. No action has been taken against the defaulters except issuing few ordinary notices. Thus a total amount of Rs.418,755 (Rs.265,000 Principal + Rs.153,755 Mark-up) was lying outstanding as on December 31, 1994.

iii) **Para 81, (Page 68-ARPSE-94-95)**
EXPECTED LOSS DUE TO NON-RECOVERY OF LOAN OF RS.160,051

Audit pointed out that in Small Business Finance Corporation, (SBFC) Jhelum, a loan of Rs.75,000 under the category of financial assistance was granted on May 10, 1987 to a Doctor for the improvement of his Nursing Home established in 1986. Out of the total amount only Rs.3,950 could be recovered leaving a balance of Rs.160,051 (i.e. Rs.71,050 principal + Rs.89,001 mark up upto Dec 31, 1994). Due to non-pursuance by the Management, the chances of recovery of loan are remote and resultantly the corporation is likely to sustain the loss to that extent.

iv) **Para 125, (Page 89-ARPSE-94-95)**
EXPECTED LOSS OF RS. 135,000 DUE TO NON-RECOVERY OF THE
OUTSTANDING ADVANCE FROM M/S MOON FURNITURE

Audit pointed out that in Youth Investment Promotion Society, Islamabad , an advance of Rs.135,000/- was paid to M/s Moon Furniture A period of about 5 years has since elapsed neither any supply has been made by the supplier nor the advance paid to him was recovered. Therefore, chances of recovery seems remote.

Management informed that the case has been filed in the Civil Court.

PAC DIRECTIVE

The Committee deferred the above-mentioned four paras to DAC for one month.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-X-B)
FOR THE YEAR 1994-95
Prepared by (CA&E) Karachi

PAC DIRECTIVE

The Committee directed that Paras concerned with recovery be sent back for DAC. The Committee has directed the PAO to personally look into the matter.

AUDIT REPORT (VOL-1) THE ACCOUNTS OF FEDERAL
GOVERNMENT- (CIVIL)
Prepared by DG Audit (F&I) Islamabad

The report was settled at DAC level and was brought into the knowledge of the PAC.

AUDIT REPORT VOLUME-III (CHAPTER 10)
INDIRECT TAXES
(1994-95)
Prepared by DG Islamabad

SPECIAL AUDIT REPORT ON COMPENSATORY REBATE CASES RELATED
TO COMPENSATORY EXPORT REBATE SCHEME (1978-86)

Audit pointed out that in order to compensate the textile industry for the increased price of cotton, capital equipment and cost of other inputs cash subsidy in the shape of compensatory rebate ranging from 7 ½% to 12 ½% of the net FOB value was allowed to the exporters on the export of the four products i.e. cotton yarn, grey cloth, finished cloth and made up textile in September, 1978. Nevertheless the Government imposed that the export must be made against letter of credit, must be firm contract or consignment basis and the proceeds of which must be realized in US Dollar or any other convertible foreign currency.

The scheme was modified from time to time and benefit of the compensatory rebate was extended to 26 products in a period of 6 years. The scheme was abolished in 29th May, 1986. Protection was, however, given to export made against irrevocable L/Cs and contracts registered with Export Promotion Bureau before 29th May, 1986. In such cases the delivery schedule as was given in L/Cs or registered contracts was to be followed. In other cases recorded with a Trade Association the shipment was to be completed before 30th September, 1986.

The representative of State Bank of Pakistan (Department Concerned) informed the DAC that all the record relating to compensatory Rebate cased under Compensatory Export Rebate Scheme (1978-89) was destroyed with the approval of the competent authority in 1999.

The PAO showed his deep concern that record should not have been destroyed. He mentioned after detailed discussion that he will take up the issue on priority basis.

PAC DIRECTIVE

The Committee directed the PAO to constitute a committee to look in to the matter and submit its report in one month time. The para was referred to Monitoring and Implementation Committee of PAC.

AUDIT REPORT FINANCE DIVISION (1994-95)

Prepared by DG Federal Audit

The Committee refereed the above mentioned report to the Monitoring and Implementation Committee of PAC.

PARAS RECOMMENDED BY THE DAC FOR SETTLEMENT.

1. Para-5 (ARPSE-1994-95)
DELAY IN SUBMISSION OF AUDITED ACCOUNTS
2. Para-6 (ARPSE-1994-95)
3. Para-9 (ARPSE-1994-95)
CASH IN TRANSIT AMOUNTED TO RS. 237.257 MILLION
4. Para-10 (ARPSE-1994-95)
RS. 33.897 MILLION WAS PLACED UNDER THE HEAD " INVESTMENT" ON ACCOUNT OF ORDINARY SHARES (UNQOTED)
5. Para-13 (ARPSE-1994-95)
CASH IN CURRENT ACCOUNTS INCREASED CONSIDERABLY FROM RS. 495.436 MILLION DURING 1993-94 (JUNE 30, 1994) TO RS. 633.397 MILLION DURING 1994-95 (JUNE 30, 1995)
6. Para-16 (ARPSE-1994-95)
DOUBTFUL RECOVERY OF RS. 29.395 MILLION DUE TO UNDUE FAVOUR IN GRANT/DISBURSEMENT OF LOAN
7. Para-17 (ARPSE-1994-95)
AVOIDABLE EXTRA EXPENDITURE OF RS. 15.066 MILLION INCURRED ON HIRING OF OFFICE BUILDING AT HIGHER RATES DUE TO ILL-PLANNING
8. Para-18 (ARPSE-1994-95)
IRREGULAR SANCTION OF LOAN AMOUNTING TO RS. 9.245 MILLION AND NON-RECOVERY OF OUTSTANDING DUES AMOUNTING TO RS. 16.493 MILLION INCLUDING INTEREST BE EXTENDING UNDUE FINANCIAL ASSISTANCE

9. Para-19 (ARPSE-1994-95)
PRE-PLANNED MISUTILIZATION OF BANK'S LOAN AND NON RECOVERY OF OUTSTANDING DUE AMOUNTING TO RS. 4.893 MILLION BY EXTENDING UNDUE FINANCIAL FAVOUR AT THE COST OF PUBLIC FUNDS
10. Para-21 (ARPSE-1994-95)
EXPECTED LOSS OF RS. 3.253 MILLION DUE TO CLOSURE OF THE PROJECT
11. Para-23 (ARPSE-1994-95)
NON RECOVERY OF MATURED LOANS AMOUNTING TO RS. 639,200
12. Para-24 (ARPSE-1994-95)
NON RECOVERY OF RS. 132,862/- INCLUDING INTEREST IN LUMP SUM
13. Para-27(ARPSE-1994-95)
NET LOSS OF RS. 57.91 MILLION
14. Para-29 (ARPSE-1994-95)
15. Para-30 (ARPSE-1994-95)
ADVERTISEMENT AND OTHER EXPENDITURE OF THE BANK INCREASED BY 125 % AND 41 %
16. Para-66 (ARPSE-1994-95)
17. Para-67 (ARPSE-1994-95)
AMOUNT SHOWN UNDER ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES OF RS. 328.842 MILLION
18. Para-69 (ARPSE-1994-95)
MARKUP AND INCOME IN AS SUSPENSE
19. Para-70 (ARPSE-1994-95)
LOAN AMOUNTING TO RS. 653,000 WAS WRITTEN OFF AND CHARGED TO STAFF EXPENSES
20. Para-71 (ARPSE-1994-95)
21. Para-72 (ARPSE-1994-95)
PHYSICAL VERIFICATION OF FURNITURE EQUIPMENTS AND FURNITURE/FITTINGS RESIDENCE VALUING RS. 3.156 MILLION
22. Para-73 (ARPSE-1994-95)
EXPECTED LOSS OF RS. 1.004 MILLION DUE TO UNDUE FAVOUR TO THE LOANEE
23. Para-75 (ARPSE-1994-95)
NON RECOVERY OF OUTSTANDING LOAN AMOUNTING TO _____ RS. 684,617 FROM THE DEFAULTER LOANEE
24. Para-78 (ARPSE-1994-95)
IRREGULAR GRANT OF HOUSE FURNISHING ADVANCE AMOUNTING TO S. 474,000
25. Para-80 (ARPSE-1994-95)
DOUBTFUL RECOVERY OF OVERDUE INSTALMENT OF IRREGULAR DISBURSEMENT OF LOAN OF RS. 300,000 BY EXTENDING AN UNDUE FINANCIAL FAVOUR TO THE LOANEE

26. Para-82 (ARPSE-1994-95)
NON RECOVERY OF OUTSTANDING LOAN OF RS. 104,360
27. Para-103 (ARPSE-1994-95)

Audit recommended the above mentioned twenty seven para for settlement.

PAC DIRECTIVE

The Committee settled the above mentioned twenty seven paras on the recommendation of the Audit.

MINISTRY OF FOOD AND AGRICULTURE
1994-95

18. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Food and Agriculture were examined by the Sub-Committee PAC-III during three series of meetings held on 27th September, 2010, 14th March, 2011 and 31st March, 2011. During the 1st round of meeting the Committee issued its directions and two other rounds of meetings were held to ensure the implementation of the PAC directive issued during the 1st round.

- 18.1 Two grants were presented by the AGPR and eight paras were reported by the Audit.
- 18.2 After detailed discussion one grant was recommended for regularization and other for re-enquiry. In Five paras, the Committee directed to re-enquire the issue.
- 18.3 The Committee conditionally settled the paras on the verification of record by the Audit.
- 18.4 Performance Evaluation Report No. 146 on [Farm Machinery Institute (FMI) National Agriculture Research Centre (NARC) Ibid, Pakistan Agriculture Research Centre (PARC), Ibid], was also settled after detailed discussion and on the recommendation of Audit.
- 18.5 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations that accused should be given an opportunity of being heard, without hearing the accused, inquiry report would be considered invalid. Besides this the Committee showed displeasure on the bad financial management at that time.

MINISTRY OF FOOD AND AGRICULTURE
ACTIONABLE POINTS

Actionable points arising from discussions of the meeting of Sub-Committee PAC-III held on 27th September, 2010, 14th & 31st March, 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Food and Agriculture, are summarized below:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 137 - Capital Outlay on Purchase of Fertilizer**
(Total Grant - Rs.5,571,871,000) (Saving - Rs.1,482,977,924)

The AGPR pointed out that the grant closed with saving of Rs.1,482,977,924/- which worked out to 26.61% of the total grant. An amount of Rs.646,593,750 (11.60%) was surrendered leaving net saving of Rs.836,384,174 (15.01%).

The PAO pointed out less booking of expenditure of Rs.158,778,297. However, he explained that the saving occurred mainly due to the fact that budget estimates were based on the import of 910000 tons of fertilizers, whereas, the contracts for the purchase of only 410000 tons of fertilizers were concluded by Fertilizer Import Department (FID) during the year.

The AGPR pointed out that DAC could not be held to discuss the grant in question, whereas, the record of stated facts by the PAO has also not been provided to AGPR for verification.

The PAO replied that although FID was closed in 2001, however, record is available.

PAC DIRECTIVE

The Committee settled the grant and directed the PAO to hold DAC with the AGPR and record should be verified from the AGPR and submit report to the PAC.

2. **Grant No 156 – Development Expenditure of Food and Agriculture Division**
(Final Grant - Rs.1,859,788,000) (Saving - Rs.1,021,908,982)

The AGPR pointed out that the grant closed with a saving of Rs.1,021,908,982/- which worked out to 54.94% of the total grant. An amount of Rs.1,289,526,395 (69.34%) was surrendered converting the grant to the closed with an excess of Rs.267,617,413 (14.39%).

The PAO pointed out less booking of expenditure of Rs.22,857,499 under function 51300 by AGPR. However, he explained that excess mainly related to Water Management Cell which represents the expenditure of foreign aid/loan which was disbursed by donors. The

amount was actually not drawn for the budget allocation of GOP, but was drawn by the donors of the Project and was utilized by the Provinces (Executing Agencies).

The AGPR pointed out that DAC could not be held to discuss the grant in question.

PAC DIRECTIVE (27-09-2010)

The Committee expressed its concern over the state of affairs as pointed out by AGPR in the grant in question. The PAO was, therefore, directed to hold an inquiry, fix responsibility against all those found at fault and submit report to the PAC and AGPR **within one month**. Subsequently, on receipt of inquiry report by AGPR, hold DAC and submit its outcome to the PAC. The grant was, therefore, deferred till next meeting of the Committee.

The PAO stated that according to the 1st Directive, inquiry was initiated and informed that report will be submitted to the Audit and PAC-III Secretariat. PAO also admitted that it was a huge misappropriation.

PAC DIRECTIVE (14-03-2011)

The Committee clubbed the above grant with grant No. 137 and showed displeasure on the bad financial management. The Committee directed the PAO to fix responsibility, hold a second inquiry and submit report within one week to the Audit.

PAC DIRECTIVE (31-03-2011)

The Committee referred the grant to Monitoring and Implementation Committee for further follow up because the Ministry could not complete the task or action which was directed during the series of PAC-III meetings.

AUDIT REPORT FEDERAL GOVERNMENT (1994-95)

Prepared by DG (Federal Audit)

3. **(Para – 1, Page 28-ARFG-94-95)**

UNDUE FAVOUR TO A PARTY - INCURRENCE OF INTEREST CHARGES DUE TO LATE RECOVERY ON COST OF FERTILIZER - LOSS OF RS 50.898 MILLION

Audit pointed out that during June, 1993 to June, 1994, the Fertilizer Import Department irregularly delivered imported fertilizer on credit from Karachi Port to a private party on 164 occasions, the cost of which worked out to Rs1,469,478,731. The cost was recovered from the party after a delay of 15 to 289 days resulting in incurrence of interest charges by the Government on equal amount of loans taken from the Bank for running the State Trading Scheme. Under the rules, the cost of fertilizer was to be paid by the private party either through a letter of credit opened in favor of the Audit Office in a scheduled bank or through bank draft and pay order immediately on allocation of the share of fertilizer from

a vessel and before getting delivery of cargo from the Department. But this was not done despite repeated requests by the Audit. The amount of interest on the delayed payment at the authorized bank rate of 18% per annum worked out to Rs 50,898,175 which was not recovered from the party. Thus undue favor was extended to the party by the Department at the cost of Government, causing heavy financial implications to the Government.

PAC DIRECTIVE (27-09-2010)

The Committee endorsed DAC's recommendations and directed the PAO to get completed all the course of actions **within one month** and submit report to the PAC and the Audit. Moreover, the Committee also directed to fix responsibility against all those involved in giving such undue favour, actions be taken against them and report be submitted to Audit/PAC **within one month**.

The PAO stated that the inquiry has been completed. M/s NFMA was not exempted for making advance payment for the cost of fertilizer in Para-4 of the Accounting Procedure circulated by MINFA. Furthermore, in view of delayed payment of fertilizer sale proceeds, HQs FID directed the Director (I&S), FID Karachi that delivery of fertilizer should be made to private sector, including M/s NFML, after receipt of payment in advance. Nevertheless, the Director (I&S) FID, Karachi and Deputy Director (Port) in some cases, made delivery of fertilizer without receiving advance payment, however, the cost of fertilizer delivered to M/s NFML during 1993-94 had been recovered.

As far as recovery of interest from concerned quarters, there was no clause in the Accounting Procedure or Distribution Agreement to claim interest on delayed payment from distributors, so, amount of interest occurred was due to procedural lapses, for which the then Director (I&S), FIR Karachi and Deputy Director (Port) were responsible. Since there was no direct loss to the government, the said para may be settled. The officers responsible for delivering fertilizer on credit to the private distributors were Syed Waqar Ali Asad, Director (I&S), FID, Karachi, and Mr. Ahmad Salman, Deputy Director (Port), FID, Karachi.

Audit objected on the findings of inquiry Committee as the Ministry has ignored taking into account the financial loss in proceedings of inquiry.

PAC DIRECTIVE (14-03-2011)

The Committee deferred the para with the instructions to produce the record of the statements of concerned officers in the next meeting of PAC-III.

The PAO informed that concerned Director MR. Salman has been informed and other officer is out of country.

PAC DIRECTIVE (31-03-2011)

The Committee heard the view point of Mr. Salman and who informed that his view point was not recorded during the inquiry. The Committee directed the PAO for fresh inquiry.

4. **(Para – 3, Page 30-ARFG-94-95)**

LOSS TO THE STATE DUE TO NON –RECOVERY OF INCOME TAX RS 504,900

Audit pointed out that Federal Water Management Cell, as per terms of two separate Consultancy Agreements during 1993-94, paid/reimbursed Rs.10.09 million to two foreign consultants on account of rent of accommodation hired by them. While making the payments, the Cell failed to deduct at source Rs. 504,900 as Income Tax @ 5% as required under section 50(7) Income Tax Ordinance 1979 and thus caused loss to state.

The PAO replied that the tax was not deducted on the advice of M/o Housing and Works to whom the case was referred. Moreover, the matter was discussed in the DAC meeting held on 23-09-2010, wherein the para was recommended for settlement subject to recovery of Income Tax or Provision of copies of Income Tax return (s) of lessees.

PAC DIRECTIVE (27-09-2010)

The Committee endorsed the recommendation of DAC and directed the PAO to provide record to Audit for verification and submit report to the PAC Monitoring and Implementation Committee **within one month**. The Para will be considered as settled on verification by the Audit.

The PAO informed that the recoveries cannot be effected at this belated stage from the concerned lessees/consultants or Ex D.G. Further NAB reference No 40000088/2001 against Ex DG was settled through plea bargain by Accountability Court order No 57/2001 dated 22 July, 2002.

PAC DIRECTIVE (14-03-2011)

The Committee settled the para subject to verification of record by the Audit.

PAC DIRECTIVE (31-03-2011)

The Committee directed that Income Tax return or record of Income Tax recovered should be produced to Audit for verification.

5. **(Para – 4, Page 30-AR-94-95)**

NON-RECOVERY OF RISK AND COST AMOUNTING TO US\$ 916,604 (RS 27.49 MILLION)

Audit pointed out that the Director-General Food placed a freight contract on a firm for

shipment of 98,000(+5%) M/Tons of wheat from Turkey to Port Qasim, in February,1993, @ US\$ 20.16 per M/Tons. On failure of the firm to provide the ship, the department awarded the contract to another firm @ US\$ 26.50 (without carrying charges) at the risk and cost of the original firm. The risk and cost amount of US \$ 916,604 was still recoverable from the firm at fault. The firm's Bank Guarantee was also not encashed.

The PAO replied that suit for recovery of US\$ 916,604 was decided and decreed ex-party in favour of Government, however, the firm was dormant since 1995, and was not traceable. Presently, the case is in the court. Moreover, the matter was discussed in the DAC meeting on 23-09-2010, wherein, the department has been directed to provide copy of court orders and pursue the case for recovery.

PAC DIRECTIVE (27-09-2010)

The Committee endorsed the DAC's recommendation and directed the department to comply with the same. The Committee, however, directed the PAO to hold an inquiry, fix responsibility against all those involved for non encashment of banks guarantee at that time, take action (s) and submit report to the PAC **within one month.**

PAC DIRECTIVE (14-03-2011)

The Committee clubbed the above three paras and granted ten days to submit report.

The PAO informed Federal Standing Counsel was pursuing the execution of the decree in High Court of Sindh and requested for extension in time period.

PAC DIRECTIVE (31-03-2011)

The Committee directed the PAO to fix responsibility and hold inquiry. The Committee referred the Para to Monitoring and Implementation Committee for further follow up because the Ministry could not complete the task or action which was directed during the series of PAC-III meetings.

6. i) **(Para – 5, Page 31-AR-94-95)**

NON-RECOVERY OF COST OF FERTILIZER IRREGULARLY SUPPLIED TO PRIVATE PARTY ON CREDIT Rs 280.692 MILLION PLUS INTEREST CHARGES Rs 44.50 MILLION

Audit pointed out that during the period May, 1993 to July, 1994 the Fertilizer Import Department irregularly issued imported fertilizer from Karachi Port valuing Rs 280,691,595 to a private party M/s National Fertilizer & Marketing Ltd, without resolving cost thereof. Under the rules the cost of fertilizer was to be recovered through a Letter of Credit opened in favour of the Audit Officer or through Bank Draft/Pay Order immediately on allocation of the share of fertilizer from a vessel and before getting

delivery of cargo from the Department. But this was not done despite repeated requests. Consequently the party which received the fertilizer without payment did not make any payment even afterwards and the Government had to incur interest charges @ 18% per annum amounting to Rs 65,815,327 up to 30th June, 1995 on the equal amount of loan taken from the Banks by the Department for running the State Trading Scheme which was also recoverable from the party. No effective steps were taken by the Department to recover the Government dues and to fix responsibility for adopting irregular procedure which caused loss to Government by way of interest payment.

PAC DIRECTIVE (27-09-2010)

The Committee endorsed the DAC's recommendation and directed the department to comply with the same. The Committee, however, directed the PAO to hold an inquiry, fix responsibility against all those involved for non encashment of banks guarantee at that time, take action (s) and submit report to the PAC **within one month.**

ii) **(Para – 6, Page 31-AR-94-95)**

NON-RECOVERY OF COST OF IMPORTED FERTILIZER IRREGULARLY SUPPLIED TO PRIVATE PARTY ON CREDIT Rs 74.542 MILLION PLUS INTEREST CHARGES Rs 23.371 MILLION

Audit pointed out that during February, 1994 imported Fertilizer valuing Rs.74,542,600 was irregularly supplied by Fertilizer Imports Department from Karachi Port to a private party M/S FFC without recovering cost thereof. Under the rules the cost of imported fertilizer was to be recovered through a letter of credit opened in favour of the audit Office or through bank drafts and pay orders immediately on allocation of the share of fertilizer from vessel before getting delivery of cargo from the Department. But this was not done. Even the cost was not recovered from the party concerned. Consequently the Government had to incur interest charges @ 18% per annum amounting to Rs.23.371 million up to 15th November, 1995 on the equal amount of loan taken from the banks by the Department for running the State Trading Scheme which was also recoverable from the party. No effective steps were taken by the Department to recover the Government due on account of interest payments.

On presentation of above-mentioned three paras, the PAO endorsed Audit's viewpoint and held that the issues as contained in Audit paras, were deliberated in detail during the last DAC . The DAC has decided that the Ministry will take the matter at Minister's level with M/O Industries (M/s National Fertilizer & Marketing Ltd (NFML) for recovery of

interest charges. Further, Audit will be informed about remedial measures taken by the management.

PAC DIRECTIVE (27-09-2010)

The Committee endorsed DAC's recommendations and directed the PAO to get completed all the courses of action **within one month** and submit report to the PAC and the Audit. Moreover, the Committee also directed to fix responsibility against all those involved in giving such undue favour, action should be taken against them and report be submitted to Audit and PAC **within one month**.

PAC DIRECTIVE (14-03-2011)

The Committee clubbed the above three paras and granted ten days to submit report.

The PAO informed that Mr. Salman has been informed and that the other officer was out of country.

PAC DIRECTIVE (31-03-2011)

The Committee heard the view point of Mr. Salman who informed that his view point was not listened during the inquiry. The Committee directed the PAO to re-inquire the issue and also directed that principle amount recovered may also be got verified from the Audit.

7. **(Para – 2, Page 29-ARFG-94-95)**

LOSS OF RS 0.321 MILLION ON ACCOUNT OF DESTRUCTION OF GUNNY BAGS DUE TO FIRE

Audit pointed out that at Port Qasim, a quantity of 10,525 Gunny Bags valuing Rs.0.321 million belonging to Director General of Food, stored in open under the custody of a cargo handling contractor, was destroyed by fire on 17th November, 1994. Departmental inquiry was conducted in this case. The report of the committee was not satisfactory as they analyzed hypothetical causes of fire and did not arrive at any conclusion regarding the actual cause of fire. Moreover, the members of the inquiry committee were directly concerned with the operations at Port. Further, the committee did not impose any penalty on the Cargo Handling Contractor who failed to fulfill his contractual obligations of ensuring safe storage of bags and protecting them from hazards. The department also failed to discharge the responsibility of proper supervision and insurance of proper storage.

The PAO replied that recovery has been made and the deposit Challan could be provided to the Audit.

PAC DIRECTIVE

The Committee settled the para subject to provision of deposit Challan to the Audit.

PERFORMANCE EVALUATION REPORT NO.138 (1994-95)
ON ANIMAL SCIENCES INSTITUTE (ASI)
NATIONAL AGRICULTURAL RESEARCH CENTRE, ISLAMABAD

Prepared By DG (CA&E), Lahore

8. **(Para – 3.1, of PER # 138)**
ACCOUNTING STATUS

On presentation of PER, DG Audit pointed out that accounts of ASI are compiled centrally at NARC and consolidated at the level of PARC, Islamabad. Initially, financial statements of PARC i.e. Balance sheets and Revenue/ Expenditure Accounts were not prepared on commercial pattern and got audited from Chartered Accountants.

The department replied that the accounts have been prepared and the same are ready to be signed by the Chairman PARC. Subsequently, the said accounts will be made available to Audit for verification.

PAC DIRECTIVE

The Committee appreciated the efforts of present management of PARC for improvement of farmers. However, on the other hand, it expressed concern over non-preparation of accounts in the past by previous managements. The PAO was, therefore, directed to hold an enquiry as to why accounts of certain years were not prepared and signed in time in the past, fix responsibility against all those found at fault, take action (s) against them and submit report to the PAC Monitoring and Implementation Committee. The PAO was also directed to discuss the inquiry report at DAC level before submitting report to PAC Monitoring and Implementation Committee.

9. **PERFORMANCE EVALUATION REPORT NO.146 (1994-95)**
ON FARM MACHINERY INSTITUTE (FMI)
NATIONAL AGRICULTURAL RESEARCH CENTRE (NARC), IBD
PAKISTAN AGRICULTURAL RESEARCH CENTRE (PARC), IBD

Prepared By DG Audit (PEC), Lahore

The report was settled at DAC level and was brought into the knowledge of the PAC.

PERFORMANCE EVALUATION REPORT NO.135 (1994-95)
ON FRUIT, VEGETABLE AND OLIVE PROJECT
PAKISTAN AGRICULTURE RESEARCH COUNCIL, ISLAMABAD
MINISTRY OF FOOD AND AGRICULTURE
Prepared By Deputy Auditor General (CA&E) Lahore

10.

(Para – 3.3, of PER # 135)

INTRODUCTION AND EVALUATION OF HIGH YIELDING VEGETABLE CULTIVARS

Audit pointed out that it was planned to undertake the research work on vegetables in Punjab, NWFP, Baluchistan and at NARC Islamabad. After selection of sites, the work on cultivation was started in February, 1987.

The work progressed but the evaluations could not be completed in three years according to the plan as the pace of activities remained very slow. The Italian experts attributed this unfortunate situation to the lack of local staff employed on this work. Evaluation work thus continued in the year 4 and 5 of the project without achieving final result in any case. After completion of five years of their project, Italian Technical Experts reported that in general the vegetable genetic material introduced has so far produced rather promising results both for adaptability to the environment and for the market reaction. The Italian firm executing the project was given understanding midway through the project that the project will be extended to second phase and activities were slowed down. The Italian Technical experts continued to work even after the expiry of the project's life in June, 1991. Local project staff was further reduced which threatened the continuation of work and made it more difficult to maintain and propagate the results achieved. The Italian experts worked upto June, 1993 with the hope to start phase II of the project for another five years for which they helped to prepare a PC-I but that could not be materialized.

The Department replied that the project was implemented under Grant-in-Aid project by Italian Government. Due to non-approval and implementation of the second phase of the project, the varieties of seed resistant against virus produced in first phase of the project could not be transferred in local varieties of vegetable through breeding.

PAC DIRECTIVE

The Committee settled the Para.

MINISTRY OF HEALTH
1994-95

19. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Health were examined by the Sub-Committee PAC-III during two series of meetings held on 15th July, 2010 and 15th January, 2011. During the 1st round of meeting the Committee issued its directions and another round of meeting was held to ensure the implementation of the PAC directive issued during the 1st round.

Audit presented Performance Evaluation Report on National Institute of Health (NIH), Islamabad besides the Federal Government Audit Report.

- 19.1 Four grants were presented by the AGPR and three paras were reported by the Audit. One Performance Evaluation Report on National Institute of Health (NIH), Islamabad was also presented by the Audit.
- 19.2 After detailed discussion all Grants and Paras were settled by the Committee.
- 19.3 The Committee directed the National Institute of Health to provide its latest Performance Audit Report to the Audit.
- 19.4 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations in a number of cases.

MINISTRY OF HEALTH
ACTIONABLE POINTS

Actionable points arising from the meeting of Sub-Committee PAC-III held on 15th July, 2010 and 15th January, 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Health are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I- 1994-95)

1. i) **Grant No. 67 - Health Division**
(Saving of Rs.1,270,164)

The AGPR pointed out that the grant closed with a saving of Rs.1,270,164/- which worked out to 2.20%.

The PAO explained that saving occurred mainly due to change of incumbents, less expenditure on medical charges and overtime allowance in the office of Medical Liaison Officer, UK, and postponement of Common Wealth Countries meeting, etc.

ii) **Grant No. 68 - Medical Services**
(Excess of Rs.22,078,949)

The AGPR pointed out that the grant closed with an excess of Rs.22,078,949/- which worked out to 2.46% of the total grant. A Supplementary grant of Rs.4,860,000/- was sanctioned but was not included in the supplementary schedule of authorized expenditure.

The PAO explained that excess occurred mainly due to revision of basic pay scales, extra expenditure incurred on medical treatment abroad and unavoidable purchase of drugs and medicines, etc.

iii) **Grant No. 69 - Public Health**
(Excess of Rs.406,387)

The AGPR pointed out that the grant closed with an excess of Rs.406,387/- which worked out to 0.54% of the total grant.

The PAO explained that excess occurred mainly due to revision of basic pay scales, extra expenditure incurred on Yellow Fever Vaccine by Airport Quarantine, Karachi, in emergency cases, and contribution in administrative expenses of UNICEF Mission in Pakistan, etc.

iv) **Grant No. 159 - Development Expenditure of Health Division**
(Saving of Rs.181,362,230)

The AGPR pointed out that the grant closed with a saving of Rs.181,362,230/- which worked out to 11.37% of the total grant.

The PAO explained that saving occurred mainly due to non-receipt of Foreign Aid.

PAC DIRECTIVE

The Committee settled the above four grants.

AUDIT REPORT FEDERAL GOVERNMENT (1994-95)

Prepared by DG (Federal Audit) Islamabad

2. i) **(Para No. 2, Page 41-ARFG-94-95)**
Suspected Misappropriation of Rs.7,411,813/- paid to P.W.D

Audit pointed out that an organization under the Ministry of Health, paid an amount of Rs.7,411,813/- to Pakistan Public Works Department on account of maintenance charges and other various purposes during 1991-92. An amount of Rs.822,800/- was paid as annual charges without any agreement and justification. On physical verification it was found that some works were not executed while others were lying incomplete. The Executive Director was not competent to sanction the expenditure beyond Rs.500,000/- under development schemes. The Department failed to give any satisfactory reply at the time of audit and as such the amount was suspected to have been misappropriated.

The PAO replied that on the declaration of NIH as an Autonomous Body, the responsibilities of maintenance of NIH Campus including residential accommodation, were transferred to the Institute without any financial cover. For that purpose, the schemes named (a) one time special grant for civil works and (b) one time special grant for special repair of E/M installation and overhauling of over all Air conditioning system of NIH, Islamabad, were prepared and approved by the E.D and Board of Directors. Funds received from Ministry of Health, Islamabad, were further released to Pak. P.W.D. E/M and Civil against their estimates after obtaining approval from Board of Governors. He further stated that Pak. P.W.D., being Federal Govt. Department, there was no need of any agreement. The work against which the funds were released to Pak. P.W.D. have already been completed. The Pak. P.W.D. Department. has not submitted same adjustment vouchers. The PAO also apprised the Committee that the para was recommended for settlement by the DAC.

PAC DIRECTIVE (15-07-2010)

The Committee endorsed the decision of DAC and directed the PAO to provide vouchers of accounts of all the expenditure, incurred through PWD, to Audit for verification within one month and the Committee settled the para subject to verification of record from the Audit.

ii) **(Para No. 4, Page 41-ARFG-94-95)**

UNAUTHORIZED DRAWL OF CONTINGENT ADVANCES OF RS. 59,864,946/-

Audit pointed out that National Institute of Health, under administrative control of Ministry of Health, paid heavy amounts aggregating to Rs.59,864,946/- as advances to its employees/various other parties during 1991-92 without approval of competent authority. The adjustment accounts against the advance were not rendered even after lapse of three years. The organization did not submit satisfactory reply during the audit.

The PAO replied that all advances have been adjusted. Moreover, the DAC has recommended the para for settlement subject to verification of record to Audit.

PAC DIRECTIVE (15-07-2010)

The Committee endorsed the decision of DAC and directed the PAO to provide record to Audit within one month for verification and recommended the para for settlement subject to verification of record by the Audit.

iii) **(Para No. 7, Page 44-ARFG-1994-95)**

RECOVERY OF RS 0.160 MILLION ON ACCOUNT OF IRREGULAR GRANT OF SIX ADVANCE INCREMENTS TO CHARGE NURSES

Audit pointed out that in Pakistan Institute of Medical Sciences under Ministry of Health, an amount of Rs 160,758/- was incurred on irregular grant of six advance increments on appointment of Charge Nurses, in violation of rules resulting into irregular payment of Rs 160,758/-.

The PAO informed that the matter was thoroughly examined by the DAC wherein, the para was recommended for settlement subject to provision of Resolution under which PIMS came into being, financial powers of Board of Governors and original approval of Finance Division.

PAC DIRECTIVE (15-07-2010)

The Committee endorsed the decision of DAC and directed the PAO to provide all the record to Audit within one month for verification and the settled the para on the verification of record by the Audit

Audit recommended above three paras for settlement.

PAC DIRECTIVE (15-01-2011)

The Committee settled the above three paras.

3. **(Para No. 5, Page 42-ARFG-94-95)**

LOSS OF RS. 9,139,344/- DUE TO FAULTY SYSTEM OF LOCAL PURCHASE OF MEDICINES

Audit pointed that Federal Government Services Hospital, Islamabad, during 1990-91, purchased medicines worth Rs.40 million out of which local purchases were for Rs.,139,344/-. The ratio of expenditure on local purchase was 23% of the total. The quantum/volume of local purchases indicated improper inventory managements, lack of planning and defective purchase procedure. Since the local purchase was made from retailers, thus, audit stated that at least Rs.9,139,344/- (10% of retail price being the discount) had been lost which other- wise would have been obtained.

The PAO replied that medicines were purchased locally due to non-availability in stores. During 1990-91, there was no separate budget for Parliamentarians and the FGSH (now FGPC) rather both were being dealt under one head of accounts. The hospital was under direction to arrange most of medicines through bulk purchases and limited quantities to be arranged through local purchase. The Ministry of Health, has reviewed the whole purchase system. No loss occurred to the government exchequer in local purchase of Rs. 8.578 million during 1990-91 which was totally legitimate and was not under any bar of a ceiling. The PAO informed that local purchase has been stopped now.

PAC DIRECTIVE

After detailed discussion between the Members, the Audit and PAO, the Committee settled the para.

4. **Performance Evaluation Report No.144 (1994-95) on National Institute of Health Islamabad**

Prepared by office of DAG (CA&E) Lahore

On presentation of above PER, DAG(CA&E) informed the Committee that the said Report was discussed by the DAC in its meeting held on 01-06-2009, wherein, certain decisions were taken but no compliance on any of those decisions have yet been reported to Audit, thus, it would be appropriate if latest performance report on NIH including compliance of each of the Audit Para of PER is asked for from the Department.

The Executive Director NIH replied that they have completed actions on almost every issue and the same can be provided to Audit. He further told that following the remedial measures taken by the present management, performance of NIH have improved considerably.

PAC DIRECTIVE

The Committee directed the Department to provided their latest Performance Report alongwith latest compliance of all the issues; as contained in the PER and discussed by the DAC in its meeting held on 01-06-2009, to the N.A Secretariat and the Audit within fifteen days.

MINISTRY OF HOUSING AND WORKS
1994-95

20. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Housing & Works were examined by the Sub-Committee PAC-III during four series of meetings held on 11th and 12th November, 2010, 14th March, 2011 and 31st March, 2011. During the 1st round of meeting the Committee issued its directions and three other rounds of meetings were held to ensure the implementation of the PAC directive issued during the 1st round.

- 20.1 Seven grants and eight paras were discussed in the meeting.
- 20.2 After detailed discussion the Committee settled all the grants whereas Six paras were also settled on the basis of clarifications given by the PAO
- 20.3 Cases related to the regularization were referred to the Ministry of Finance for regularization.
- 20.3 Some recoveries were also made during series of meetings.
- 20.4 The Committee referred two paras to the Monitoring and Implementation Committee of PAC because even after three rounds of meetings, the Ministry could not implement the directions of the PAC-III.
- 20.5 The Committee also settled sixteen paras which were recommended for settlement by the Audit after detailed deliberations.
- 20.6 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations that Government houses should be allotted carefully and according to the entitlement, rent should be recovered and deposited in Government treasury.

MINISTRY OF HOUSING & WORKS
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 11th and 12th November, 2010 14th and 31st March, 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 Ministry of Housing & Works, are summarized as under:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I) (1994-95)

1. **Grant No 71 - Works Division**

(Total Grant - Rs.25,201,000) (Saving - Rs.912,387)

The AGPR pointed out that the grant closed with a saving of Rs.912,387/- which worked out to 3.62% of the total grant. An amount of Rs.284,750 (1.13%) was surrendered leaving net saving of Rs.627,637 (2.49%).

The PAO explained that DAC has recommended this grant for settlement.

Audit agreed with the PAO, as it was minor saving.

PAC DIRECTIVE

The Committee settled the grant.

2. **Grant No 73 – Estate Office**

(Total Grant - Rs.682,466,000) (Saving - Rs.2,249,898)

The AGPR pointed out that the grant closed with a saving of Rs.2,249,898/- which worked out to 0.33% of the total grant.

The PAO explained that saving was due to less expenditure and nominal saving under different heads and requested for settlement.

PAC DIRECTIVE

The Committee settled the grant.

3. **Grant No 72 – Civil Works**

(Final Grant - Rs.1,250,000) (Excess/Saving - Rs.20,961)

The grant included Establishment Budget for the regular employees of the Department and maintenance budget for office/residential buildings of the Federal Government. In addition to, the expenditure on annual / special repair, utility charges of these buildings were also met from this grant. The Department also maintains V.I.P buildings, such as (Aiwan-e-Sadar), Prime Minister's Secretariat Guest House etc. This grant contained two Sections i.e. Charged and Other than Charged.

Charged:-

The original and final grant was Rs.1.250 (M). against which an expenditure of Rs.1.299 (M) was incurred resulting in saving of Rs.0.021 (M) (1.68%). The saving pertained to President's Secretariat.

Other Than Charged:-

The original grant was Rs.565.018 (M). After accounting for the effect of supplementary grant before the cut off date worth Rs.22.386 (M), as well as supplementary grant after the cut off date worth Rs.20.420 (M), the final grant worked out to Rs.607,824 (M). Against which an expenditure of Rs.639.098 was incurred resulting in excess of Rs.31.274 (M).

The PAO replied that the excess was due to expenditure on salaries of staff and purchase of goods.

PAC DIRECTIVE

The Committee settled the grant.

4. **Grant No 74 – Federal Lodges**
(Final Grant - Rs.15,154,000) (Excess/Saving - Rs.624,909)

The Department was also responsible for the maintenance and running of Federal Lodges all over the country. At that period Sixteen federal Lodges located at Islamabad, Rawalpindi, Lahore, Quetta, Karachi and Peshawar were being maintained by the Department. These Lodges proved economical and quality lodging facilities to the officers of the Government and Members of the Parliament. Expenditure relating to the operation of these lodges is met from this grant.

The PAO replied that the saving was due to the reason that some durable goods were not purchased and neither the available durable items were repaired. However, saving was nominal.

PAC DIRECTIVE

The Committee settled the grant.

5. **Grant No 75 – Other Expenditure of Works Division**
(Final Grant - Rs.2,053,000) (Saving - Rs.47,921)

This grant specially meant for payment of fixed charges and watches and wards expenditure of Government Owned Buildings at Karachi. Under this grant the original and final allocation was Rs.2.053 (M) against which an expenditure of Rs.2.005 was made resulting in minor saving of Rs.0.048 (M). The saving was 2.33% of the final grant which was negligible.

The PAO replied that as the saving is 2.33% of the final grant which was nominal and may be settled.

PAC DIRECTIVE

After detailed discussion the Committee settled the grant.

6. **Grant No 161 – Development Expenditure of Works Division**
(Final Grant - Rs.74,000) (Saving - Rs.1,689)

This grant is provided for the original works between 0.100 (M) to 0.500 (M) relating to small schemes in the Presidents and Prime Minister's Estates.

The original and final allocation was Rs.0.074 (M) against which an expenditure of Rs.0.072 (M) was incurred resulting in saving of Rs.0.002 (M). The PAO replied that as the saving is 2.33% of the final grant which is nominal and may be settled.

PAC DIRECTIVE

The Committee settled the grant.

7. **Grant No 189 – Capital Outlay on Civil Works**
(Final Grant - Rs.5,843,000) (Saving - Rs.6,231)

This grant is specially meant for original works financed through ADP of the works Division. In addition to Physical Planning Section, Development Schemes of other Ministries and Division were also included in this grant.

Charged

Under charged section there was no original allocation. However, funds amounting to Rs.6.243 (M) were allocated through Supplementary grant but an amount of Rs.0.400 (M) was diverted towards Other Than Charged through re-appropriation. So the final allocation was worked out to Rs.5.843 (M) against which an expenditure of Rs.5.837 (M) was incurred resulting in minor saving of Rs.0.006 (M) which is 0.10% of the total grant.

Other Than Charged

Under Other Than Charged the original allocation was Rs.396.233 (M) into account the effect of supplementary grant of Rs.13.837 (M) as well as re-appropriation of Rs.0.400 (M) and surrender of funds of Rs.20.166 (M) the final allocation worked out to Rs.390.304 (M) against which an expenditure of Rs.392.739 (M) was incurred, resulting in excess of Rs.2.435 (M) which is 0.62% of the final grant and is negligible.

The PAO replied that as the excess is nominal and requested that it may be ignored.

PAC DIRECTIVE

After detailed discussion the Committee settled the grant.

AUDIT REPORT FOR THE YEAR (1994-95)

Prepared by DG Work (Federal) Islamabad

8. **(Para – 1, Page 44-AR-94-95)**
IRREGULAR DRAWL OF HONORARIUM WORTH RS.92,913 OUT OF 3 SPECIAL DEVELOPMENT GRANT

Audit pointed out that a special grant of Rs.100 million was provided to the National Housing Authority by Finance Division for the provision of houses to shelter less people in Pakistan but the local authorities in disregard of provisions of GFR (Para-10-12) only diverted the development funds but also provided benefits to various individuals under their control.

PAC DIRECTIVE

The Committee settled the para and directed the PAO to get it regularized from Finance Division.

9. **(Para – 2, Page 45-AR-94-95)**
UN-AUTHORIZED/IRREGULAR PAYMENT OF TELEPHONE BILLS FROM DEVELOPMENT GRANT INSTEAD OF REGULAR BUDGE AMOUNT WORTH RS.301,813/-

Audit pointed out that in National Housing Authority, there was an irregular practice of making payments of almost all the telephone bills from the special development grant of one hundred million which was exclusively meant for implementing the policy of the Government to provide houses to shelter less people.

PAC DIRECTIVE

The Committee settled the para and directed the PAO to get it regularized from Finance Division.

10. **(Para – 6, Page 47-AR-94-95)**
UNJUSTIFIED AND INFRACTUROUS EXPENDITURE ON HIRING OF OFFICE ACCOMMODATION IN EXCESS OF THE ACTUAL REQUIREMENTS RS. 949,158/-

Audit pointed out that in National Housing Authority, in February, 1994, hired an accommodation comprising of 11696 sft @ Rs6.75/sft for its head office at Islamabad against an estimated requirements of 5000 sft. Excess areas of 6696 sft was neither justified nor utilized properly. Even at the time of audit i.e. November, 1994, two large halls and several rooms were lying vacant.

PAC DIRECTIVE

The Committee settled the para.

11. **(Para – 9 Page 48AR-94-95)**
WASTAGE OF PUBLIC FUNDS WORTH RS 548,155/- DRAWN FROM SPECIAL GRANT AGAINST IRREGULAR APPOINTMENTS IN CHAIRMAN EXECUTIVE COMMITTEE OFFICE AT KARACHI

Audit pointed out that an office of the Chairman Executive Committee of National

Housing Authority, was established at Karachi in December, 1992. No proper record of appointments of staff was available except a letter No.835 PLM/RM & TRC/92 dated 2-11-1992 from Syed Mazahar Ali, Chairman Executive Committee N.H.A addressed to the Minister from Environment and urban affairs division which shoed a list of officers and staff appoint by him.

PAC DIRECTIVE

The Committee settled the para with the comment that Executive Chairman did not use his powers in a right way. The Committee showed displeasure and directed that PAO should personally look into the matter.

AUDIT REPORT FOR THE YEAR (1994-95)

Prepared by DG Work (Federal) Islamabad

12. **(Para – B.II.1, Page 75-ARFG-94-95)**

NON-RECOVERY OF STANDARD RENT – RS.2.220 MILLION

Audit pointed out that Estate Office, Lahore did not recover standard rent from the various employees (occupants) of different department upto June, 1995. This resulted into non-recovery of Rs.2,220,407/-.

The PAO replied that recovery of rent in some cases had been made and got verified from Audit. Efforts are continuing to recover the balance amount of Rs.1.101,987. Rest of recovery has also been made. Record will be verified with Audit.

Audit stated that maximum time was given but no record was verified regarding remaining amount.

PAO informed the Committee that maximum amount has been recovered.

PAC DIRECTIVE

The Committee directed the PAO that recovery may be got verified from Audit within fifteen days. The Committee settled the para subject to provision of record of recovery to the Audit.

13. **(Para – B.II.2, Page 76-ARFG-94-95)**

NON-RECOVERY OF STANDARD RENT – RS. 1.025 MILLION

Audit pointed out that Estate Office, Lahore allotted 06 quarters to the Staff Welfare Organization in the Wafaqi Colony, Lahore for use as “School and Dispensary”. As per record of the Estate Office, only 02 quarters were used for school while remaining 04 quarters were misused and sublet to some private persons on monthly rent. This resulted in non-recovery of standard rent amounting to Rs.1,025,640/- as calculated from 29.03.1987 to 30.06.1995 .

The PAO explained that there was no evidence for misuse or subletting of allotted house. Moreover, houses have been allotted to a government organization for public welfare projects with the approval of authority without any condition for recovery of rent. And houses were given to staff welfare were did not allotted to Government staff.

PAC DIRECTIVE (11-11-2010)

The Committee agreed with the Audit and directed the PAO to depute an officer to investigate whether the quarter was being properly used for public welfare. If not, it may be vacated and a report be submitted to the PAC Secretariat within 15 days. Recovery should be made if it was being misused.

The PAO informed that an inquiry was conducted and it was found that quarters were not subletted and were being used for public welfare. A case had been submitted to the PAO for decision whether any rent is to be applied for five quarters being used for welfare purpose or not. Audit observed that report prepared by Estate Officer is not in appropriate formal and also needs approval from PAO. The DAC pended the para till formal inquiry report was submitted and decision was made by the Ministry of Housing and Works.

PAC DIRECTIVE (14-03-2011)

The Committee showed displeasure for not submitting report in time and directed the PAO to provide the copy of the enquiry report to Audit within fifteen days.

14. **(Para – C.I.1, Page 77-ARFG-94-95)**

LOSS DUE TO NON-RECOVERY OF STANDARD RENT – RS.1.008 MILLION

Audit pointed out that Estate Office, Lahore did not recover standard rent of two blocks in Federal Government Employees Colony, Lahore which were under occupation by the Police Department un-authorized since January, 1992. This resulted in loss of Rs.1,008,000/-

PAC DIRECTIVE (11-11-2010)

The Committee clubbed the para C.I.1-94-95, Para – 6.45, and 6.47 The Committee directed to refer the issue of unauthorized occupation of Ministry of Housing & Works properties by Government Officers/non Government persons to the National Assembly standing Committee of Housing & Works to bring it on agenda and the outcome may be communicated to PAC Secretariat for perusal of Members of PAC Special Committee III.

The PAO informed that matter is still under process.

Audit pointed out that case pertains to the flats of Lahore, not Islamabad.

PAC DIRECTIVE (14-03-2011)

The Committee deferred the para for two weeks with the instructions that rent should be deposited and the houses occupied by the Police Department be vacant.

The PAO informed that case has been transferred to PAK PWD and IG police has been approached to get the house vacated.

PAC DIRECTIVE (31-03-2011)

The Committee directed the PAO that deduction of rental at source be made by finance within two weeks from the share of Punjab Government. Letter should be sent to the concerned I.G Police to implement the decision of Provincial Mohtasib in letter & spirit within six months. Otherwise it will be contempt of PAC and referred the Para to Monitoring and Implementation Committee for further follow up because the Ministry could not complete the task or action which was directed during the series of PAC-III meetings.

15. **(Para – D.I.1, Page 89-ARFG-94-95)**

MISAPPROPRIATION OF RECEIPTS RS. 5.360 MILLION

Audit pointed out that in a division receipts on account of rent of Federal Lodges, State Bank Buildings and Neon Signs from November, 1991 to March, 1995 were utilized towards expenditure instead of transferring to the Director, Budget and Accounts for credit to revenue head. This resulted in misappropriation of receipts amounting to Rs.5,360,044/-

The PAO explained that the disciplinary action was taken against certain officers. To avoid recurrence of such practice in future, the single PLA system in the divisions has been done away w.e.f 01.07.97. Fact finding inquiry is in process.

PAC DIRECTIVE (11-011-2010)

The Committee settled the para subject to verification of the Audit.

The PAO informed that report will be submitted to the Audit.

PAC DIRECTIVE (14-03-2011)

The Committee settled the para subject to verification of record from the Audit.

The PAO informed that the inquiry conducted by Mr. Zahid Pervez, Chief Engineer (C.Z) had been sent to Audit with the endorsement of the PAO.

PAC DIRECTIVE (31-03-2011)

The Committee directed the PAO to take up the matter with Finance Division to decide as per rules on the recommendation of the Ministry of Housing & Works.

AUDIT REPORT 1994-95
ESTATE OFFICE

1. Para No. A.I.1 Page 72 Bogus Payment of Rs. 270,000/-
2. Para No. A.I.2 Page 73 Bogus Payment of Rs. 49,200/-
3. Para No. B.I.1 Page 74 Non-recovery of 5% House Rent - Rs. 225,878/-
4. Para No. B.I.5 Page 75 Non-recovery of 5% House Rent Rs. 54,000/-
5. Para No. C.II.1 Page 77 Loss due to Misappropriation of Government Receipts - Rs. 48,632/-
6. Para No. D.I.1 Page 78 Embezzlement of Rs. 85,930/-
7. Para No. E.I.3 Page 80 Unauthorized Payments of Rs. 216,335/-
8. Para No. E.I.4 Page 81 Unauthorized Payments of Rs. 127,237/-
9. Para No. E.I.5 Page 81 Unauthorized Payments of Rs. 81,900/-
10. Para No. 07 (Federal Audit) Recovery of Rs. 86,879 on account of excess calls made from residential and official telephones

PAK PWD

11. Para No. A.I.1 Page 87 Excess Payment of Rs. 275,320/-
12. Para No. B.I.1 Page 87 Non-recovery of Cost of Material - Rs. 746,265/-
13. Para No. C.I.1 Page 88 Loss due to Doubtful Payment of Rs. 3.542 million
14. Para No. E.I.1 Page 90 Unauthorized Payment of Rs. 667,000/-

Audit recommended the above fourteen paras for settlement.

PAC DIRECTIVE

The Committee settled the above fourteen paras on the recommendation of the Audit.

UN-HIGHLIGHTED PARAS (SETTLED AT DAC LEVEL)

1. Para No. B.I.2 Page 74 Non-recovery of 5% House Rent - Rs. 278,030/-
2. Para No. B.I.3 Page 75 Non-recovery of 5% House Rent - Rs. 335,929/-
3. Para No. B.I.4 Page 75 Non-recovery of 5% House Rent - Rs. 1.286 million
4. Para No. E.I.1 Page 79 Unauthorized Payments of Rs. 2.040 million
5. Para No. E.I.2 Page 80 Unauthorized Payments of Rs. 98,400/-
6. Para No. E.II.1 Page 82 Non-Production of Cash Receipt Books

The above mentioned six paras were settled at DAC level and was brought into the knowledge of the PAC.

AUDIT REPORT 1994-95
PAKISTAN PUBLIC WORKS DEPARTMENT/ESTATE OFFICES (MINISTRY OF HOUSING & WORKS)

UN-HIGHLIGHTED PARAS (DAC LEVEL)

1. Para No. B.II.1 Page 75 Non-recovery of Standard Rent - Rs. 2.220 million

AUDIT REPORT 1994-95
ESTATE OFFICE

2. Para No. B.II.2 Page 76 Non-recovery of Standard Rent - Rs. 1.025 million

The above mentioned two paras were settled at DAC level and was brought into the knowledge of the PAC.

**MINISTRY OF INFORMATION TECHNOLOGY AND
TELECOMMUNICATION**
1994-95

21. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Information Technology and Telecommunication were examined by the Sub-Committee PAC-III during two series of meetings held on 9th August, 2010 and 8th January, 2011. During the 1st round of meeting the Committee issued its directions and another round of meeting was held to ensure the implementation of the PAC directive issued during the 1st round.

21.1 One grant was presented by the AGPR which was settled.

21.2 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations in a number of cases.

MINISTRY OF INFORMATION TECHNOLOGY
AND TELECOMMUNICATIONS
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of Sub-Committee PAC-III held on 9th August, 2010 and 8th January, 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Information Technology and Telecommunication, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 184 - Capital Outlay on Communication Works**
(Total Grant - Rs.27,168,000) (Saving - Rs.1,192,876)

The AGPR pointed out that the grant closed with a saving of Rs.1,192,876/- which worked out to 4.39% of the total grant.

The PAO replied that the grant was due to Special Communication Organization (SCO). Prior to 2000, SCO was under financial control of M/o Communications; however, the same is now under M/o IT&T. He explained that the saving occurred due to non-completion of certain exchange related works within stipulated time.

PAC DIRECTIVE (09-08-2010)

The Committee directed the PAO to hold another DAC on the above-said grant within one month, find out reasons for non-completion of works as well as identify person (s) involved for these delays and submit report to the PAC. Moreover, the PAO was also directed to discuss the affairs of SCO with all stake holders, devise some strategy to bring improvement in the system and submit report to the PAC within one month. On completion of above tasks, a comprehensive briefing should be given to the Committee.

The AGPR recommended the grant for settlement.

PAC DIRECTIVE (08-01-2011)

The Committee settled the grant.

MINISTRY OF INTERIOR
1994-95

22. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Interior were examined by the Sub-Committee PAC-III on 4th January, 2011.

- 22.1 Twelve grants were presented by the AGPR and ten Audit Paras were reported by the Audit.
- 22.2 All grants were settled by the Committee and Seven paras were settled after detailed discussion of the Members, the Audit and PAO.
- 22.3 In three paras the Committee directed the PAO to reconsider the issue at DAC level.
- 22.4 The Committee showed displeasure for the then PAO who could not maintained the proper record.
- 22.5 During the course of discussion, the Committee issued some policy recommendations, depending on the nature of the issues, directing the PAO to take appropriate actions.
- 22.5 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its observation that it was bad financial management during that year and directed the PAO to ensure zero saving and zero excess in future.

MINISTRY OF INTERIOR
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 4th January, 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Interior, are summarized below:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 87 – Interior Division**

(Total Grant - Rs.45,021,000) (Excess/Saving - Rs.839,206)

The AGPR pointed out that the grant closed with an excess of Rs.839,206 which worked out to 1.86 percent of the total grant. An amount of Rs.577,000 (1.28%) was surrendered increasing net excess to Rs.1,416,206(3.14%). A supplementary grant of Rs.2,127,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO stated that a case for purchase of operational vehicle was in process with the Finance Division which could not be finalized till close of financial year, hence the saving occurred.

PAC DIRECTIVE

The Committee settled the grant.

2. **Grant No 88 – Islamabad**

(Total Grant - Rs.329,738,000) (Excess - Rs.51,779,081)

The AGPR pointed out that the grant closed with an excess of Rs.51,779,081 which worked out to 15.70 percent of the total grant. A supplementary grant of Rs.49,313,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that excess occurred due to revision of pay scales, late receipt of funds under Head, repair charges of durable goods and due to late release of funds by Finance Division.

PAC DIRECTIVE

The Committee settled the grant with the observations that this showed bad financial management and directed the PAO to ensure zero saving and zero excess in future.

3. **Grant No 89 – Passport Organization**

(Total Grant - Rs.77,407,000) (Excess - Rs.3,883,118)

The AGPR pointed out that grant closed with an excess of Rs.3,883,118 which worked out to 5.01 percent of the total grant. A supplementary grant of Rs.4,023,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that excess was minor and requested to settle the grant.

PAC DIRECTIVE

The Committee settled the grant.

4. **Grant No 90 – Civil Armed Forces**
(Total Grant - Rs.2,184,041,000) (Excess- Rs.281,075,765)

The AGPR pointed out that the grant closed with an excess of Rs.281,075,765 which worked out to 12.87 percent of the total grant. An amount of Rs.29,664,300 (1.35%) was surrendered increasing net excess to Rs.310,740,065 (14.22%). A supplementary grant of Rs.333,726,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained excess occurred due to following reasons:-

- i) Funds were kept reserved for expected debit to be received from Army on account of cost of ration purchased from army, which could not be received till 30th June, 1995.
- ii) Due to purchase of more vehicles than the approved number in deviation of the order of the competent authority. The case for ex-post facto sanction for the deviation is in process in Finance Division and
- iii) a supplementary grant of Rs.3,500,000 was sanctioned on 29-6-1995 by the Finance Division for repair and maintenance charges of helicopter, which could not be placed at the disposal of the Army for the purpose.

PAC DIRECTIVE

The Committee settled the grant.

5. **Grant No 91 – Pakistan Coast Guards**
(Total Grant - Rs.100,552,000) (Excess - Rs.14,575,535)

The AGPR pointed out that the grant closed with an excess of Rs.14,575,535 which worked out to 14.49 percent of the total grant. An amount of Rs.300,000 (0.29%) was surrendered increasing net excess to Rs.14,875,535 (14.79%). A supplementary grant of Rs.13,327,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that excess was mainly due to revision of pay scales.

PAC DIRECTIVE

The Committee settled the grant with the observation that it was bad financial management and directed the PAO to ensure zero saving and zero excess in future.

6. **Grant No 92 – Pakistan Rangers**
(Total Grant - Rs.2,125,169,000) (Saving - Rs.202,971,485)

The AGPR pointed out that the grant closed with a saving of Rs.202,971,485 which worked out to 9.28 percent of the total grant. An amount of Rs.109,719,000 (5.02%) was surrendered leaving net saving of Rs.93,252,485 (4.26%).

The PAO explained the Committee about the excess booking of expenditure of Rs.2,100,000 and non accounting of surrender of Rs.78,880,000. He explained that saving and excess was due to following reasons:

- i) the amount was kept reserved for adjustment of expected debit of Rs.15,741,453 on account of the cost of “Life Jackets” purchased from abroad which was not received till close of Financial year.
- ii) the saving of Rs.1,379,419 in respect of Pakistan Rangers Punjab was kept reserved for payment of rent in respect of residential and non residential accommodation, in pursuance of expected hiring sanctions from Ministry.
- iii) The major saving was under the head pay of staff.

PAC DIRECTIVE

The Committee settled the grant and directed that record should be verified from the AGPR.

7. **Grant No 93 – Registration Organization**
(Total Grant - Rs.177,237,000) (Excess/Saving - Rs.39,354,075)

The AGPR pointed out that the grant closed with an excess of Rs.39,354,075 which worked out to 22.20 percent of the total grant. A supplementary grant of Rs.43,677,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that saving/excess occurred due to error in calculation of figures of supplementary grant in respect of 90 offices all over the country and due to some cases which were under process in the Finance Division but were not finalized till close of financial year.

PAC DIRECTIVE

The Committee settled the grant.

8. **Grant No 94 – Civil Defence**

(Total Grant - Rs.19,572,000) (Excess - Rs.1,124,003)

The AGPR pointed out that the grant closed with an excess of Rs.1,124,003 which worked out to 5.74 percent of the total grant. A supplementary grant of Rs.1,642,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO stated that an amount of Rs.200,000, was released to Azad Jammu Kashmir Government on account of financial assistance on matching fund basis, but this amount was not drawn by that Government till the close of financial year.

PAC DIRECTIVE

The Committee settled the grant with the observations that it was bad financial management and directed the PAO to ensure zero saving and zero excess in future.

9. **Grant No 95 – Federal Investigation Agency**

(Total Grant Rs.263,517,000) (Excess - Rs.80,047,113)

The AGPR pointed out that the grant closed with an excess of Rs.80,047,113 which worked out to 30.37 percent of the total grant. A supplementary grant of Rs.24,873,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO stated that excess occurred due to revision of pay scales and due to certain claims of public prosecutors.

PAC DIRECTIVE

After detailed discussion the Committee settled the grant with the observation that it was bad financial management and directed the PAO to ensure zero saving and zero excess in future.

10. **Grant No 96 – Other Expenditure of Interior Division**

(Total Grant Rs.195,455,000) (Saving - Rs.106,585,180)

The AGPR pointed out that the grant closed with a saving of Rs.106,585,180 which worked out to 54.53 percent of the total grant. An amount of Rs.139,481,784 (71.36%) was surrendered resulting into an excess of Rs.32,896,604 (16.83%).

The PAO stated that excess was due to inadvertent error in compilation of figures of expenditure, non recruitment of officer/staff and non purchase of durable goods for Afghan Trade Development Cell.

PAC DIRECTIVE

The Committee settled the grant.

11. **Grant No 124 – Frontier Constabulary**
(Total Grant Rs.482,491,000) (Excess - Rs.28,250,148)

The AGPR pointed out that the grant closed with an excess of Rs.28,250,148 which worked out to 5.85 percent of the total grant.

The PAO stated that during that period Frontier Constabulary was under the administrative control of Ministry of SAFRON.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO to transfer the grant to Ministry of SAFRON and informed the National Assembly Secretariat and Audit.

The PAO informed that grant was sanctioned very late, could not be utilized.

PAC DIRECTIVE (16-03-2011)

The Committee settled the grant with the observation that it should be zero excess and zero saving in future.

12. **Grant No 164 – Development Expenditure of Interior Division**
(Total Grant Rs.33,809,000) (Excess - Rs.53,245,299)

The AGPR pointed out that the grant closed with an excess of Rs.53,245,299 which worked out to 157.48 percent of the total grant.

The PAO stated that saving occurred due to non recruitment of officers by Federal Public Service Commission, non receipt of certain bills till the close of financial year and ban on purchase of durable goods.

PAC DIRECTIVE

The Committee settled the grant.

13. **Para – 2 Page 53-AR-1994-95)**
RECOVERY OF RS.369,731/- ON ACCOUNT OF USE OF
OFFICIAL/RESIDENTIAL TELEPHONES BEYOND PRESCRIBED CEILING

Audit pointed out that Ministry of Interior during April, 1992, paid Rs.369,731/- on account of official and residential telephones beyond the ceiling prescribed by Cabinet Division.

The PAO stated that the amount has been paid to Government and disciplinary action has been completed against the responsible officer. The PAO further stated that the defaulter has already been dismissed from service. Moreover he has also expired. Therefore, no further action can be taken against him.

Audit requested the Committee to direct the Ministry of Interior to recover the balance from other concerned, and deposit into Government Treasury.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO to recover the balance amount within one month and submit report to Audit.

The PAO informed that Rs.330/- against Mr. Manzoor Ahmad, Ex-PS & Rs.6,416/- against Mr. Hussain Ch., Ex-DS have been written off by the competent authority. Request for recovery of Rs.15,240/- against Mr. Khanzada Abdul Wadood Khattak, Ex-JS and Rs.53,711/- against Mr. Riaz Ahmed Sipra, Ex-JS as retired officers, has been forwarded to AGPR on 07-03-2011. Remaining amount of Rs.294,034/- have been recovered and deposited into Government Treasury.

PAC DIRECTIVE (16-03-2011)

The Committee settled the para and directed that record should be verified by the Audit.

14. **Para – 3 Page 54-AR-1994-95)**

EMBEZZLEMENT OF RS.56,293/- ON ACCOUNT OF ADVANCE DRAWN

Audit pointed out that Ministry of Interior drew an advance of Rs.100,000/- for C-130 Enquiry Commission but adjustment bill were not submitted to the A.G.P.R. in violation of FTR-308 Vol.1. An expenditure of Rs.43,707/- was shown incurred for the purpose. Remaining amount of Rs.56,293/- was shown in the Cash Book as paid to Enquiry Commission but no documentary evidence was produced to Audit. The purpose of this expenditure was not shown.

The PAO stated that the necessary disciplinary action has already been taken against the concerned officer and dismissed from service. Besides he has since expired.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO to get the case regularized by competent authority under rules. The Committee settled the para subject to verification by the Audit.

The PAO informed that the said amount has been written off by the competent authority.

PAC DIRECTIVE (16-03-2011)

The Committee settled the para.

15. **Para – 5 Page 54-AR-1994-95)**
EMBEZZLEMENT OF RS.145,335/- ON PURCHASE OF BULLET PROOF MERCEDES BENZ CAR 560-SEL

Audit pointed out that Ministry of Interior drew an advance of Rs.10.3 million for purchase of two Mercedes Security Cars for President and Prime Minister. A cheque for Rs.10 million was issued to National Bank of Pakistan Islamabad for opening L/C in favour of M/s Mercedes Company of Germany. Another cheque for Rs.300,000/- was drawn by the D.D.O. for allied expenses. Against that advance an expenditure of Rs.167,022/- was shown as allied expenses and balance of Rs.132,978/- was charged, from the Cash Book, as paid to firm without any name, supporting voucher.

The PAO stated that the necessary disciplinary action has already been taken against the concerned officer who was dismissed from service. Besides, he has since expired.

PAC DIRECTIVE

The Committee directed the PAO to get the case regularized from competent authority.

The Committee settled the para and directed that record should be verified by the Audit.

16. **Para – 6 Page 55-AR-1994-95)**
EMBEZZLEMENT OF RS.200,000/-

Audit pointed out that the Federal Minister for Interior announced a grant of Rs.200,000/- for Kurram Militia on the eve of its Centenary. The cheque was issued by the A.G.P.R. to the D.D.O. who encashed it on 21.11.1992. The Kurram Militia had confirmed non receipt of the amount in writing.

The PAO stated that the matter has been investigated and it has been established that a sum of Rs.200,000/- has been embezzled. Disciplinary action, under E&D rules, has been taken against the concerned DDO and he has been dismissed from service. It was also brought to the notice of the Committee that concerned officer has died, therefore, no further action can be taken against him.

PAC DIRECTIVE

The Committee directed the PAO to get case regularized from competent authority. The Committee settled the para and directed that record should be verified by the Audit.

17. **Para – 8 Page 56-AR-1994-95)**
EMBEZZLEMENT OF RS.30

Audit pointed out that Ministry of Interior during 1987-94 collected Government receipt amounting to Rs.307,016/- on account of excess/private telephone calls, refund of House

Building Advance, auction of Government Vehicles and other stores. These receipts were neither taken in the Cash Book nor deposited into the Government account, in violation of General Financial Rules.

The PAO stated that disciplinary action has already been taken against the concerned officer. He has also since expired.

PAC DIRECTIVE

The Committee directed the PAO to get case regularized from competent authority. The Committee settled the para and directed that record should be verified by the Audit.

18. **Para – 11 Page 57-AR-1994-95)**
NON DEPOSIT OF CASH RS.964,638/- INTO GOVERNMENT ACCOUNT

Audit pointed out that in Ministry of Interior, Audit of Cash Book (Public) and Cash Book (Federal Control Room) revealed that Rs.860,577/- and Rs.182,596/- respectively were found short in 8/94 in both the cases. Later on, an amount of Rs.964,638 was recovered and accounted for as receipt in Cash Books leaving Rs.78,535/- still to be recovered. The recovered amount was not deposited into Government Treasury.

The PAO disagreed with the Audit and stated that the closing balance in main Cash Book was Rs.660,842.51. A new Cash Book was opened and this balance was changed as Rs.15,21,419.51 by reverting back some entries, which were already posted, out from the old cash Book. This difference of Rs.8,60,577/- has thus been shown short as cash by the audit which is not based on facts. The PAO further informed the Committee that the adjustment of advances and expended amount have been sent to AGPR and adjusted in full. He also gave the details of the recovery of cash which was short.

Audit requested the Committee to direct the Ministry to produce the deposit Challan for verification.

PAC DIRECTIVE

The Committee settled the para and directed that record should be verified by the Audit.

19. **Para – 12 Page 57-AR-1994-95)**
SUSPECTED MISAPPROPRIATION OF RS.13,098,020/- ON ACCOUNT OF UNADJUSTED ADVANCES.

Audit pointed out that Ministry of Interior drew advances of Rs.13,098,020/- during 1987-94 but adjustment bills were not submitted to the AGPR till February, 1995 in violation of FTR-308, Vol.1. Consistent failure to get these advances adjusted, leads to

apprehension of misappropriation as a host of financial irregularities and misappropriations have been pointed out by Special Audit.

The PAO stated that some advances have already been adjusted whereas some are still outstanding. The adjustment therefore could not be submitted to AGPR.

PAC DIRECTIVE (04-01-2011)

The Committee settled the para and directed that record should be verified by the Audit.

The PAO stated that inquiry has been conducted and record could not be traced. Besides, the officers responsible have also died so no action can be taken against any one.

PAC DIRECTIVE (16-03-2011)

The Committee settled the para. The Committee also showed displeasure for the then PAOs who did not maintain the record.

20. i) **Para – 15 Page 59-AR-1994-95)**

SUSPECTED MIS-APPROPRIATION OF RS.6,725,140/- DUE TO CONCEALMENT /NON-PRODUCTION OF CONTINGENT BILLS.

Audit pointed out that during 1986-94 Ministry of Interior, spent Rs.6,725,140/- on various purchases. Despite repeated requests contingent bills and supporting documents of the expenditure were not produced to Audit leading to doubt that the amount was drawn on fictitious bills and subsequently misappropriated.

The PAO replied that the matter has been investigated and all the contingent bills along with supporting documents as pointed out by the Audit are available in the records of the Ministry which may be verified by the Audit. The responsible officer and official has already been dismissed from services, Ex-DDO has also expired.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO to reconstruct the record and provide to Audit within one month. The Committee settled the para.

ii) **Para – 17 Page 60-AR-1994-95)**

WILLFUL NON-RECORDING OF EXPENDITURE OF RS.16.250 MILLION CASH BOOK.

Audit pointed out that Ministry of Interior, in violation of FTR 77(u), spent Rs.16.250 million during 1987-91 but bills were not fully entered in the Cash Book which rendered the expenditure unauthentic and doubtful. In Special Audit a host of irregularities was pointed out by Audit. The non-entry of huge amount, neither receipt nor payment, side

led to suspicion about actual disbursement, particularly when no other record of payments was found.

The PAO replied that the matter has been investigated and the total of contingent bills as pointed out by the Audit works out to Rs.16,331,735.21 and not Rs.16.25 million. Out of these bills some have been found entered in the Cash Book. whereas remaining have not been found entered in the Cash Book. The PAO further stated that maximum irregularities have been committed by the then DDO/Cashier who have been dismissed from service and ex-DDO has expired. Therefore no further action is possible against him.

Audit requested that a time frame for completion of inquiry report and its submission may be given by the PAO.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO to expedite the process of inquiry for responsibility and take action if some body is held responsible and submit report to PAC within one month and para was pended.

iii) **Para – 21 Page 62-AR-1994-95)**

NON-ATTENDING TO THE AUDIT OBSERVATIONS

Audit pointed out that the Chief Commissioner Islamabad's Office, under Ministry of Interior up till January, 1996, failed to respond to the Audit and Inspection Reports issued since 1981-82 containing ninety five paras.

The PAO stated that reply to all audit reports has been submitted to Audit by ICT, Islamabad. The staff responsible for delay, in submission of reply has also been asked to be careful in future.

Audit requested the Committee to direct the PAO to schedule a meeting with Audit for previous/outstanding Audit paras for discussion.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO to direct the concerned officer to have meeting with Audit and take observations of Audit seriously for compliance and submit report to Sub-Committee PAC-III within one month.

The PAO informed that ICT has requested for provision of detail.

PAC DIRECTIVE (16-03-2011)

The Committee deferred three paras to DAC and directed these paras should be dealt at DAC level. The Committee referred the Para to Monitoring and Implementation Committee for further follow up because the Ministry could not complete the task or take action which as directed during the series of PAC-III meetings.

MINISTRY OF INFORMATION AND BROADCASTING
1994-95

23. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Information and Broadcasting were examined by the Sub-Committee PAC during two series of meetings held on 24th September, 2010 and 11th April, 2011. During the 1st round of meeting the Committee issued its directions and another round of meeting was held to ensure the implementation of the PAC directive issued during the 1st round.

23.1 Seven grants were presented by the AGPR and eight paras were reported by the Audit.

23.2 The Committee settled all the grants and three paras.

23.3 The Committee directed the management that Pakistan Broadcasting Corporation should be re-organized and non-developmental expenditure should be reduced. In the paras which were subjudice in the courts, the Committee directed to pursue the cases vigorously and to depute senior level officers to appear before the court on each hearing.

23.4 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and observed that budgeting mechanism during the year was very poor.

MINISTRY OF INFORMATION & BROADCASTING
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of Sub Committee PAC-III held on 24th September 2010 and 11th April, 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Information and Broadcasting, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 81 - Ministry Information and Broadcasting**
(Total Grant - Rs.58, 258,000) (Excess - Rs.8, 622,216)

The AGPR pointed out that the grant closed with an excess of Rs.8, 622,216/- which worked out to 14.80% of the total grant. A supplementary grant of Rs.6,094,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that excess was mainly due to revision of pay scales.

PAC DIRECTIVE

The Committee settled that grant with instruction that during budget planning, proper vigilance should be maintained by the PAO.

2. **Grant No 82 – Directorate of Publications Newsreels and Documentaries**
(Total Grant - Rs.31,878,000) (Excess - Rs.1,833,238)

The AGPR pointed out that the grant closed with an excess of Rs.1,833,238/- which worked out to 5.75% of the total grant. A supplementary grant of Rs.1,744,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO explained that the excess under “Establishment Charges” was due to revision of pay scales.

PAC DIRECTIVE

The Committee settled the grant.

3. **Grant No 83 – Press Information Department**
(Total Grant - Rs.35,721,000) (Excess - Rs.17,616,673)

The AGPR pointed out that the grant closed with an excess of Rs.17,616,673/- which worked out to 49.31% of the total grant. A supplementary grant of Rs.16,853,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO explained that excess occurred due to revision of pay scales in that year.

PAC DIRECTIVE

The Committee settled the grant.

4. **Grant No 84- Information Services Abroad**
(Total Grant Rs.86,926,000) (Excess of Rs.10,538,610)

The AGPR pointed out that the grant closed with an excess of Rs.10,538,610/- which worked out to 12.12% of the total grant.

The PAO explained that the excess was due to fluctuation in the rates of US dollar in terms of Pak- rupee.

PAC DIRECTIVE

The Committee settled the grant.

5. **Grant No 85- Pakistan National Centre**
(Total Grant Rs.22,433,000) (Excess of Rs.2,214,662)

The AGPR pointed out that the grant closed with an Excess of Rs._2,214,662/- which worked out to 9.87% of the total grant. A supplementary grant of Rs.2, 202,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO explained that excess was nominal and was due to revision of pay scales from 01-06-1994.

PAC DIRECTIVE

The Committee settled the grant.

6. **Grant No 86- Other Expenditure of Ministry Of Information & Broadcasting**
(Total Grant Rs.637,262,000) (Saving of Rs.6,409,951)

The AGPR pointed out that the grant closed with a Saving of Rs._6,409,951/- which worked out to 1.00% of the total grant. A supplementary grant of Rs.2,500,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. An amount of Rs. 237,000 (0.03%) was surrendered leaving net saving of Rs. 6,172,951 (0.97%)

The PAO explained that saving was very minor and was only 1%.

PAC DIRECTIVE

The Committee settled the grant.

7. **Grant No 163- Development Expenditure Of Ministry of Information & Broadcasting**
(Total Grant Rs.13,545,000) (Saving Zero)

The AGPR pointed out that the entire provision was fully utilized.

The PAO explained that the entire provision was fully utilized.

PAC DIRECTIVE (24-09-2010)

The Committee recommended regularization of savings and excess in all above mentioned grants on the clarifications given by the PAO, but, observed that budgeting

mechanism evolved at that time in the Ministry seemed to be very poor. The Committee, thus, directed the present management to further strengthen their financial systems so that there should be zero saving and excess in future.

MINISTRY OF INFORMATION AND BROADCASTING FOR THE AUDIT
YEAR (1994-95)

Prepared by Federal Audit

8. **(Para – 1, Page 52-ARPSE-94-95)**
INFRACTUOUS EXPENDITURE ON PRINTING OF PUBLICATION RS 590,236

Audit pointed out that Directorate of Films and publications under administrative control of Ministry of Information and Broadcasting, Islamabad during 1988-91, paid Rs. 590,236 for composing, scanning plate making and proofing of publications to Printing Corporation of Pakistan. The publications were under print, when the Ministry dropped the idea of going through the Project.

Audit held the expenditure as unjustified and infructuous as the job was abandoned half way.

The PAO explained that DAC only examined the area of expenditure however, if Committee feels, aspect of material, and exercise can be done.

PAC DIRECTIVE (24-09-2010)

The committee directed the PAO to find out the material, get it verified from Audit and keep it in library. The Committee settled the para subject to verification by the Audit.

The PAO stated that record is not available with the ministry, therefore it could not be verified by the Audit.

PAC DIRECTIVE (11-04-2011)

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit within one week.

9. **(Para – 2, Page 52-ARPSE-94-95)**
RECOVERY OF RS 1,860,000 ON ACCOUNT OF MARK UP ON LOAN SANCTIONED TO N.P.T

Audit pointed out that Ministry of Information & Broadcasting advanced a loan of Rs.7 Million to N.P.T for completion of “Aiwan-e-Mashraq” at Lahore at Mark up of 14% per annum. Interest was charged from the year of payment. No written agreement laying down the condition for repayment etc. was made available. There was nothing on record to show whether the building was mortgaged with the Government or any other security was obtained to avoid default by N.P.T First payment of mark up amounting to Rs.988,000 for 1988-89 was due to be paid in 6/89 but was not paid by N.P.T on plea of

shortage of funds. Similarly mark up amounting Rs.980,000 for 1989-90 was also due. In this way N.P.T was in default and Rs.1,860,000 was recoverable.

PAC DIRECTIVE

The Committee settled the para.

10. **(Para – 208, Page 106-ARPSE-94-95)**
ASSOCIATED PRESS OF PAKISTAN

Audit pointed out that the Associated Press of Pakistan was taken over by the Federal Government on June 15, 1961. The working for the formation resulted into excess income of Rs. 1.836 Million over expenditure during the year 1993-94 against excess income of Rs 11.958 million over expenditure for the year 1992-93. It showed that income decreased during the current year by 84.65%. The main source of income of the formation was Government grant which was 50.318 % million out of total income of Rs 62.219 million during the year 1992-93. It was also to be noted that the expenditure during the year 1992-93 remained Rs 49.1.78 million whereas it had been increased up to Rs 60.383 million i.e. an abnormal increase of 22.78% in expenditure needs clarification. The PAO explained that detail were available, and will be verified by the Audit.

PAC DIRECTIVE

The Committee settled the para and directed the PAO to provide copy of certified assets to the audit and settle the para subject to the verification of record by the Audit.

11. **(Para – 216, Page 168-ARPSE-94-95)**
PAKISTAN BROADCASTING CORPORATION

Audit pointed out that the Corporation was established under the Pakistan Broadcasting Corporation Act, 1973, to provide broadcasting services for general reception in all parts of Pakistan.

The corporation sustained losses of Rs 44.999 million in 1989-90, Rs 18.583 million in 1990-91, earned nominal profit of Rs 1.536 million in 1991-92 and again sustained loss of Rs 41.271 million in 1992-93, Rs 66.110 million in 1993-94 and Rs 19.551 million in 1994-95.

PAC DIRECTIVE

The Committee directed that PBC should be re-organized and Non-development expenditure should be reduced. However, the Committee settled the para.

12. **(Para – 219, Page -168-ARPSE-94-95)**

Audit pointed out that accounts receivable-unsecured stood at Rs 33.086 million as on June 30, 1995 as against Rs 32.002 million at the end of the previous year registering an increase of 3.39%, This indicated that recoveries were not being made properly,. Provision of doubtful debt increased from Rs 2.798 million in 1993-94 to Rs 3.558 million in 1994-95. The increase in provision proved that the position of recoveries was not satisfactory. Year wise break up was also required to be prepared so as to ascertain the ages of receivables.

The PAO explained that court cases were pursued through attorney, etc as already directed by main PAC.

PAC DIRECTIVE (24-09-2010)

The Committee directed that PAO should provide year wise and party wise details to Audit and instructed to depute senior level officers to appear before the Honourable courts.

The PAO informed that 60.73 million has been recovered whereas, 4.5 million was still recoverable. He further informed that its an on going procedure and companies have been served with the notices.

PAC DIRECTIVE (11-04-2011)

The Committee referred the para to Monitoring and Implementation Committee with observation that recovery should be made and court cases should be followed vigorously.

13. **(Para – 223, Page 171-ARPSE-94-95)**

Audit pointed out that receivables-unsecured stood at Rs 617.261 million as on June 30, 1995 as against Rs 428.249 million as on June 30, 1994 registering an increase of 44.01%. This showed that vigorous efforts for the recoveries of the receivables from the parties were not made in the past. Provision for doubtful receivables increased from Rs 17.360 million in 1993-94 to Rs 24.0203 million in the year 1994-95. Increase in the provision proved that position of recoveries was not satisfactory. Year wise breakup is required to be prepared so as to ascertain the ages of receivables. Further reasons due to which receivables became doubtful need to be investigated and efforts be made to effect the recovery hereof at the earliest.

PAC DIRECTIVE (24-09-2010)

The Committee directed the PAO that the DAC should hold another inquiry hold within fifteen days

and report to PAC and Audit.

The PAO informed that part of the recovery has been made whereas, 4.5 million is still recoverable. He further informed that its an on going procedure and companies has been served with the notices.

PAC DIRECTIVE (11-04-2011)

The Committee referred the para to Monitoring and Implementation Committee with observation that recovery should be made and court cases should be followed vigorously.

14. **(Para – 227, Page 175-ARPSE-1994-95)**

Audit pointed out that ECNEC approved the Establishment of Second TV Channel for Education Phase- I (Education Television or PTV) on September 13, 1990 to disseminate both the formal and informal education. Phase of the project envisages the establishment of ETC Centre, with administrative block at Islamabad and sixteen rebroadcast stations in different parts of the country. Government of Japan provided Rs 507.297 million as grant in aid for plant and machinery and construction of ETV Centre Islamabad. Government of Pakistan provided an interest free loan amounting to Rs 119.956 million for construction of administrative block Islamabad and construction/additions/alternations in existing building of T.V. boosters for establishment of 16 rebroadcast centers. ETV started its transmission through satellite on Nov 26, 1992 instead of March 31, 1992. PTV authorities planned to produce and transmit conventional and advance educational programmes for viewers of all levels i.e. from rural population to university's students. Expert Advisory Cells in user Ministries and Agencies have been planned to be established which could not be formulated so far. There is continuous time overrun due to non-construction of buildings of ETV administrative block, re-broadcast centers at Skardu and Kohlu. Project is facing financial hardships. Accumulated losses up till June 30, 1994 were Rs 229.175 millions. Dubbing equipment valuing Rs.4.00 million is not being used so far. 6 hours programmes are being telecast a day against planned 8 hours. Equipment installed in ETV centre Islamabad are being under-utilized due to acute shortage of staff and low pace of flow of proposals by the user Ministries/Agencies. Viewers are little attracted by the poor quality of ETV productions.

The PAO explained that matter was discussed in DAC and responsibility has been fixed to hold inquiry.

PAC DIRECTIVE (24-09-2010)

The Committee directed the PAO to hold another DAC in fifteen days and report to PAC and the Audit.

The PAO informed that an inquiry was conducted by Ministry of Information and Broadcasting.

PAC DIRECTIVE (11-04-2011)

The Committee referred the para to Monitoring and Implementation Committee for further follow up because the Ministry could not complete the task or action which was directed during the series of PAC-III meetings.

15. **Para – 228, Page 198-ARPSE-1994-95)**

Audit pointed out that the company is an unlisted Public Limited Company incorporated on Dec 18, 1974 under the companies Act 1913 (now repealed) 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 Broadcasting Corporation, Pakistan Television Corporation Limited, National Film Development Corporation Limited and Idara-e-Saqafate-Pakistan apart from shares held by members of the entertainment industry.

Despite the fact that majority of the shares of the company are held by the Government the management of the company refused to entertain the audit by the Auditor-General of Pakistan without any plausible reasons. The matter regarding the audit of the Accounts of the company by the Auditor General of Pakistan needs to be decided without further delay.

In this regard, a letter on August 25, 2004 was written to Dr. Shafiqua Mutiul Haq with the request to refund Rs.849,916/- (equal of DH 263,266/-) failing which legal action, as per rules and regulations, would be taken against her but no response from her has been received so far. It is relevant to mention here that Dr. Shafiqua Mutiul Haq, on attaining the age of superannuation, retired from Government service w.e.f. 29-08-1991 and her whereabouts were not traceable either in the Ministry nor the AGPR.

The PAO explained that the matter was discussed in Main PAC and PAC directed to refer the para to Ministry of Law. The PAO further told the Committee that no reply received from Ministry of Law and Justice.

PAC DIRECTIVE

The committee directed that a letter be written to Ministry of Law, Justice from the direction of (Main PAC) and Sub-Committee PAC-III and report to PAC within one month.

MINISTRY OF INDUSTRIES AND PRODUCTION
1994-95

24. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Industries and Production were examined by the Sub-Committee PAC-III during three series of meetings held on 16th July, 2010, 8th February, 2011 and 22nd April, 2011. During the 1st round of meeting the Committee issued its directions and two other rounds of meetings were held to ensure the implementation of the PAC directive issued during the 1st round.

- 24.1 Eight grants and twenty six paras were reported by the AGPR and the Audit.
- 24.2 After detailed discussion the Committed settled all the grants and sixteen paras.
- 24.3 The Committee directed to recover the balance amount and pursue the court cases vigorously.
- 24.4 It was also observed that three cases were pending with NAB since 1997.
- 24.5 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and directed the PAO to probe the issues in some cases by an inquiry Committee . The Committee directed the Management of Pak Steel to obey the financial rules so that such mechanism should not come in future. The Committee also directed that the Audit observation should be dealt on priority basis.

MINISTRY OF INDUSTRIES & PRODUCTION
ACTIONABLE POINTS

Actionable points arising from discussion of the meetings of Sub-Committee PAC-III held on 16th July, 2010, 8th February, 2011 and 22nd April, 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Industries & Production, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I-1994-95)

1. i) **Grant No 76 - Industries Wing**
(Excess - Rs.1,988,381)

The AGPR pointed out that the grant closed with an excess of Rs.1,988,381/- which worked out to 1.01% of the total grant. An amount of Rs.30,000/- was surrendered increasing net excess to Rs.2,018,381 (1.03%). A supplementary grant of Rs.1,714,000/- was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO explained that the excess was mainly due to revision of pay scales.

ii) **Grant No 77 - Industries**
(Excess - Rs.2,154,637)

The AGPR pointed out that the grant closed with an excess of Rs.2,154,637/- which worked out to 4.23% of the total grant. An amount of Rs.1,605,153 (3.15%) was surrendered increasing net excess of Rs.3,759,790 (7.39%) A supplementary grant of Rs.6,385,000/- was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO explained that saving occurred due to late release of supplementary grant of Rs.6,385,000 which was kept for meeting shortfall under establishment charges.

iii) **Grant No 78 - Department of Investment Promotion and Supplies**
(Excess - Rs.8,317,838)

The AGPR pointed out that the grant closed with an excess of Rs.8,317,838/- which worked out to 21.40% of the total grant. A supplementary grant of Rs.5,971,724/- was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO replied that the excess relates to Bonn Office. The requisite budget was not provided for payment of rent of residential accommodations and office building and also for the clearance of contingent bills. However, the Bonn Office has been closed.

iv) **Grant No 138 - Capital Outlay on Miscellaneous Stores**

(Excess - Rs.171,673)

The AGPR pointed out that the grant closed with an excess of Rs.171,673/- which worked out to 10.23% of the total grant.

The PAO explained that excess occurred mainly due to revision of pay scales, non-utilization of amount kept for diplomatic cars, etc.

PAC DIRECTIVE

The Committee recommended regularization of excesses in above mentioned grants, but, observed that budgeting mechanism evolved at that time in the Ministry and its Subordinate Departments seemed to be very poor. The Committee, thus, directed the present management to further strengthen their financial systems so that there should be zero saving and zero excess in future.

2. **Grant No 79 - Other Expenditure of Industries Wing**

(Saving - Rs.19,484,383)

The AGPR pointed out that the grant closed with a saving of Rs.19,484,383/- which worked out to 70.11% of the total grant. An amount of Rs.33,000/- was surrendered leaving net saving of Rs.19,451,383 (70.00%). A supplementary grant of Rs.833,000/- was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO explained that, following the directives of the then Prime Minister, a policy to set up new Utility Stores across the country, through bank borrowing, was framed. Under that policy, an amount of Rs.20,022,768/- was obtained from the Government in order to pay mark-up to Banks on account of subsidy given by those Utility Stores. The amount was kept till the end of financial year and surrendered on 29-06-1995 i.e. after codal date of 15-05-1995, which was not accounted for in the Appropriation Accounts. The Department, however, requested the Committee to hold a special meeting for them so that they could give a separate presentation on the working of USC which the Committee accepted with the remarks that the Chairman PAC will be requested for the said meeting.

PAC DIRECTIVE - 1ST ROUND (16TH JULY, 2010)

The Committee directed the Ministry, AGPR and Finance Division to hold another DAC on the issues and submit report within one month.

PAO explained that savings occurred due to the revision of pay scale and surrender was in time.

PAC FINAL DIRECTIVE – 2ND ROUND (8TH FEBRUARY, 2011)

The Committee settled the grant.

3. **Grant No 80 - Production Wing**
(Excess - Rs.2,304,101)

The AGPR pointed out that the grant closed with an excess of Rs.2,304,101/- which worked out to 7.56% of the total grant. An amount of Rs.26,250 was surrendered increasing net excess to Rs.2,330,351 (7.64%). A supplementary grant of Rs.1,240,000/- was sanctioned but not included in the supplementary schedule of authorized expenditure. The PAO explained that besides revision of pay scales, the excess occurred mainly due to unavoidable expenditure like renovation of chancery building/residence at Tokyo, repair/maintenance of car, etc., incurred by the then Minister (Technical) for which budget was not granted by Finance Division.

PAC DIRECTIVE- 1ST ROUND (16TH JULY, 2010)

The Committee directed the Ministry, AGPR and Finance Division to hold another DAC meeting on the issues in question and submit report in one month and if DAC agrees, then, recovery should be made from all concerned.

The PAO explained that the said expenditures was incurred by the Minister (Technical) for unavoidable emergency requirements, because the budget was not granted for that by the Finance Division.

PAC DIRECTIVE– 2ND ROUND (8TH FEBRUARY, 2011)

The Committee settled the grant with the observations that expenditure should be incurred according to the rules.

4. i) **Grant No 162 - Development Expenditure of Industries Wing**
(Saving - Rs.17,058,000)

The AGPR pointed out that the grant closed with a saving of Rs.17,058,000/- which worked out to 33.72% of the total grant and complained for non-provision of relevant record.

The PAO assured the Committee for production of relevant documents to AGPR for verifications.

ii) **Grant No 190 - Capital Outlay on Industrial Development**
(Saving - Rs.90,560,000)

The AGPR pointed out that the grant closed with a saving of Rs.90,560,000/- which worked out to 14.89% of the total grant and complained for non-provision of relevant record.

The PAO assured the Committee for production of relevant documents to AGPR for verifications.

PAC DIRECTIVE

The Committee settled the grants and directed the PAO to get all the record verified from AGPR within one month.

AUDIT REPORT FEDERAL GOVERNMENT (1994-95)

Prepared by DG (Federal Audit)

5. **(Para – 2, Page 50-ARFG-94-95)**

WASTEFUL/INFRACTUOUS EXPENDITURE OF PURCHASE OF FIRE TENDER AND ITS CREW RS 2.468 MILLION

Audit pointed out that Export Processing Zone Authority Karachi, in 1984, purchased a Czechoslovakian made truck mounted Fire Tender for Us \$ 45,692.42 (Rs.636,586/-) for which no after sales services or spares parts were available in Pakistan.

The fire tender remained inoperative till, 1990. In 1990, the authority employed a crew of 13 persons who were paid Rs.1,831 as pay and allowance. In 1993, the Fire Tender became totally un-operational and its repair was considered uneconomical. The expenditure was wastage of the public money.

The PAO replied that an Enquiry Committee was constituted comprising Mr. Mushtaq Ahmed, DS (M/o Industries) and Mr. Basharat Ahmed Qureshi, DFA (M/o Industries) which recommended that losses incurred on import and subsequent improper handling of imported items may be recovered from Mr. Pervaiz A. Sankhla, G.M/Facilities, Mr. Ikram Hashmi, G.M/Finance and Mr. Salahuddin Soomro, Dy. Manager/Investment, respectively, as they were found responsible for the loss. However, the then Chairman EPZA did not agree to the recommendations of Enquiry Committee and constituted a High Powered Committee consisting of three officers who were not having any direct responsibility for operations/maintenance of fire fighting establishment. The findings of the Enquiry Committee were also discussed.

PAC DIRECTIVE

The Committee settled the para. .

6. **(Para – 3, Page 51-ARFG-94-95)**

LOSS OF RS 0.214 MILLION DUE TO PAYMENT OF INTEREST AND COST OF SUIT AS A RESULT OF BELATED ACTION

Audit pointed out that the Department of Supplies awarded a contract to a firm on 19-01-1980 for supply of 4550 bales (of 300 bags each) of Jute Bags at a provisional price of Rs

975 per 100 bags. The price was finalized by the Ministry in June, 1983, fixing it at Rs 1,000 per 100 bags but the contract was actually amended on 20th February, 1985. As a result, the contractor became entitled to the payment of price differential but the same was not allowed by the Department. The firm filed a suit in High Court of Sindh for payment of price differential of Rs 241,250/- along with interest and cost of suit in 1988 which was not contested/defended by the Ministry/Department and the suit was decreed ex-parte on 3rd October, 1989 and executed on 22nd January, 1990. Consequently, due to inaction, the Department had to pay the firm a decretal amount of Rs 555,572/- in March, 1991. This included interest charges of Rs 213,129/- and cost of suit Rs 1,193/- which is a loss to Government.

The PAO replied that an inquiry into the incident was conducted by Mr. Khurshid Iqbal, the then Deputy Director Inspection who on considering all aspects of the case, held Mr. Najmul Amin Najmi, Superintendent of Arbitration Branch responsible for this lapse.

PAC DIRECTIVE

The Committee observed that the matter in question was not handled properly and officer held responsible by the inquiry committee was given protection advertently. The Committee, therefore, directed the PAO to consider the matter again, identify those who helped in providing shelter to the individual responsible and provide record regarding dates for constitution, initiation of proceedings and submission of report by the inquiry committee alongwith date of retirement and death certificate of the officer in question, to Audit **within one month**. Moreover, the PAO was also directed that, in case, the connivance is proved, then, those found responsible should be dealt with under rules and recovery should be made from them under intimation to Audit.

7. **(Para – 4, Page 51-ARFG-94-95)**

NON RECOVERY OF RS 95.76 MILLION FROM THE DEFAULTING FIRMS

Audit pointed out that during the course of scrutiny of the Central Demand Register, it has been observed that an amount of Rs 95.76 million was outstanding against various defaulting firms since long because the Department of Supplies did not take effective measures to recover these outstanding amounts.

The PAO replied that in pursuance of a DAC decision, relevant files/record of the Department of Supplies (Defunct) was scrutinized. While going through the record, it was revealed that there were 527 cases wherein liquidated damages and other recoveries

were not made. In some cases, amount was less than Rs 100/-, 500/- and 1000/- respectively. Majority cases were those where out-standing recovery was less than Rs.10,000/-.

PAC DIRECTIVE (16-07-2010)

The Committee directed the PAO to provide lists containing complete bio-data of firms which were still in business with Government viz-a-viz those which were black listed, to Audit **within one month**. The PAO was also directed to take all possible steps including writing letters to those firms against whom recovery was more than Rs. 5000/- and which were still in business with the Government, to deposit their dues **within one month** under report to Audit.

PAC DIRECTIVE (08-02-2011)

The Committee directed the PAO to provide lists containing complete bio-data of firms which were still in business with Government viz-a-viz those which were black listed, to Audit **within one month**. The PAO was also directed to take all possible steps including writing letters to those firms against whom recovery was more than Rs. 5000/- and which were still in business with the Government, to deposit their dues **within one month** under report to Audit/PAC-III Secretariat.

The PAO informed that in compliance with the PAC directives a complete list of firms has been prepared. Another list of firms against whom outstanding recovery was more than Rs.5000/- has also been prepared and DDO, Department of supplies, Karachi has written letters to firms for clearance of their dues payable to Department of supply, Karachi. No response has been received till date from. The PAO was also view that recovery was not possible at this stage, because the outstanding amount is related to the period 1953 to 1998 and the Department of supply has become defunct/closed w.e.f 01-07-2002 and as such the record pertaining to the outstanding recoveries is not traceable.

PAC DIRECTIVE (22-04-2011)

The Committee directed that recovery process through Land Revenue Act should be started within ten days to secure the amount in question.

Audit Report Public Sector Enterprises (Vol. X&X-D) (1994-95)

Prepared by DG (CA&E), Karachi

Audit informed that para No. 67,69 and 70 regarding above report were related to the Court cases.

The PAO also informed that cases are still pending with the Court and that the Department was vigorously following the cases.

PAC DIRECTIVE

The Committee directed to pursue the Court cases vigorously. The Committee referred the above report to the Monitoring and Implementation Committee.

8. i) **Audit Report Public Sector Enterprise (1994-95)**
Prepared by DG (CA&E), Lahore
- ii) **Performance Evaluation Report No. 143 (1994-95)**
on Pakistan Steel Fabricating Company Ltd. Karachi
Prepared by Performance Evaluation Cell
- iii) **Performance Evaluation Report No. 145 (1994-95)**
on Pakistan Industrial Technical Assistance Centre, Lahore
Prepared by PEC under O/o DAG(CA&E), Lahore.

1st PAC DIRECTIVE (16-07-2010)

Audit informed the Committee that the latest DAC could not be held to discuss/scrutinize the said Reports. The Committee, therefore, deferred these reports for one month with direction to the PAO, Audit and Finance to hold DAC meeting on these Reports.

The Committee on 8th February, 2011 examined the above audit reports which were deferred in the previous meeting on 16-07-2010. Details are given below:-

- i) **AUDIT REPORT PUBLIC SECTOR ENTERPRISES 1994-95**
Prepared by DG (CA&E), Lahore

Para 154, Page 133, ARPSE 1994-95

Audit pointed out that current liabilities comprising of short term finance creditors accrued, other liabilities and provision for taxation increased from Rs 710.547 million at the close of the year to Rs 1588.605 million at the close of the year, registering an increase of 123.57% over the liabilities of the previous years.

The PAO stated that the increase in current liabilities was mainly because of the increased cash credit facility from Banks (286.66%) allowed by the Govt. for bulk procurement of Sugar Rice and Pulses and increased provision for taxation to cover the liability for the preceding three years and partially due to increase in creditor's and accrued liabilities.

Audit recommended the para for settlement.

PAC DIRECTIVE

The Committee settled the para subject to verification of record by the Audit.

9. **Para 156, Page 133, ARPSE 1994-95**

Audit pointed out that the recoverable from stores incharge increased from Rs 9.666 million, 1994 to Rs.20.137 million at the close of the year registering an increase of 108.33% over the recoverable of the previous years, whereas recoverable to the extent of Rs 10.159 million i.e. over 50% of the net recoverable have been shown as doubtful of recovery and provision for the same has been made in the Accounts. The recoverable represent the cost of various items of stores found short as also the amounts embezzled by the store incharge but the management has failed to effect recovery from their own employees.

The PAO stated that the increase in recoverable from store incharges was due to the fact that a number of cases involving heavy amount in different regions were under investigation/trial with Law Enforcing Agencies/Courts recovery of which is subject to court decision. However, out of Rs.20.14 million, a sum of Rs.18.376 million has since been recovered from the employees concerned and efforts are continuing to recover the remaining balances as soon as possible.

Audit stated that the amount of other receivables increased to Rs. 520.491 million as on June 30, 2009.

PAC DIRECTIVE (08-02-2011)

The Committee settled the para to the extent of recovery made and directed to the PAO to submit progress report of the court cases to Audit after three months.

The PAO informed that out of total 20.103 million, doubtful provision as pointed out by the Auditors an amount of 11.87 million stood recovered, subsequently from the defaulters leaving behind a balance of 8.47 million, which pertains to the Court cases and the same are pending in the Court Law. The balance recovery was being pursued vigorously through the Court cases.

PAC DIRECTIVE (22-04-2011)

The Committee directed the PAO to peruse Court cases vigorously and referred the para to the Monitoring and Implementation Committee for further follow up because the matter is pending in Court.

10. **Para 157, Page 133, ARPSE 1994-95**

Audit pointed out that the insurance claims to the extent of Rs 5.431 million have been considered doubtful of recovery and provision to effect has been made in the Accounts,

Circumstances under which the claims of such a huge amount which constitutes 61.30% of the net claim of Rs 8.860 million needed to be investigated and efforts should be made to get the claims finalized at the earliest.

The PAO replied that an amount of 2.927 million had been recovered and the pending claims which related to M/s Murtaza Flour Mill for Rs.2.5 million were under trial in court of law and being vigorously perused for early statement.

Audit stated that amount of insurance claims receivable increased to Rs.155.767 million as on June 30, 2009.

PAC DIRECTIVE (08-02-2011)

The Committee directed the PAO to pursue court cases vigorously and submit report to audit and PAC-III Secretariat of each hearing of court.

The PAO informed that out of total amount of 5.431 million an amount of 2.927 million has been recovered, as Insurance claims. For the recovery of the balance amount of 2.504 million, the Corporation has filed a Civil Suit against M/s Murtaza Floor Mill, Karachi, which was pending for adjudication, date in office. The Corporation was vigorously perusing this case in the Court of Law. The relevant record along with the supporting document was provided to the Auditors who had verified the same.

PAC DIRECTIVE (22-04-2011)

The Committee directed the PAO to peruse Court cases vigorously and refer the para to the Monitoring and Implementation Committee for further follow up because the matter is pending in Court.

11. **Para 158, Page 133, ARPSE 1994-95**

Audit pointed out that the cash in transit increased from Rs 37.384 million to Rs 80.742 million at the close of the year 1994-95 registering an increase of 115.98% over the balances of the previous year. Some of the items included in the account were very old.

The PAO replied that the increase in volume of cash in transit at the end of the year 1994-95 were due to increase in volume of sales and partially for the reason that bank branches which had no FAX/Telex Facilities particularly in remote areas were not regular in transfer of sales proceeds of store at that time. And all outstanding amounts have since been realized/credited in USC collection accounts. The Accounts were being cleared timely due to Online Banking.

Audit stated that an amount of cash in transit increased to Rs.834.98 Million as on June 30, 2009.

PAC DIRECTIVE:

After detailed discussion the Committee settled the para.

12. **Para 159, Page 133, ARPSE 1994-95**

Audit pointed out that the advances to suppliers increased from Rs 12.700 million to Rs 40.411 million at the close of the year registering an increase of 218.20% over the advances of the previous year. Advances to the extent of Rs 1.472 million have been considered doubtful of recovery and provision to this effect has been made in the Accounts.

The PAO replied that the advances to suppliers increased due to grant of advances to suppliers/parties/contractors for execution of works under the contracts for establishment of USC shopping Malls in Awami Markaz Islamabad and Karachi, for supply of sugar and for construction of warehouses. Some times, recovery of certain amounts of advances becomes doubtful/ disputed due to death of individuals/closure of business and termination of contracts with parties or adverse court decision. However an irrecoverable amount is actually written off in books of accounts only when it is so established after adopting all ways and means of recovery. Now the situation has been totally changed. The Corporation is getting the item on credit basis and the payment was made after receiving the goods.

Audit recommended the para for settlement.

PAC DIRECTIVE:

The Committee settled the para on the recommendation of the audit.

13. **Para 160, Page 134, ARPSE 1994-95**

Audit pointed out that the stocks to the extent of Rs 9.347 million have been shown as damaged and provision to this effect has been made in the accounts. Circumstances, under which the stocks of such a substantial value became damaged, needs to be investigated and efforts should be made to dispose off and effect recovery from the persons found responsible for the said damage.

The PAO replied that during storage transportation and handling in the warehouses some goods inevitably so far broken and become un-saleable. In addition, out of the wheat purchased from PASSCO/Food Department during the year 1994-95, 1806.4 M/tons of

wheat worth Rs.0.174 Million was damaged due to heavy rains & floods and became unfit for human consumption. The matter was investigated which revealed that the loss was due to natural calamity. The stocks of wheat were insured and an amount of Rs.5.67 million has been recovered from NLC and the case of recovery of balance amount of Rs. 2.5 million from the M/s Murtaza flour mill was under trial in the court of law.

Audit stated that no record of recovery made by the management has been produced to the audit for verification

PAC DIRECTIVE:

After detailed discussion the Committee settled the para subject to verification of record of recovery by the audit, and directed the PAO to pursue the case of recovery which are pending in the court.

14. **Para 159, Page-120, APRSE-1994-95**

Audit pointed out that the Corporation earned profit of Rs 9.213 million in the year 1988-89, then sustained losses of Rs 1.537 million in 1989-90, Rs 614.422 million in 1990-91, Rs 114.854 million in 1991-92 and earned a profit of Rs 36.555 million in 1992-93, Rs 93.247 million in 1993-94 and again sustained loss of Rs 0.181 million in the year 1994-95.

The PAO replied that the actual expenditure of the Corporation is only Rs. 22.9 million as against Rs. 22.2 million in the preceding year, showing an increase of 3%. The rest of the expenditure i.e. Rs. 229.7 million is infact a provision for diminution in the value of Corporation investment (shares) in units The PAO further stated that now loss has been controlled and Corporation is running in profit.

Audit suggested the Committee to direct the management to take effective steps to reduce the operating loss and improve profitability.

PAC DIRECTIVE:

The Committee settled the para. It directed the PAO that observations made by the Audit should be observed strictly.

15. **Para 165, Page-122, APRSE-1994-95**

Audit pointed out that the loans, advances and other receivables amounting to Rs 9.829 million were lying outstanding against contractors and suppliers since long. No breakup of the outstanding amount was supplied in order to asses the chances of the recovery of the outstanding.

The PAO replied that mobilization advance was given to a contractor. He could not fulfill the requirements. His surety was en-cashed. He applied in court for it. But the decision came in the favour of Department. Now he is again in appeal in Sindh High Court.

PAC DIRECTIVE:

The Committee directed the department to provide decision of the court to the audit and settled the para subject to verification of record by the Audit.

16. **Para 167, Page-123, APRSE-1994-95**

Audit pointed out that the Company is a wholly owned subsidiary of State Engineering Corporation (Pvt.) Limited. Its principal activities were manufacturing supply and installation of machinery for cement, sugar, oil, gas and energy sector industries and manufacture and supply of cranes, boilers and construction of equipment, production of ferrous and non-ferrous metals and alloys, castings and forgings. The company sustained losses of Rs 56.000 million in 1990-91. Rs 45.700 million in 1991-92 earned profit of Rs 36.216 million in 1992-93 and Rs 37.513 million in 1993-94 and again sustained loss of Rs 191.114 million in 1994-95.

The PAO replied that the decrease in sales was mainly due to the reason that the market for the conventional products of HMC within the country had reached saturation point. The orders, for Cement Plant, Boiler Plants and Sugar Mills, were not forthcoming due to which sales decreased by 15% as compared to previous year. However, the overall expenses have been reduced. This has been made possible by reducing manpower through Voluntary Separation Scheme and through management policies of controlling expenses. The conveyor system, which was in the process of completion and due to which the trial and test of the system was awaited, has now been completed. The system has now been tried/tested by Chinese Experts and found in order. The cost of machinery has been capitalized. PAO further stated that the DAC has recommended the said para for settlement.

PAC DIRECTIVE:

After detailed discussion of the Members, the Audit and PAO, the Committee settled the para.

17. **Para 171, Page-124, APRSE-1994-95**

Audit pointed out that the trade debtors, increased from Rs 308.315 million in 1993-94 to Rs 473.146 million in 1994-95 registering an increase of 53.46%. However, provision of Rs 24.105 million for doubtful debtors have been provided in the accounts, which was needed to be investigated and recovery effected as early as possible to avoid loss on this account.

The PAO replied that the receivables balance of Rs.473.146 million as on 30-6-1995 represents mainly the credit sales effected as per contracts. In case of HMC, most of the contracts are paid for through Letter of Credit under which it takes some time to realize the invoiced amounts. In HMC receivable position is regularly monitored in monthly high level meetings of the management. Moreover, the Board of Directors have also constituted a Sub-Committee on receivables to monitor and review the progress of recoveries. As a result of continued efforts and close watch, the receivable position has been brought down.

Audit suggested the Committee to direct the management to control the increase in trend of trade debtors.

PAC DIRECTIVE:

The Committee settled the para and directed the PAO to minimize the losses and efforts should be made to make the company profitable.

II) **AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-X&XD(1994-95)**
Prepared by: D.G C.A & E,, KARACHI

18. **Para-67, Page-56 (ARPSE-1994-95-Vol-X-D)**

Audit pointed out that un-secured loan and advances increased from Rs.16.229 million to Rs.86.019 million during the year registering an increase of 430% as compared to previous year.

19. **Para-69, Page-57, (ARPSE-1994-95-Vol-X-D)**

Audit pointed out that Pakistan Motorcar Company (Pvt) Limited emerged as a subsidiary of Pakistan Automobile corporation Limited (PACO). The Chief objective for the establishment of the company was to import and distribute Toyota brand vehicles and their spares under the terms of Memorandum of Understanding executed on April 10,

1990, the distribution agreement stood terminated with effect from June 30, 1990. Resultantly, all the fixed stock and stores were transferred at book value to the House of Habib.

20. **Para-70, Page-57, (ARPSE-1994-95-Vol-X-D)**

Audit pointed out that long-term receivables from proposed Joint Ventures increased from Rs.5.548 million in 1993-94 to Rs.5.796 million in 1994-95 showing an increase of 4.47%. As such, the operational activities of the Company have since been stopped, increase the long term receivable by 4.47% needs to be explained.

The PAO replied that the above three paras are under investigation with the NAB. And the liquidation petition case is with the court. The Department is vigorously pursuing the case.

Audit suggested the Committee to know the progress of the cases pending with NAB.

PAC DIRECTIVE

The Committee referred the above three paras to the Monitoring and Implementation Committee of PAC.

21. **Para-118 Page 90 (ARPSE-1994-95-Vol-X-D)**

FINANCIAL IN-DISCIPLINES CAUSED A LOSS OF RS 4.500 MILLION

Audit pointed out that Pakistan Steel Mills appointed M/s. Management System (Private) Limited as consultant for management studies of various in house systems and Areas at Pakistan Steel on the instruction of the then Minister of Production in April 1989 at a lump sum fee of Rs 2.5 million. In addition to above the facilities for boarding and lodging transportation, printing, office accommodation, office equipment, secretarial services, local and foreign journeys to the consultancy staff were also required to be provided by the Pakistan Steel. The final report was required to be submitted by September 30, 1989. The management paid Rs 2.6 million as against agreed amount of Rs 2.5 million but the consultant failed to execute the job and no report was submitted by him. Hence entire expenditure of Rs.2.6 million has gone waste.

Despite the fact that first study was still awaited, the management of Pak Steel awarded another contract on July 30, 1989 to the same consultant at a total fee of Rs 6.500 million for studies of Development of Management Information System and development of viable carrier planning system in Pakistan steel. These studies were required to be completed within a period of 18 months from the issuance of letter of Award and an advance of Rs 1.9 million was paid to the consultants on July 31, 1989 without obtaining any performance bond/bank guarantee to safeguard the interest of the corporation. On the

advice of Ministry of Production, the second contract was cancelled by the Pak Steel without effecting any recovery. Thus, the corporation has suffered a loss of Rs 4.500 million (Rs 2.6 + Rs 1.90 million) due to financial indiscipline. In addition to above, considerable expenditure was incurred by the management on provision of food entertainment, accommodation and POL to the consultants during their stay in the Mill.

The PAO replied that the case of recovery of decreed amount has been written off by management in 2000-01 on the recommendation of External Auditors which the Board of Director has approved. Accordingly re-agitating of the matter afresh would not be legally sustainable.

The audit suggested that the Committee direct the PAO to re-investigate the matter with a view to fixing responsibility on the person(s) at fault and recover the loss from them.

PAC DIRECTIVE

The Committee deferred the para to DAC and directed the PAO that advance payments should be made safe and government rules must be followed properly.

22. **Para-120, Page 92, (ARPSE-1994-95 Vol-X-D)**

Loss of Rs 2.700 million due to irregular purchase of chemicals at higher rates

Audit pointed out that against a demand of 8200 M.ton of sulphuric Acid for the year 1990-91 the Management of Pakistan Steel Mills without floating press tenders to ascertain competitive rates, placed purchase order by splitting up the order of 5200 M. ton on M/s. Pak Chemical Limited @ 2,565 per ton and 3,000 M. ton on M/s. CTI, Islamabad @ Rs 3,240 per M.ton. M/s Pak Chemical Limited, Karachi supplied 8,800 M.ton and M/s. CTI Islamabad had supplied 4,000 M.ton against the contracted quantity of 5,200 and 3,000 M.ton respectively.

The PAO stated that as all the employees had left the service of Pakistan Steel before the investigation, no action could be taken against them. Furthermore, being a time barred case under the provision of Limitation Act of 1908, no legal remedy was available for recovery of loss.

The Audit suggested that the Committee direct the PAO to re-investigate the matter with a view to fix responsibility on the person(s) at fault and recover the loss from them.

PAC DIRECTIVE

The Committee settled the para with the observation that it was violation of rules and proper procedures were not adopted during the period. The Committee further directed

the administration of Pak Steel Mill to follow the Financial Rules, so that, such weaknesses should not come in future.

23. **Para-126, Page 98, (ARPSE-1994-95 Vol-X-D)**
LOSS OF RS 0.326 MILLION DUE TO PAYMENT OF STORAGE CHARGES

Audit pointed out that the management of Pak. Steel Mills imported 215 M.ton sulphate cellulose from German Supplier. The supplier shipped the consignment which was received at Karachi Sea Port. The consignment remained un-released from KPT for a considerable long period as the same was shipped by the supplier before the date of L/C for import. Due to delay in clearance of the consignment by the Management, the KPT levied storage charges Rs 0.925 million. The supplier was asked to produce a Bank Guarantee equal to the value of storage charges levied by KPT. Despite clear cut instructions of higher authorities, the concerned persons of Purchase Department failed to obtain the requisite Bank Guarantee and relied on some working given by the agent on the basis of a Telex without any signature. As the undertaking given by the supplier was not in a proper form which could be named as a document on the eve of litigation, therefore, on demand for payment of storage charges he refused to pay the same. Subsequently, the consignment was released by KPT against a Bank Guarantee produced by Pakistan Steel equivalent to storage charges. The KPT however, on the request of the Management of Pakistan Steel Mill released the Bank Guarantee after a levy of storage charges Rs 0.397 million at concession rates including liquidated damages of Rs 1 million due to failure of the Management to the payment of storage charges within the validity period given in the Bank Guarantee.

The PAO stated that all as the employees left the service of Pakistan Steel before the investigation, no action could have been taken against them. Furthermore, being a time barred case under the provision of Limitation Act of 1908, no legal remedy was available for recovery of loss.

Audit suggested that the Committee direct the PAO to re-investigate the matter with a view to fix responsibility on the person(s) at fault and recover the loss from them.

PAC DIRECTIVE

The Committee directed the PAO to probe the issue again and keep it in the record of Pakistan Steel Mill. The Committee settled the para and directed that inquiry report should be provided to the Audit.

iii) **PERFORMANCE EVALUATION REPORT NO. 143 (1994-95)**
ON PAKISTAN STEEL FABRICATING COMPANY LTD.KARACHI

Prepared by Performance Evaluation Cell

24. **Para-3.1.2, Page 98, (PER-1994-95)**

Audit pointed out that the 50% value of the assets (Rs.107.695 million) referred to above together with a working capital loan of Rs.15 million provided by PASMIC constituted long term loan carrying simple interest at the rate of 14% per annum. During the initial years interest aggregating Rs.85.88 million was provided but not paid. In view of poor liquidity position on the parent corporation had to waive/defer payment of the interest which might have to be written off eventually along with the principle amount.

PAC DIRECTIVE (08-02-2011)

The Committee deferred the above Performance Evaluation Report for fresh DAC and directed the PAO to submit report within fifteen days.

The PAO informed that after the completion of Pakistan Steel Project company's financial position declined due to excessive over head, over staffing and its dependence mainly on its parent company for work orders and failure to get orders from local market at competitive prizes. Efforts have also been made recently by the present management to obtain business from the local market and PSFCL management received orders from Karachi city District Government (CDGK) for fabrication of 09 Pedestrian Bridges along with 10 KM of fencing work and a further order for 12 Bridges is in Pipe Line. PSFCL also did fabrication of about 200 tons of steel structure for a Russian Company working for the repairing of COBP Pakistan Steel. Resultantly the company has earned net profit of Rs.51 million during 2006-07.

PAC DIRECTIVE (22-04-2011)

The Committee referred para to the Monitoring and Implementation Committee.

iv) **PERFORMANCE EVALUATION REPORT NO.145**

Prepared By: D.A.G CA&E Lahore.

25. **Para 3.3.2 & 3.3.3**
ESTABLISHMENT CHARGES AND TRANSFER PAYMENTS, LOANS & MISC

Audit pointed out that other expenditure of Rs.2.998 million in 1995 included purchase of raw material, POL and durable goods and their repairs. Expenditure on purchase of raw materials, which was normally major expenditure item of the industrial concerns, was very nominal which decreased from Rs.0.311 million to Rs.0.267 million from 1991 to

1995. Actual expenditure on raw materials and stores could not be determined, as inventory control ledger in the Accounts Department was not maintained. Expenditure on utilities i.e gas, water and electricity consumed much of the funds. Separate meters for residential accommodation of the G.M were not installed, so the payments of utilities consumed in residential building were made at higher rates. Actually liability of pension was much more than the balance in pension fund of Rs.8.354 million, as on 30.06.1995, which was not yet determined by the management. Expenditure under transfer payments, loans and miscellaneous related to “transfer to pension fund, house building fund and motor car/cycle fund”. Payment to Asian Productivity Organization was also included in these items. Transfer payments to Pension fund were not made at a constant ratio of actual expenditure on pay of officers and staff.

The PAO replied that the expenditure on raw material was incurred keeping in view the limited financial provision allowed in the budget grant. The inventory checking process was withheld for a short time due to sudden death of the inventory checker. He told that presently, there was no GM residence in the premises of PITAC. Necessary funds have been transferred to the pension account on its availability/provision made by the Ministry.

Audit stated that the record has been verified and recommended the para to the extent of purchase of raw material for settlement and further stated that as regard non-installation of separate utility meters at G.M’s residence and their payments against commercial rates require justification.

PAC DIRECTIVE

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

26. **PARA 5.1, 5.2 & 5.5**
TECHNICAL ASSISTANCE

PITAC’s main objective was to provide technical assistance to the Industry apart from upgrading the workers’ skills, through tool development, advisory and consultancy services. Initially, the scope of assistance was extended to all metal trades, ceramics, glass industries, industrial chemicals, acids, soaps, edible oils, pharmaceuticals, paints and varnishes fertilizers etc. at present three chemical engineers and a number of mechanical engineers (graduates and diploma holders) were employed but the technical

assistance was restricted to only metal working industry and machinery operation problems of other industries.

In early years, the level of facilities available in PITAC was much higher than that available with Private Industrial Sector. With the passage of time the beneficiaries in private sector improved their facilities, whereas PITAC remained almost static. Machinery comprising of 112 items, valuing Rs.32.605 million installed in the centre was procured during 1955-91. About 47% of such machines (cost-wise) have out-lived. Facilities for metal composition analysis, which were essential for indigenous re-manufacture of an imported die or machine part, were not available with the Centre. Sheet metal section was closed. Protective Coating Section was used for training purposes only and facilities have not been utilized otherwise since long. In 1994-95, only one public sector Company obtained the advisory services from PITAC.

PAO stated that PITAC was established to provide assistance in ceramics, chemicals and glass industries. However, provincial governments established centers to render services in these areas. PITAC concentrated in metal trade for developing plant spares. It was also planned to introduce new areas of assistance in surface texturing, automation etc. PC-1 in this regard had been submitted to Planning Commission. The machinery installed at PITAC was acquired in the fifties from USA. Most of the machinery have out lived its life. The result obtained from this machinery was not accurate. A new project on plastic modeling (JICA-II) had been commissioned. PC-I for Up-gradation of Development Manufacturing was with Planning Commission.

PAC DIRECTIVE

After detailed discussion the Committee settled the para.

MINISTRY OF KASHMIR AFFAIRS & NORTHERN AREAS
1994-95

25. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Kashmir Affairs & Northern Areas were examined by the Sub-Committee PAC-III on 10th December, 2010.

- 25.1 Six grants and two paras were reported by the AGPR and Audit besides Federal and Commercial Audit Report.
- 25.2 Two paras were conditionally settled subject to verification by the Audit. There was no para in the two Audit Reports mentioned above.
- 25.3 During the course of discussion, the Committee issued some policy recommendations, depending on the nature of the issues, directing the PAO to take appropriate actions.
- 25.4 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations that zero saving and zero excess should be ensured in future.

MINISTRY OF KASHMIR AFFAIRS &
NORTHERN AREAS
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of Sub-Committee PAC-III held on 10th December, 2010, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Kashmir Affairs & Northern Areas, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No. 130 – Kashmir Affairs and Northern Affairs Division**
(Total Grant Rs.60,363,000) (Saving - Rs.1,479,976)

The AGPR pointed out that the grant closed with a saving of Rs.1,479,967/- which worked out to 0.45% of the total grant. An amount of Rs.20,000 was surrendered leaving net saving of Rs.1,459,976 (2.42%). A supplementary grant of Rs.1,415,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that an amount of Rs.2,280,000 was released in favour of AJ&K Government vide sanction letter No.13(1)/92-CS. The AJ&K Government could not utilize the said amount due to unknown reasons.

PAC DIRECTIVE

The Committee settled the grant with the instructions to PAO that there should be zero saving zero excess in future.

2. **Grant No. 131 –Northern Areas**
(Total Grant Rs.444,971,000) (Excess - Rs.39,926,814)

The AGPR pointed out that the grant closed with a excess of Rs.39,926,814/- which worked out to 8.97% of the total grant. A supplementary grant of Rs.37,361,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

PAC DIRECTIVE

The Committee settled the grant.

3. **Grant No. 132 – Other Expenditure of Kashmir Affairs and Northern Affairs Division**
(Total Grant Rs.2,336,838,000) (Excess - Rs.37,786,822)

The AGPR pointed out that the grant closed with a excess of Rs.24,874,221/- which worked out to 14.52% of the total grant. A supplementary grant of Rs.4,918,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that saving occurred due to revision of pay scales.

Audit agreed with the PAO.

PAC DIRECTIVE

The Committee settled the grant with the instructions to PAO that financial and budgeting matters should be dealt carefully.

4. **Grant No. 133 –Federal Government Educational Institutions in Northern Areas**
(Total Grant Rs.171,303,000) (Excess of Rs.24,874,221)

The AGPR pointed out that the grant closed with a excess of Rs.37,786,822/- which worked out to 1.61% of the total grant. A supplementary grant of Rs.27,995,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that excess was due to revision of pay scales by the Finance Division.

Audit agreed with the PAO and recommended for settlement.

PAC DIRECTIVE

The Committee settled the grant with the instruction that there should be zero saving and zero excess in future.

5. **Grant No. 139 –Capital Outlay on purchases by Kashmir Affairs and Northern Affairs Division**
(Total Grant Rs.164,000,000) (Excess - Rs.144,740)

The AGPR pointed out that the grant closed with a excess of Rs.144,740/- which worked out to 0.08% of the total grant.

The PAO explained it was minor saving that is only 0.08%.

PAC DIRECTIVE

The Committee settled the grant keeping in view that it was minor saving.

6. **Grant No. 176 –Development Expenditure of Kashmir Affair and Northern Affairs Division**
(Total Grant Rs.688,839,000) (Saving - Rs.125,362,000)

The AGPR pointed out that the grant closed with a saving of Rs.125,362,000/- which worked out to 18.19% of the total grant.

The PAO explained that the saving pertain to foreign aid component to NORAD which was not released to NAs Administration as the allocation was directly utilized by Norway authorities.

PAC DIRECTIVE

The Committee settled the grant and directed that record should be verified by the AGPR. The Committee further directed the PAO to hold a Joint meeting with EAD, Finance & Planning. Grant was deferred till final decision of joint meeting.

MINSITYR OF KASHMIR AFFAIRS & GILGIT-BALTISTAN
FOR THE YEAR (1994-95)

Prepared by DG (Federal Audit)

7. i) **Para - 1 (Page 84-AR-94-95)**

MISUSE OF PUBLIC MONEY AMOUNTING TO RS 4,257,618/-

Audit pointed out that in the office of the Deputy Director, Agriculture, Skardu, under Kashmir Affairs & Northern affairs Division, an amount of Rs.4.258 million was paid to the Ex-Deputy Directors for disbursement to the claimants/beneficiaries. Out of this amount Rs. 4,224,600 was with Mr. A.K. Balghari Dy. Director who received it during the period June 1988 to June 1991. While remaining amount was with another Dy. Director. No adjustment of the amount was shown to audit. It is feared that the money was drawn from the Government and kept in personal custody for disbursement later on which is against Para 205 of the F.T.R. It appears that no internal control system existed to point out non adjustment of this heavy amount.

The PAO requested for one month time to resolve the matter.

ii) **Para - 2 (Page 85-AR-94-95)**

MIS-APPROPRIATION OF RS 680,255/- IN ANTICIPATION OF ACTUAL EXPENDITURE.

Audit pointed out that it was pointed out to the Ministry, Ministry in November, 1993 that a sum of Rs.100,000 was drawn on 30th June, 1990 out of the rural development funds by the Assistant Director Local Bodies Development under Kashmir affairs and Northern affairs and paid to the Chairman District Council for purchase of Laboratory equipment for District Headquarters Hospital, Skardu and cultural activities. The diversion of rural development funds towards Health sector without proper re-appropriation by the competent authority was irregular. This amount was not utilized till September, 1994 and promised to be refunded but has not been refunded so far.

PAC DIRECTIVE

The Committee settled the grant and directed the PAO to provide record to the AGPR.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR (1994-95)

Prepared by DG (CA&E) Lahore

The report was settled at DAC level and was brought into the knowledge of the PAC.

AUDIT REPORT FOR THE YEAR (1994-95)
MINISTRY OF KASHMIR AFFAIRS & GILGIT BALTISTAN DIVISION
Prepared by DG Audit Works (Federal) Islamabad

The report was settled at DAC level and was brought to the knowledge of the PAC.

**MINISTRY OF LAW JUSTICE HUMAN RIGHTS AND
PARLIAMENTARY AFFAIRS**
1994-95

26 **OVERVIEW**

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Law, Justice, Human Rights and Parliamentary Affairs were examined by the Sub-Committee PAC-III on 15th July, 2010.

- 26.1 Four grants were presented by the AGPR which were discussed in detail during the meeting.
- 26.2 The Committee directed the present management to further strengthen their financial systems so that the saving and excess could be minimized in future.
- 26.3 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommended that zero saving and zero excess should be ensured.

MINISTRY OF LAW, JUSTICE, HUMAN RIGHTS
AND PARLAMENTARY AFFAIRS
(ACTIONABLE POINTS)

Actionable points arising out from the meeting of Sub-Committee PAC-III held on 15th July, 2010, regarding Appropriation Accounts for the year 1994-95 of Ministry of Law, Justice, Human Rights and Parliamentary Affairs, are summarized given below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I- 1994-95)

1. i) **Grant No. 9 - Service Tribunal**
(Excess of Rs.962,682)

The AGPR pointed out that the grant closed with an excess of Rs.962,682/- which worked out to 8.18% of the total grant. An amount of Rs.30,000 (0.25%) was surrendered leaving net excess of Rs.992,682 (8.43%).

The PAO explained that excess occurred, as Finance Division allocated funds to the extent of Rs.1,500,000/- for replacement of condemned staff cars for Chairman and Members. As the Demand of FST was closed, the funds were placed in Demand No.43- Other Expenditure of Finance Division. Subsequently, the Division was requested to surrender the amount for obtaining technical supplementary Grant (TSG). On surrender of funds by that Division, the process for purchase of vehicles was completed and two staff cars were purchased, on credit basis, on the presumption that the funds will be transferred to FST through TSG within a short period. The Establishment Division, being Administrative Division of FST, approached the Finance Division for TSG after surrender of funds by the Finance Division. That Division did not agree to sanction TSG even after the surrender of funds by them. The expenditure was already incurred on the surrender of funds by Finance Division. Subsequently non-approving of TSG by the Finance Division was the main reason of excess expenditure.

ii) **Grant No. 98 - Law and Justice**
(Total Grant Rs.117,266,000) (Saving of Rs.53,588,736)

The AGPR pointed out that the grant closed with a saving of Rs.53,588,736/- which worked out to 45.69% of the total grant. An amount of Rs.1,418,742 (1.21%) was surrendered leaving net saving of Rs.52,169,994 (44.48%).

The PAO explained that saving occurred mainly because the funds of Rs.25,000,000/-, allocated for financial assistance to “Women in Detention” under Cabinet Division, remained un-utilized as necessary legislation was in progress. Similarly, a supplementary grant of Rs.25,000,000/- was obtained in pursuance of P.M’s directives for Grant-in-Aid to Sindh High Court at Larkana and accommodation of judges but the same remained unutilized due to non completion of formalities by users.

iii) **Grant No. 99 - Parliamentary Affairs**
(Saving of Rs.1,400,589)

The AGPR pointed out that the grant closed with a saving of Rs.1400,589/- which worked out to 8.09% of the total grant. An amount of Rs.233,000/- (1.34%) was surrendered leaving net saving of Rs.1,167,589 (6.74%).

iv) **Grant No. 100 - Other Expenditure Law and Justice**
(Saving of Rs.81,919,079)

The AGPR pointed out that the grant closed with a saving of Rs.81,919,079/- which worked out to 42.63% of the total grant. An Amount grant of Rs.38,515,020 (20.04%) was surrendered leaving net saving of Rs.43,404,059 (22.59%).

The PAO explained that saving occurred mainly due to ban on expenditure by Finance Division, winding up of Supreme Appellate Courts and Speedy Trial Courts, improper assessment of expenditure to be incurred on establishment of 85 Banking Tribunals, etc.

PAC DIRECTIVE

The Committee settled the above mentioned grants and recommended regularization of excess and savings in above mentioned grants, and observed that budgeting mechanism evolved at that time in the Ministry and its sub-ordinate Departments seemed to be very poor. The Committee, therefore, directed the present management to further strengthen their financial systems to ensure zero saving and excess in future.

MINISTRY OF LABOUR & MANPOWER
1994-95

27. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Labour & Manpower were examined by the Sub-Committee PAC-III on 9th August, 2010.

27.1 Five grants were presented by the AGPR and Audit appraised the Committee that there was no para in the following Audit Reports:-

1. Audit Report on Workers Welfare Board NWFP(1994-95)
2. Audit Report Public Sector Enterprises (VOL-X- 1994-95) on Employees Old-Age Benefits Institution (EOBI) and
3. Audit Report on Sindh Workers Welfare Board (1994-95)

27.2 The Committee accepted the explanation given by the PAO and settled all the grants and paras.

27.3 After detailed discussion the Committee settled the Audit Reports on the recommendation of Audit.

27.4 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations that budgeting mechanism evolved at that time in the Ministry and its sub-ordinate Departments seemed to be very poor.

MINISTRY OF LABOUR & MANPOWER
(ACTIONABLE POINTS)

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 9th August, 2010, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Labour and Manpower, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. i) **Grant No. 101 – Labour**

(Total Grant Rs. 39,668,000) (Saving of Rs. 8,087,523)

The AGPR pointed out that grant closed with a saving of Rs. 8,087,523/- which worked out to 20.38% of the total grant. An amount of Rs.3,582,989 (9.03%) was surrendered leaving net saving of Rs. 4,504,534 (11.35%).

The PAO explained that Finance Division approved an amount of Rs.6,400,000/- as supplementary grant on 27-04-1995 for setting up a Directorate of Dock Workers Safety at Karachi and its Regional Offices at Pasni and Gawadar. Due to time constraints, appointments and other processes could not be completed till closing of financial year, which caused the saving.

ii) **Grant No. 102 – Other Expenditure of Labour**

(Total Grant Rs. 2,147,926,000) (Excess of Rs. 32,236,566)

The AGPR pointed out that grant closed with an excess of Rs.32,236,566/- which worked out to 1.50% of the total grant. An amount of Rs.98,214 (0.004%) was surrendered increasing net excess to Rs.32,334,780 (1.50%). A supplementary grant of Rs.678,000/- was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO explained that actually it was not excess. It was collection of Workers Welfare Fund (WWF) which were required to be transferred to Workers Welfare Reserve Fund, simultaneously, through a budgetary mechanism. A case for supplementary grant was referred to Finance Division which was not acceded to.

iii) **Grant No. 103 – Manpower & Overseas Pakistanis**

(Total Grant Rs. 147,264,000) (Saving of Rs. 40,175,402)

The AGPR pointed out that grant closed with a saving of Rs. 40,175,402/- which worked out to 27.28% of total grant. An amount of Rs. 36,225,360 (24.60%) was surrendered leaving net saving of Rs. 3,950,042 (2.68%).

The PAO explained that saving occurred mainly due to premature transfers of Community Welfare Attaches from Baghdad, Kuwait, Tripoli, Al-Ain, etc.

iv) **Grant No. 167 – Development Expenditure of Manpower & Overseas Pakistanis**
(Total Grant Rs. 405,174,000) (Saving of Rs. 392,447,173)

The AGPR pointed out that grant closed with a saving of Rs. 392,447,173/- which worked out to 96.86% of the total grant. An amount of Rs. 369,447,000 (91.18%) was surrendered leaving net saving of Rs. 23,000,173 (5.67%).

The PAO explained that saving occurred mainly due to non-reporting of expenditure by Dutch Donor Agency. The expenditure was received later on and got booked in the accounts of 1998-99.

PAC DIRECTIVE

The Committee directed regularization of savings and excesses in above mentioned grants on the clarifications given by the PAO. However, it observed that budgeting mechanism evolved at that time in the Ministry and its sub-ordinate Departments seemed to be very poor. Therefore, the PAO was directed to further strengthen their financial systems and ensure zero saving and excess in future as is direction of the Chairman PAC as well.

2. **Grant No. 166 – Development Expenditure of Labour**
(Total Grant Rs. 12,632,000) (Saving of Rs. 8,327,426)

The AGPR pointed out that the grant closed with a saving of Rs. 8,327,426/- which worked out to 65.92% of the total grant.

The PAO explained that an expenditure of Rs.7.698 million pertaining to foreign aid could not be got adjusted in the accounts. However, the same was adjusted in the accounts for 2003-04. The remaining saving of Rs. 0.183 million was due to strict control over expenditure.

The AGPR pointed out that documentary proof regarding adjustment of Rs.7.698 million has not been provided to them for verification.

PAC DIRECTIVE

The Committee settled the grant and directed the PAO to provide the record to the AGPR.

3. i) **AUDIT REPORT ON WORKERS WELFARE BOARD NWFP (1994-95)**

Prepared by DG (Federal Audit), Islamabad

ii) **AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-X-1994-95) ON EMPLOYEES OLD-AGE BENEFITS INSTITUTION (EOBI)**

Prepared by DG (Federal Audit), Islamabad

iii) **AUDIT REPORT ON SINDH WORKERS WELFARE BOARD (1994-95)**
Prepared by DG Audit Works (Federal), Islamabad

On presentation of above-mentioned three reports, Audit informed the Committee that there has been no highlighted para in these reports for discussion by the Committee, therefore, all the three reports are recommended for settlement.

PAC DIRECTIVE

The Committee endorsed Audit recommendation and settled above-mentioned three reports.

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT
1994-95

28. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Local Government and Rural Development were examined by the Sub-Committee PAC-III during three series of meetings held on 9th August, 2010, 8th January, 2011 and 14th March, 2011. During the 1st round of meeting the Committee issued its directions and two other rounds of meetings were held to ensure the implementation of the PAC directive issued during the 1st round.

- 28.1 Two grants and Audit Report on Tameer Watan Program by Audit was discussed by PAC-III.
- 28.2 After detailed discussion Grants were recommended for regularization and the report was settled.
- 28.3 During the discussion the Committee however observed that financial management during the year was very poor in the Ministry.
- 28.4 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendation that budget mechanism should be improved in future and proper rules should be followed.

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT
(ACTIONABLE POINTS)

Actionable points arising out from discussion of the meeting of Sub-Committee PAC-III held on 9th August, 2010, 8th January, 2011 and 14th March, 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Local Government and Rural Development, are summarized below:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. i) **Grant 104 – Ministry of Local Government and Rural Development**
(Total Grant - Rs.30,883,000) (Excess/Saving - Rs.44,824,457)

The AGPR pointed out that grant closed with an excess of Rs.44,824,457/- which worked out to 145.14% of the total grant. An amount of Rs.3,999,317 (12.94%) was surrendered increasing net excess of Rs.48,823,774 (158.09%). A supplementary grant of Rs.49,249,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO explained that discretionary grant for Minister amounting to Rs.300,000 could not be utilized as appointment of Minister was expected till the end of financial year. Moreover, an amount of Rs.126,000 was also not utilized at the end of financial year 1994-95 under different heads of Pay and Allowances.

ii) **Grant No 168 - Development Expenditure of Ministry of Local Government and Rural Development**
(Total Grant - Rs.3,556,071,000) (Excess/Saving - Rs.305,260,573)

The AGPR pointed out that grant closed with an excess of Rs.305,260,573/- which worked out to 8.58% of the total grant. An amount of Rs.316,974,107 (8.91%) was surrendered increasing net excess to Rs.622,234,680 (17.49%). A supplementary grant of Rs.705,000,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO explained that saving of Rs.70.794 million occurred due to non-receipt of Development Schemes from the Parliamentarians under “Peoples Programme” and Rs.11.971 million incurred by the donor agency (Asian Development Bank) in 1994-95 was booked in the accounts of 1995-96.

PAC DIRECTIVE

The Committee settled the grant and recommended regularization of savings and excesses in above mentioned grants. However, observed that budgeting mechanism

evolved at that time in the Ministry and its sub-ordinate Departments seemed to be very poor. Therefore, the PAO was directed to further strengthen their financial systems and ensure zero saving and excess in future as was the direction of the Chairman PAC as well.

2. **AUDIT REPORT ON TAMEER-E-WATAN PROGRAMME (1994-95)**

Prepared by Director General (Federal Audit), Islamabad

On presentation of above report, DG Audit informed the Committee that no DAC could be held on the said report, therefore, examination of the same may be deferred till holding of DAC.

PAC DIRECTIVE (09-08-2010)

The Committee endorsed Audit's viewpoint and deferred the said report till next meeting. The PAO was, however, directed to hold DAC meeting within a month and submit report to the PAC.

PAC DIRECTIVE (08-01-2011)

The report was settled at DAC level and was brought into the knowledge of the PAC.

MINISTRY OF LIVESTOCK AND DAIRY DEVELOPMENT
1994-95

29. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Livestock and Dairy Development were examined by the PAC Special Committee-III on 27th September, 2010.

29.1 One grant was presented by the AGPR.

29.2 After detailed discussion, the Committee settled the grant.

29.3 There was no para in Audit Report for the year 1994-95 prepared by D.G (CA&E) Karachi.

29.4 During the course of discussion, the Committee recommended that relevant records should be maintained and surrenders should always be in time.

29.5 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations that budgeting mechanism evolved at that time seemed to be very poor and directed to ensure zero saving and zero excess in future. .

MINISTRY OF LIVESTOCK AND DAIRY DEVELOPMENT
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of PAC Special Committee-III held on 27th September, 2010, regarding Appropriation Accounts and Audit Reports for the years 1994-95 of Ministry of Livestock and Dairy Development, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 158 - Development Expenditure of Livestock Division**
(Saving - Rs.44,854,166)

The AGPR pointed out that the grant closed with a saving of Rs.44,854,166/- which worked out to 70.33% of the total grant. An amount of Rs.8,405,941 (13.18%) was surrendered leaving net saving of Rs.36,448,225 (57.15%).

The PAO explained that a surrender order amounting to Rs.101,000 dated 30-06-1995 was not taken into account. However, saving occurred mainly due to non release of funds (R.3,504,000), non availability of Foreign exchange (Rs.22,232,000), late receipt of bills (Rs.8,871,000) from Livestock Development Project for Foreign Training of 88 men which was to be finalized by June 1995 but could not be finalized, etc.

The AGPR pointed out that documentary proof of Rs.22,232,000/- was not produced to then for verification.

PAC DIRECTIVE

The Committee directed the PAO to provide record of Rs.22,232,000 to AGPR for verification and submit report to PAC within one month. The Committee settled the grant subject to verification of record by the AGPR. The Committee, however, observed that budgeting mechanism evolved at that time in the Ministry seemed to be very poor. Therefore, the present management was directed to further strengthen their financial systems so that there should be zero saving and excess in future.

2. **AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOLUME-X)**
FOR THE YEAR 1994-95

Prepared by DG (CA&E) Karachi

Audit pointed out that there is no para in it, therefore, the same is recommended for settlement.

PAC DIRECTIVE

The report was settled at DAC level and was brought into the knowledge of the PAC.

NARCOTICS CONTROL DIVISION
1994-95

30. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Narcotics Control Division were examined by the Sub-Committee PAC-III on 22nd December, 2010.

- 30.1 Two grants were presented by the AGPR.
- 30.2 After detailed discussion of the Members, the AGPR and PAO two grants were settled.
- 30.3 There was no para in Federal Audit Report.
- 30.4 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations that their should be zero saving, zero excess and at the same time financial systems should be improved.

NARCOTICS CONTROL DIVISION
ACTIONABLE POINTS

Actionable points arising from discussions of the meeting of Sub-Committee PAC-III held on 22nd December, 2010, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Narcotics Control Division, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 97 – Narcotics Control Division**
(Total - Grant Rs.128,749,000) (Excess - Rs.17,534,402)

The AGPR pointed out that the grant closed with an excess of Rs.17,534,402/- which worked out to 13.61% of the total grant. An amount of Rs.4,194,000 (3.25%) was surrendered increasing net excess to Rs.21,728,402 (16.87%). A supplementary grant of Rs.16,540,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO stated that the excess occurred due to revision of basic pay scale w.e.f. 01-07-1994, and due to secondment of army personnel, which remained under process.

PAC DIRECTIVE

The Committee settled the grant with the observation that this showed bad financial management and directed the PAO to ensure zero saving and zero excess in future.

2. **Grant No 165 – Development Expenditure of Narcotics Control Division**
(Total - Grant Rs.231,783,000) (Saving - Rs.17,986,964)

The AGPR pointed out that the grant closed with a saving of Rs.17,986,964/- which worked out to 7.76% of the total grant. An amount of Rs.8,972,1216 (3.87%) was surrendered leaving a net saving of Rs.9,014,838 (3.88%). A supplementary grant of Rs.25,401,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that saving mainly pertained to the “Khyber Project”. The said project is a foreign aided project. It was expected that the funds will be released by the donor agency but since the funds could not be released, the said amount was surrendered on 20-5-1995 i.e. after the cut 15th May, off date for surrender and hence it could not be accounted for.

PAC DIRECTIVE

The Committee settled the grant.

MINISTRY OF NARCOTICS FOR THE YEAR (1994-95)

Prepared by (DG Federal Audit)

The report was settled at DAC level and was brought to the knowledge of the PAC.

NATIONAL ASSEMBLY SECRETARIAT
1994-95

31. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the National Assembly Secretariat were examined by the Sub-Committee PAC-III on 22nd December, 2010.

31.1 Only one grant was presented by the AGPR.

31.2 After detailed discussion the grant was settled.

31.3 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations.

NATIONAL ASSEMBLY SECRETARIAT
ACTIONABLE POINTS

Actionable points arising from discussions of the meeting of Sub-Committee PAC-III held on 22nd December, 2010, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of National Assembly Secretariat, are as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 106 – National Assembly**
(Final - Appropriation Rs.107,903,000) (Saving - Rs.2,212,850)
(Charged)

The AGPR pointed out that Charged expenditure closed with a saving of Rs.2,212,850/- which worked out to 2.05% of the total Appropriation.

The PAO stated that in Charge section saving occurred due to vacant posts, non-withdrawl of Pay & Allowances by some MNAs and less expenditure under purchase of machinery, commodities & services, and entertainment.

Other Than Charged
(Final - Grant Rs.263,750,000) (Saving - Rs.12,536,345)

The AGPR pointed out that in “Other Than Charged” section the grant closed with a saving of Rs.12,536,345/- which worked out to 4.75% of the total grant. An amount of Rs.8,910,000 (3.38%) was surrendered leaving net saving of Rs.3,626,345 (1.37%).

The PAO stated that in other than charged saving was due to holding of Committee Meetings generally during sessions of the National Assembly, non attendance of sessions/ meetings by some MNAs and withdrawl of salary and allowances by lesser number of MNAs against the provision made for two hundred MNAs and non utilization of travel vouchers by some MNAs.

PAC DIRECTIVE

After detailed discussion between the Members, the AGPR and PAO, the Committee settled the grant.

MINISTRY OF OVERSEAS PAKISTANIS
1994-95

32. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Overseas Pakistanis were examined by the Sub-Committee PAC-III on 9th August, 2010.

32.1 Two paras were reported by the Audit.

32.2 After detailed discussion the Committee settled two paras.

32.3 Audit recommended the eleven paras for settlement which were settled after a long discussion.

32.4 The Committee also settled eleven paras which were recommended for settlement by the Audit after long deliberations.

32.5 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations that the balance amount should be recovered and necessary paper required by the Audit for verification should be provided.

MINISTRY OF OVERSEAS PAKISTANIS
(ACTIONABLE POINTS)

Actionable points arising from the meeting of Sub-Committee PAC-III held on 9th August, 2010, regarding Audit Reports for the year 1994-95 of Ministry of Overseas Pakistanis, are summarized as under:-

AUDIT REPORT PUBLIC SECTOR ENTERPREISES (1994-95)
ON OVERSEAS PAKISTANIS FOUNDATION (OPF)

Prepared by DG (CA&E), Lahore

Audit Comments

1. **(Para – 243, Page 212-ARPSE-94-95)**

Audit pointed out that advance to suppliers increased to Rs.3.245 million at the close of year under review as against Rs.2.300 million at the close of pervious year registering an increase of 41.09%. Efforts are required to be made to adjust these advances early. Similarly, other receivables from “others” also increased to Rs.8.447 million from Rs.6.182 million registering an increase of 36.64%. The need for early realization of these receivables is stressed upon the management.

The PAO replied that advances amounting to Rs.3.245 million have been adjusted. The Qarz-e-Hassna has been recovered from the destitute Ops. in installments as per agreed schedule. An amount of Rs.199,322 is outstanding. The efforts were made for recovery of the outstanding amount. The amount of fee receivable was received in subsequent years.

PAC DIRECTIVE

The Committee directed the PAO to complete recovery of outstanding amount within one month, provide record of all facts to Audit for verification and submit report to the PAC.

The Committee settled the para and directed that record should be verified by the Audit.

2. **(Para – 246, Page 213-ARPSE-94-95)**

WASTEFUL EXPENDITURE OF RS.8.014 MILLION ON HOUSING COLONY AT DADU

Audit pointed out that the management of OPF incurred an expenditure of Rs.8.014 million for the establishment of a Housing Colony at Dadu in 1989. There was no proper response for allotment of plots in the proposed Housing Scheme as a result of which funds to the tune of Rs.8.014 million have been blocked.

The PAO replied that OPF Housing Scheme, Dadu, was started in 1987. Development work commenced in 1989 and approximately 66% work completed when 33rd BOG

meeting held on January 16, 1999. Due to poor response, it was decided to stop further work on the scheme in 1991.

By the end of this year, the scheme was expected to be finalized. So far, 353 out of 417 plots have been sold which caused recovery of cost of development work. Whereas, about nine to ten million is expected profit from the sale of remaining 51 residential and 13 commercial plots.

PAC DIRECTIVE

The Committee directed the PAO to ensure disposal of remaining plots within six months and submit report to Audit and PAC. The management was, however, directed to provide proper accounts to Audit for verification within one month. The Committee settled the para and directed that record should be verified by the Audit.

3. **PARAS RECOMMENDED FOR SETTLEMENT BY THE DAC**

i) **Overseas Pakistanis Foundation**

Paras No. 240, 241, 242, 244 & 245, Pages No. 212-213-ARPSE-94-95)

ii) **Kaghan Brick Works Ltd.**

Paras No. 247, 248, 249, 250, 251 & 252, Page No. 213-ARPSE-94-95)

PAC DIRECTIVE

The Committee endorsed the recommendations of DAC and settled above mentioned eleven paras.

MINISTRY OF POPULATION WELFARE
1994-95

33. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95, pertaining to the Ministry of Population Welfare were examined by the Sub-Committee PAC-III on 27th September, 2010.

33.1 Two grants were presented by the AGPR.

33.2 After detailed discussion the Committee settled the grants.

33.3 The Committee observed that budgeting mechanism evolved at that time was very poor and directed the present management to take serious steps to strengthen the financial system.

33.4 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations and directed the present management to strengthen the Financial Management System so that the excess and saving could be minimized in future. However poor financial management was observed during the financial year.

MINISTRY OF POPULATION WELFARE
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of PAC Special Committee-III held on 27th September, 2010, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Population Welfare, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I)(1994-95)

1. i) **Grant No 111 - Population Welfare Division**
(Total Grant - Rs.4,399,000) (Excess - Rs.5,860,507)

The AGPR pointed out that the grant closed with an excess of Rs.5,860,507/- which worked out to 133.22% of the total grant.

The PAO explained that excess occurred mainly due to wrong booking of Rs.5,099,968 under grant No. 111 released to NIPS, induction of revised pay scales on 01-06-1994, wrong booking of Rs.295,349 was actually relating to grant No.171-Development side of the Ministry but it was booked under Grant No.111- the non development side,etc.

ii) **Grant No 171 - Development Expenditure of Population Welfare Division**
(Total Grant - Rs.1,200,160,000) (Saving - Rs.267,199,906)

The AGPR pointed out that the grant closed with a saving of Rs.267,199,906/- which worked out to 22.26% of the total grant.

The PAO explained that saving occurred mainly due to non recruitment of staff against vacant posts because of economy constraints imposed by the Finance Division, non-availability of donors support and non-completion of certain number of buildings of Regional Training Institutes, etc.

PAC DIRECTIVE

The Committee recommended regularization of excess and saving in above mentioned grants on the clarifications given by the PAO, but, observed that budgeting mechanism evolved at that time in the Ministry seemed to be very poor. The Committee, thus, directed the present management to further strengthen their financial systems so that there should be zero saving and excess in future

AUDIT REPORT ON MINISTRY OF POPULAITON WELFARE
FOR THE YEAR 1994-95

Prepared by DG (Federal Audit)

The report was settled at DAC level and was brought to the knowledge of the PAC.

MINISTRY OF POSTAL SERVICES
1994-95

34. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Postal Services were examined by the Sub-Committee PAC-III on 11th December, 2010.

- 34.2 Twenty seven paras were reported by the Audit in the Audit Report (1994-95).
- 34.3 After detailed discussion of the Members, the Audit and PAO, seven paras were settled by the Committee.
- 34.3 Twenty Paras were referred for verification of records.
- 34.1 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations.

MINISTRY OF POSTAL SERVICES
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 11th December, 2010, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Postal Services, are as under:-

COMPLIANCE OF PAC DIRECTIVES ON THE PARAS OF AUDIT REPORT
FOR THE YEAR (1994-95)

Prepared by DG Audit PT&T, Lahore

1. Para – 2.2 -AR-94-95
EXCESS EXPENDITURE OF RS. 411,075 AND NON-RECOVERY OF PENALTY FOR RS.133,296.
2. Para – 3.5 AR-94-95
NON-RECOVERY OF PENALTY OF RS 41,472 FROM CONTRACTOR M/S ABC
3. Para – 7.3 -AR-94-95
UNAUTHORIZED EXPENDITURE ON ENGAGEMENT OF CONTINGENT PAID STAFF RS. 567,000/-
4. Para – 8.4 -AR-94-95
DIRECTIVE OF A SAVING BANK ACCOUNT RS. 59,582/-
5. Para – 8.8 -AR-94-95
NON/LESS DEDUCTION OF ZAKAT
6. Para – 10.2 -AR-94-95
UNACKNOWLEDGED REMITTANCE RS. 218,442/-
7. Para – 11.1 -AR-94-95
DECREASING TREND IN REVENUE FROM TERMINAL DUES

Audit recommended the above mentioned seven paras for settlement.

PAC DIRECTIVE

The Committee settled the above mentioned seven paras on the recommendation of the Audit.

8. Para – 2.1 -AR-94-95
MISAPPROPRIATION FROM SAVING BANK ACCOUNT RS. 1,000.836/-
9. Para – 2.3 -AR-94-95
LOSS DUE TO ACCEPTANCE OF UNEVEN THANS/ROLLS OF WOLLEN CLOTHS RS. 201,579/-
10. Para – 2.4 -AR-94-95
FRAUD, LOSS AND MISAPPROPRIATION OF PUBLIC MONEY IN GUJRAT POSTAL DIVISION RS. 154,035/-

11. Para – 2.6 -AR-94-95
MISAPPROPRIATION OF MONEY WITH DRAW FROM A SPECIAL SAVING ACCOUNT AND ENCASHED DEFENCE SAVING CERTIFICATES RS. 31,500/-
12. Para – 3.2 -AR-94-95
UNDUE FAVOUR TO SUPPLIERS RS. 640,780/- IN P.M.G, SOUTHERN PUNJAB
13. Para – 3.4 -AR-94-95
UNDUE FAVOUR TO CONTRACTOR BY CONDONING PENALTY OF RS. 133,000/-
14. Para – 4.1 -AR-94-95
WASTEFUL EXPENDITURE OF RS. 1.846 MILLION ON ACCOUNT OF PRINTING
15. Para – 4.2 -AR-94-95
WASTEFUL EXPENDITURE ON DELIVERY OF SPECIAL MAIL SERVICES THROUGH POST OFFICE FOUNDATION RS. 1.203 MILLION
16. Para – 4.3 -AR-94-95
WASTEFUL EXPENDITURE OF PRINTING OF PLI SERVICES FORMS RS. 248,000/-
17. Para – 6.2 -AR-94-95
IRREGULAR LOCAL PURCHASE OF MEDICINE RS. 2.970 MILLION
18. Para – 6.4 -AR-94-95
IRREGULAR EXPENDITURE ON PURCHASE OF FURNITURE RS. 212,320/-
19. Para – 7.2 -AR-94-95
UNAUTHORIZED EXPENDITURE ON PURCHASE OF A NISSAN SUNNY CAR RS. 594,500/-
20. Para – 7.4 -AR-94-95
UNAUTHORIZED EXPENDITURE ON BUILDING WORKS 313,085/-
21. Para – 7.5 -AR-94-95
UNAUTHORIZED EXPENDITURE ON PAYMENT OF TELEPHONE BILLS IN EXCESS OF CEILING RS. 567,000/-
22. Para – 8.1 -AR-94-95
NON RECONCILIATION OF SAVING BANK ACCOUNT BALANCES RS. 4.509 MILLION
23. Para – 8.2-AR-94-95
NON RECONCILIATION OF SAVING BANK ACCOUNTS BALANCES IN SOUTHERN PUNJAB POSTAL CIRCLE, LAHORE RS. 3.275 MILLION
24. Para – 8.3 -AR-94-95
DISCREPANT SAVING BANK ACCOUNTS IN GUJRAT POSTAL DIVISION RS. 8.868 MILLION
25. Para – 8.5 -AR-94-95
EXCESS PROFIT ON A SAVING BANK ACCOUNT RS.44,495/-
26. Para – 9.5 -AR-94-95
MISUSE OF TELEPHONE FACILITY FOR FAX MAIL SERVICE
27. Para – 10.1 -AR-94-95
CASH REMITTANCE NOT ACKNOWLEDGED RS. 1.224 MILLION

Audit pointed out that in above mentioned twenty paras only verification required.

PAC DIRECTIVE

The Committee settled the twenty paras and directed that record should be verified by the Audit.

PAKISTAN ATOMIC ENERGY COMMISSION
1994-95

35. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Pakistan Atomic Energy Commission were examined by the Sub-Committee PAC-III on 22nd December, 2010.

35.1 Two grants were presented by the AGPR.

35.2 Grants were settled by the Committee.

35.2 During the course of discussion, the Committee appreciated the utilization of full budget in time.

35.3 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations.

PAKISTAN ATOMIC ENERGY COMMISSION
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 22nd December, 2010, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Pakistan Atomic Energy Commission, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. i) **Grant No 14 – Atomic Energy**
(Total Grant Rs.944,643,000) (Saving/Excess Nil)

The AGPR pointed out that the entire budget provision was utilized in full.

- ii) **Grant No 180 – Capital Outlay on Development of Atomic Energy**
(Total Grant Rs.4,414,853,000) (Excess/Saving Nil)

The AGPR pointed out that the entire budget provision was utilized in full.

PAC DIRECTIVE

The Committee settled the above mentioned two grants.

PAKISTAN ATOMIC ENERGY COMMISSION
FOR THE YEAR (1994-95)

Prepared by DG (Federal Audit)

The report was settled at DAC level and was brought into the knowledge of the PAC.

MINISTRY OF PETROLEUM & NATURAL RESOURCES

1994-95

36. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Petroleum & Natural Resources were examined by the Sub-Committee PAC-III on 10th December, 2010.

- 36.1 Four paras were presented by the AGPR.
- 36.2 After detailed discussion all paras were settled by the Committee.
- 36.3 There was no para in the Audit Report on Non Tax Receipts (1994-95)
- 36.4 During the course of discussion, the Committee issued some policy recommendations, depending on the nature of the issues, directing the PAO to take appropriate actions.
- 36.5 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations that recoveries should be made and outstanding amount should be recovered.

MINISTRY OF PETROLEUM & NATURAL RESOURCES
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 10th December, 2010, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Petroleum and Natural Resources, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

AUDIT REPORT NON TAX RECEIPTS
FOR THE YEAR (1994-95)

The report was settled at DAC level and was brought into the knowledge of the PAC.

MINISTRY OF PETROLEUM & NATURAL RESOURCES
FOR THE YEAR (1994-95)

Prepared by DG Federal Audit

1. **Para - 1 (Page 67-AR-94-95)**

NON-RECOVERY OF TESTING FEE- RS 1.082 MILLION

Audit pointed out that the Hydrocarbon Development Institute, Karachi failed to recover Rs.1,082,155/- as testing fee from its clients. Some of the amount were outstanding for more than five years. Audit pointed out this irregularity repeatedly but the authorities failed to take any action.

PAO stated that outstanding amount has already been recovered.

PAC DIRECTIVE

The Committee settled the para and directed that record should be verified by the Audit.

2. **Para - 2 (Page 68-AR-94-95)**

MIS-APPROPRIATION OF COSTLY AND SENSITIVE WIRELESS SETS.

Audit pointed out that the Geological Survey of Pakistan, Quetta during 1991-92, reportedly transferred two costly wireless sets to Resources Development Corporation. An office file revealed that the equipments were sold to R.D.C on cash basis. The department failed to produce the orders of competent authority and its account in the stores and subsequently the credit of the sale proceeds to government account and its accountable in department books of accounts.

The PAO replied that cost of the equipment has been deposited by the RD (SML) in to government account.

PAC DIRECTIVE

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

3. **Para - 3 (Page 69-AR-94-95)**
IRREGULAR WITHDRAWAL OF HOUSE RENT AND CONVEYANCE ALLOWANCE AND NON-RECOVERY OF 5% COMPULSORY DEDUCTION RS 136,470/-

Audit pointed out that in Geological Survey of Pakistan, Quetta during 1991-92, fourteen officers while occupying the proper official residential accommodation situated within the officers premises had been allowed house Rent Allowance as well as Conveyance Allowance, Moreover, 5% compulsory deduction on account of rent of official accommodation as required under FR-45(B) was also not deducted from them. The availing of accommodation, non deduction of 5% rent and simultaneously drawl of HRA and the CA was irregular.

PAO stated that outstanding amount has already recovered.

PAC DIRECTIVE

The Committee directed the PAO that recovery should be made. The Committee settled the para and directed that record of recovery should be verified by the Audit.

4. **Para - 4 (Page 70-AR-94-95)**
IRREGULAR WITHDRAWAL AND NON ADJUSTMENT OF TA AND CONTINGENT ADVANCES RS.1.266 MILLION

Audit pointed out that Geological Survey of Pakistan, Quetta there was an irregular practice of allowing TA and contingent advances to the officers without adjustment of pervious advances.

The PAO stated that all the advance has been adjusted and recovered and has been verified by the Federal Audit Quetta. Rest of the record will be provided to Audit for verification.

Audit recommended the para for settlement subject to verification.

PAC DIRECTIVE

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

MINISTRY OF RELIGIOUS AFFAIRS, ZAKAT, USHR
AND MINORITIES AFFAIRS
1994-95

37. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Religious Affairs, Ushr and Minorities Affairs were examined by the Sub-Committee PAC-III during two series of meetings held on 11th December, 2010 and 2nd June, 2011. During the 1st round of meeting the Committee issued its directions and two other rounds of meeting was held to ensure the implementation of the PAC directive issued during the 1st round.

37.1 Two grants were presented by the AGPR.

37.2 The Committee settled the two grants after detailed discussion.

37.3 The Committee took serious notice of the issue that the property of the Evacuee Trust Property Board was declared as Kachi Abadi by the Provincial Government. The Committee directed the PAO to contact with the concerned quarters to resolve the issues on priority basis.

37.4 During the course of discussion, the Committee observed that it was bad financial management during the year.

37.5 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations.

MINISTRY OF RELIGIOUS AFFAIRS, ZAKAT, USHR
AND MINORITIES AFFAIRS
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of PAC Special Committee-III held on 11th December, 2010 and 2nd June, 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Religious Affairs Zakat Ushr & Minorities affairs, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No. 113 – Religious Affairs Zakat, Ushr and Minorities Affairs**
(Total Grant Rs.153,461,000) (Saving Rs.10,240,598)

The AGPR pointed out that the grant closed with a saving of Rs.10,240,598/- which worked out to 6.67% of the total grant. An amount of Rs.10,369,000 (6.75%) was surrendered resulting into an excess of Rs.128,402 (0.08%). A supplementary grant of Rs.194,038 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that saving was nominal and requested for settlement of grant.

PAC DIRECCTIVE

The Committee directed the PAO that Financial Management should be dealt with care.

The grant was settled by the Committee.

2. **Grant No. 115 – Other Expenditure of Religious Affairs Zakat, Ushr and Minorities Affairs Division**
(Total Grant Rs.146,094,000) (Excess/Saving Rs.85,309,797)

The AGPR pointed out that the grant closed with an excess of Rs.85,309,797/- which worked out to 58.39% of the total grant. An amount of Rs.35,713,617 (24.44%) was surrendered resulting in net excess of Rs.121,023,414 (82.83%). A supplementary grant of Rs.120,000,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO stated that the expenditure was for hiring of accommodation in Saudi Arabia for Hajj, 1998. The amount will be reimbursed in the Government account after recovery of Hajj dues from the intending pilgrims.

Audit commented that Ministry should verify the record.

PAC DIRECTIVE

The Committee commented that it reflects bad financial management. Grant was settled and directed that record should be verified by the AGPR.

AUDIT REPORT MINISTRY OF MINORITIES AFFAIRS FOR THE YEAR (1994-95)

Prepared by DG Federal Audit Islamabad

1. **(Para – 1, Page 66-AR-94-95)**

NON-RECOVERY OF RENT/LEASE MONEY RS 404,922/-

Audit pointed out that the authorities of the Evacuees Trust Property, Layyah and Nankana Sahib and the Ministry of Minorities Affairs during, 1993 should to recover Rs.404,922/- as rent from the tenants and lessees of the Evacuee's Property.

The PAO informed that a sum of Rs.48,302/- and Rs.356,620/- were outstanding against ETP Nankana Sahib and Layyah respectively. All outstanding arrears in respect of ETP Nankana Sahib have been recovered. As regards arrears pertaining to ETP office layyah, the arrears could not be recovered due to declaration of the land in question as kachi abadi by Secretary Local Government and Rural Development, Punjab and non cancellation of its allotment by the District Government concerned. Secretary Local Government and Rural Development, Punjab has been pursued continuously for cancellation of his declaration of kacich abadies. After the cancellation, the occupants would be asked to pay their dues.

Audit commented that record of amount recovered Rs.48,302/- may be produced to Audit for verification, recovery of Rs.356,620/- may be made from the concerned allottees of Layyah and present status of the case regarding illegal declaration of property of ETP as kachi abadi by Punjab Government may be explained to PAC.

PAC DIRECTIVE

The Committee deferred the para to the Monitoring and Implementation Committee. The Committee stated that this was a concern of the PAC-III as the concerned land was asset of Minorities. The Committee further directed that EPTB Board should take up the issue with Punjab Government keeping in view the present market rates of the lands.

2. **(Para – 2, Page 66-67-AR-94-95)**

A) DOUBTFUL PURCHASE OF BOOKS RS 105,000/-

B) LOSS OF DISCOUNT RS.34,650/- AND NON-RECOVERY OF INCOME TAX RS.5,250/-

C) UNDUE FAVOUR TO THE AUTHOR

Audit pointed out that the Evacuee Trust Property Board, Lahore in June, 1994 purchased from a publisher 300 copies of an Urdu book "Ban Ke Raha Pakistan" @ 350/- per copy

for a total of Rs.105,000/-. The work had no relevance with the functions and purposes of the ETPB.

The Department failed to produce any record about receipt and disposal of the book leading to doubts about actual purchase of the books. Besides this, a loss of Rs.34,650/-, also occurred on account of 33 customary discount usually allowed by the publisher, which was not claimed. Rs.5,250 being 5% income tax was also not deducted at source.

The preface of the book revealed that book was written on the pursuance of an official member of the Board who by influencing its purchase out of ETPB's funds had obliged the author and the publisher. The facts smack of undue favour given to the author and the publisher and irregular, influence exerted over the management.

All the above indicators lead to strong suspicions of mismanagement and misapplication of trust funds.

The PAO informed that recovery has already being made and record has been produced to the Audit. Audit also agreed with the PAO.

PAC DIRECTIVE

The Committee settled the para.

MINISTRY OF RAILWAYS
1994-95

38. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Railways were examined by the Sub-Committee PAC-III on 11th December, 2010.

- 38.1 Eight paras were reported by the Audit.
- 38.2 After detailed discussion of the Members, the Audit and PAO, five paras were settled by the Committee
- 38.3 However, in three paras, PAO was directed to re-enquire the issues, fix responsibility, take action according to the findings of enquiry and report back to the PAC Monitoring & Implementation Committee.
- 38.4 The Committee also settled the twenty two paras which were recommended for settlement by the Audit after a long discussion.
- 38.5 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and recommended that responsibility be fixed, action taken and balance amount recovered.

MINISTRY OF RAILWAYS

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of Sub-Committee PAC-III held on 11th December, 2010, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Railways, are summarized as under:-

1. **Para – 7 (e) 1 -94-95)**

AVOIDABLE LOSS OF RS 19.550 MILLION ON ACCOUNT OF PAYMENT OF LOW POWER FACTOR PENALTY TO WAPDA

Audit pointed out that according to the terms and conditions of the Tariff of WAPDA applicable to Pakistan Railways in the event of power factor failing below certain limit (90% w.e.f. 01-09-1991), the consumer has to pay penalty (@ 2% increase in the fixed charges for corresponding decrease of 1% in power factor w.e.f. 01-09-1992). Railways administration paid Rs. 19.55 million on this account on Workshops Division from July 1975 to June 1995.

The PAO replied that WAPDA introduced new stipulations of stringent penalties after 1991 and prior to that the level of penalty was low and did not warrant substantial investment at that stage. Power factor improvement plants were installed in 1993 which caused saving of Rs.3 million in the very first year. Complete elimination of the power factor penalty was not within the target of the project, however, proposals for improvement in the existing system have been prepared and will be implemented on the availability of funds.

PAC DIRECTIVE

The Committee settled the para and directed that record should be verified by the Audit.

2. **Para – 3.5.1-94-95)**

IRREGULARITIES IN LOCAL PURCHASE

Audit pointed out that the following irregularities were noticed in local purchase:-

- i) Certain items have been purchased from local market without obtaining non-availability certificate from SSKP/Jhelum.
- ii) 22 Nos. of 4 items were locally purchased despite the fact that sufficient of these items already available in sub-shops.
- iii) In about 63 cases, material was purchased from firm shops, existence of which was doubtful.

The PAO replied that the items lying in the stock were un-serviceable, which were sent to General Stores, but due to non receipt of M.R. Notes, the same could not be cleared from record. Due to certain reasons the cash memos maintained by traders and shopkeeper are

not upto the mark. Necessary instructions haven been issued to all the concerned to be careful in future.

PAC DIRECTIVE

The Committee settled the para and directed that record should be verified by the Audit.

3. i) **Para – 3.8.1-94-95)**

NON ACCOUNTAL OF S.M ROUND BY IFX/STORE

Audit pointed out that 10,000 Kgs S.M Round loaded in BKC-44609 was dispatched to IFX/Stores by the concrete yard 17-09-1991, Neither the same was received nor was accounted for by IFX/Stores, which tantamount to misappropriation of Railways material The PAO stated that BKC No.44609 was dispatched by Steel shop, MGPR duly loaded with 19700, 5000 and 18600 KGs S.M. round. Out of which 19700 Kgs and 1860 unloaded in the concrete yard and remaining 5000 Kgs dispatched to IFX/Stores.

ii) **Para – 3.8.5-94-95)**

MIS-UTILIZAITON/NON ACCOUNTAL OF WOOD

Audit pointed out that cost centre ledger card is a device to control receipt, issue and utilization of any type of material. The ground balance should be tallied with the balance shown in the book. But the ledger cards of wood was shown “Nil” balance, whereas more than 300 tons of wood was lying in the stores.

iii) **Para – 3.8.6-94-95)**

NON-AVAILABILITY OF VERIFIED COPIES OF MATERIAL

Audit pointed out that various items of material/equipment costing million of rupees were issued to DCOS/stores and other indenters, but verified copies were not available in shop.

PAC DIRECTIVE

The Committee clubbed the above mentioned three paras and directed the PAO to complete the enquiries already started. It further directed that the matter be investigated, responsibility fixed, further action taken to recover the amount. The report be to PAC within one month.

4. i) **Para – 3.1.1-94-95)**

LOSS OF RS 58.720 MILLION DUE TO INCREASE IN RUNNING TIME.

Audit pointed out that PC-I envisaged that there would be a saving of 0.6 minutes in operation of each passenger train thereby causing saving of Rs.1.820 million annually. But after implementation of the project loss of running time was on an average of 11.40 minutes per passenger train which caused a loss of Rs.58.720 million annually.

The PAO stated that there are many reasons, such as speed restrictions, condition of locomotives, crossing of train, carriage and wagon design and their ability to run safely at higher speed. A comparison of running time of a run through from Faisalbad to Khanewal before and after provision of Standard-III Signalling shows that there has been a saving of 14 minutes. Similarly there has been a saving of 3 minutes in running time for a run through train on Qila Shekhupua – Sangla Hill Section.

ii) **Para – 3.1.2-94-95)**

LOSS OF RS 746.817 MILLION DUE TO EXTRA ORDINARY DETENTION

Audit pointed out that due to ineffective operational controls target of minimizing hauling time could not be achieved. After introduction of the system, 40% decrease in handling of goods trains and 363% increase in detentions, was found, which deprived the Railway from earnings of Rs.746.817 million during 1994-95.

The PAO replied that the detention of wagons is dependent on many other factors. The installation of Standard-III signalling has enhanced the Speed, punctuality and safety of train operation which can be utilized fully when pre-requisites are fulfilled.

PAC DIRECTIVE

The Committee settled the above-mentioned two paras and stated that record should be verified by the Audit. It directed the Department to show the demonstration of this new technology to the Audit.

5. **Para – 3.6 -94-95)**

NON-REALIZATION OF EXCESS PAID CUSTOMS DUTY

Audit pointed out that an excess amount of Rs.43.88 million was paid on account of customs duty due to payment of CD at higher rates and due to lack of supervision of Railway management.

The PAO stated that in the cases under reference, the Railway had applied for 30% concessionaire custom duty in terms of CBR's Notification SRO 549 (i)/92 dated 04-06-1992 but the customs authorities turned down the appeal on the contention that these items were locally manufactured. To avoid delay and demurrage, the custom duty at higher rate was paid and claims for the refund in excess of 30% lodged. Custom to this opinion and it will be reimbursed.

PAC DIRECTIVE

The Committee settled the para.

6. Para – 7 (c)18 -94-95)
UNJUSTIFIED EXPENDITURE OF RS. 30.72 MILLION INCURRED ON PAY AND ALLOWANCES OF IDLE STAFF
7. Para – 7(D)3-94-95)
LOSS OF RS. 1.68 MILLION DUE TO PROCUREMENT OF BALLAST FROM OTHER THAN RAILWAY QUERRY
8. Para – 7(D)15 -94-95)
IRREGULAR EXPENDITURE OF RS.0.393 MILLION ON PURCHASE OF VEHICLE/AIR CONDITIONER
9. Para – 7(D)16 -94-95)
IRREGULAR PURCHASE OF SIX AIR CONDITIONER VALUING RS. 0.731 MILLION
10. Para – 6(D)17 -94-95)
UNJUSTIFIED EXPENDITURE OF RS. 0.780 MILLION ON INSTALLATION OF AIR CONDITIONERS IN WAITING ROOMS AT LAHORE, RAWALPINDI, MULTAN, SUKKER, AND KARACHI
11. Para – 7 (E)8 -94-95)
EXTRA AVOIBABLE EXPENDITURE OF RS. 1.613 MILLION DUE TO APPLICATION OF INCORRECT TARIFF
12. Para – 7 (F)10 -94-95)
IRREGULAR EXPENDITURE OF RS. 0.901 MILLION DUE TO NON OBSERVANCE OF RULES
13. Para – 7 (G)1 -94-95)
EXTRA EXPENDITURE OF RS. 2.388 MILLION DUE TO INJUDICIOUS ACCEPTANCE OF TENDERS
14. Para – 7 (G)4 -94-95)
INCURRENCE OF IRREGULAR EXPENDITURE OF RS. 4.493 MILLION 25 % IN EXCESS OF THE SANCTIONED COST OF THE PC-I
15. Para – 7 (G)14 -94-95)
INCURRENCE OF EXTRA EXPENDITURE OF RS. 0.515 MILLION DUE TO IRREGULARITIES DURING THE EXECUTION OF WORK
16. Para – 7 (G)17 -94-95)
AVOIBABLE EXPENDITURE OF RS. 10.854 MILLION DUE TO DELAY IN COMPLETION OF WORK
17. Para – 7 (G)25 -94-95)
BLOCKAGE OF CAPITAL WORTH RS. 0.907 MILLION

PRIVATIZATION OF RAILWAYS CARGO SERVICES

18. Para – 3.1 -94-95)
NON OBSERVANCE OF CONTRACTUAL OBLIGAITONS
19. Para – 3.5.1 -94-95)
ACCRUAL OF RENTAL CHARGES OF RS. 1.748 MILLION AT GUJRANWALA AND FAISALABAD RAILWAY STATIONS
20. Para – 3.5.2 -94-95)
NON PAYMENT OF RS. 0.312 MILLION ON ACCOUNT OF ELECTRIC AND TELEPHONE CHARGES

**INDIGENOUS MANUFACTURE OF 5 (2000 HP) DIESEL ELECTRIC
LOCOMOTIVES IN LOCOMOTIVE FACTORY, RISALPU**

21. Para – 3.1.3 -94-95)
UNJUSTIFIED EXPENDIURE OF RS. 6.30 MILLION
22. Para – 3.5.1 -94-95)
THEFT OF MATERIAL OF NEWLY MANUFACTURED D.E. LOCOS

PERFORMANCE OF BRIDGE WORKSHOP JHELUM

23. Para – 3.5.2 -94-95)
UNJUSTIFIED IRREGUALR DRAWAL OF T.A/D.A
- PROVISION OF TOKEN LESS BLOCK WORKING ON LON-KWL-SKO-FSLD AND SLL-WZD
SECTION
24. Para – 3.1.2 -94-95)
NON-WITHDRAWAL OF SURPLUS TOKEN MEN CAUSING RECRURRING LOSSES
25. Para – 3.5.5 -94-95)
NON ACKNOWLEDGEMENT OF DISPATCHED MATERIAL BY THE RECIPIENTS.

**PROVISION OF AUTOMATIC BLOCK SIGNALING ON BIN QASIM
MEETING SECTION IN KARACHI DIVISION**

26. Para – 3.11, Page-24 -94-95)
SUB STANDARD CONSTRUCTION OF 16 BLOCK HUTS WORTH RS.2.136 MILLION ON BIN
QASIM SECTION.
27. Para – 3.12, Page-24 -94-95)
NON ACCOUNTAL OF RELEASED MATERIAL
28. Para – 3.13, Page-25 -94-95)
NON RECOVERY OF AMOUNT OF RS.625000/- ON ACCOUNT OF EQUIPMENT SUPPLIED BY
THE CONCTRACTOR

Audit recommended the above mentioned twenty three paras for settlement.

PAC DIRECTIVE

The Committee settled above mentioned twenty three paras on the recommendations of Audit.

MINISTRY OF SOCIAL WELFARE AND SPECIAL EDUCATION
1994-95

39. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Social Welfare and Special Education were examined by the Sub-Committee PAC-III on 30th July, 2010.

- 39.1 Five grants and three paras were presented by the AGPR and Audit.
- 39.2 After detailed discussion the Committee settled all grants and paras.
- 39.3 During the course of discussion, the Committee observed that the budget planning and mechanism in the Ministry and its attached departments was very inefficient. The Committee directed the PAO to make vigilant planning before requesting budget from Finance.
- 39.4 The Committee observed that the financial matters referred to Ministry of Finance by the Ministry were not given due consideration. Therefore, the Committee directed the Ministry of Finance to take prompt action on the matters referred by the Ministry, Division and Department instead of indulging in delaying tactics.
- 39.5 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and showed displeasure over the saving that occurred during the financial year.

MINISTRY OF SOCIAL WELFARE AND SPECIAL EDUCATION

ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 30th July, 2010, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Social Welfare and Special Education, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. i) **Grant No 119 - Social Welfare**
(Saving - Rs.23,889,228)

The AGPR pointed out that the grant closed with a saving of Rs.23,889,228/- which worked out to 1.98% of the total grant. An amount of Rs.630,093 (0.05%) was surrendered leaving net saving of Rs.23,259,135 (1.93%).

The PAO explained that saving occurred mainly due to ban on vacant posts and non release of funds by Finance Division.

ii) **Grant No 120 - Special Education**
(Excess - Rs.15,027,637)

The AGPR pointed out that the grant closed with an excess of Rs.15,027,637/- which works out to 21.66% of the total grant. A supplementary grant of Rs.25,000,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO explained that there was saving instead of excess as pointed by AGPR because there was difference of amounts due to non accounting of surrender orders. He further said that saving occurred mainly due to ban on recruitment against vacant posts by the Government.

PAC DIRECTIVE

The Committee settled the grant and directed the PAO to get all stated facts verified from AGPR within one month.

2. i) **Grant No 121 - Other Expenditure of Special Education**
(Saving - Rs.108,796)

The AGPR pointed out that the grant closed with an saving of Rs.108,796/- which worked out to 2.21% of the total grant.

The PAO explained that saving was due to non release of funds to ten NGOs out of thirty two due to non-submission of their utilization reports.

ii) **Grant No 173 - Development Expenditure of Social Welfare**
(Saving of Rs.1,609,571)

The AGPR pointed out that the grant closed with a saving of Rs.1,609,571/- which worked out to 14.27% of the total grant. An amount of Rs.1,510,196 (13.39%) was surrendered leaving net saving of Rs.99,375 (0.88%).

The PAO explained that saving occurred mainly due to non procurement of durable goods, non receipt of utility bills from respective departments, non recruitment against vacant posts, etc.

iii) **Grant No 174 - Development Expenditure of Social Education**
(Excess - Rs.2,537,069)

The AGPR pointed out that the grant closed with a excess of Rs.2,537,069/- which worked out to 5.75% of the total grant. A supplementary grant of Rs.6,800,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO explained that there was saving instead of excess as pointed by AGPR because there was difference of amounts. He further said that the saving occurred mainly due to ban on recruitment against vacant posts by the Government, non procurement of durable goods, non construction of Special Education Centre Nawabshah, etc.

PAC DIRECTIVE

The Committee recommended regularization of savings and excesses in above mentioned grants following the clarifications given by the PAO. It however, observed that budgeting mechanism evolved at that time in the Ministry and its sub-ordinate/attached departments seemed to be very poor. The Committee, thus, directed the present management to further strengthen their financial systems. There should be zero saving and excess in future as is the direction of Chairman PAC.

AUDIT REPORT FEDERAL GOVERNMENT (1994-95)

Prepared by DG (Federal Audit)

3. **(Para – 1, Page 86-ARFG-94-95)**
UN AUTHORIZED PURCHASE OF CAR FOR MINISTER OF STATE FOR RS 390,000 OUT OF THE PROVISIONS FOR MINI BUS FOR USE BY PHYSICAL HANDICAPPED CHILDREN

Audit pointed out that out that in the D.G.S.E under Special Education Division a scheme “Establishment of Institute for Physically Handicapped Children,” Lahore, contained a provision for purchase of a Mini Bus for use by physically handicapped. Instead of purchasing the said vehicle, the authority purchased a Mitsubishi Lancer 1300 cc Car for the use of Minister of State by violating all the cannons of financial propriety enunciated

in Para 12 of G.F.R Vol.I. Moreover, The car was neither accounted for in the local office nor its transfer to any other department or its disposal otherwise, could be proved from the record.

The PAO replied that the car was purchased for Minister of State which was later surrendered to Cabinet Division. Requisite NOC was obtained from Cabinet Division before purchase of vehicle. However, funds were utilized without adopting proper procedure. The re-appropriation of funds from one grant to another was required to be done with approval of Finance and Planning & Development Divisions. He further apprised that the matter was discussed by the DAC and it was decided that ex-post-facto approval from Finance Division regarding condonation of improper procedure for utilization of funds may be pursued by the Ministry vigorously.

PAC DIRECTIVE

The Committee endorsed DAC decision and directed the PAO to get the course of action accomplished within one month and submit report to PAC and the Audit. The Committee settled **the para** and stated that record should be verified by the Audit. However, the Ministry was directed to request Finance Division for allocation of funds to purchase the mini bus if not purchased yet.

4. **(Para – 2, Page 87-ARFG-94-95)**

UN-AUTHORIZED EXPENDITURE OF RS 539,025 TO MEET THE RECURRING EXPENDITURE OF DGSE OFFICE OUT OF BUDGET PROVISIONS OF THE DEVELOPMENT SCHEMES.

Audit pointed out that in the Directorate General Special Education under Special Education Division a sum of Rs 539,025 was incurred on the purchase of sty and Furniture, payment of telephone and electricity bills etc. from the allocation of scheme “Pilot Project for Equipment Support Programme for Special Education Institutions” for which non development budget was already provided under separate grants. Thus the DGSE not only violated the provision of GFRs and Constitution of Islamic Republic of Pakistan under which separate grants were authorized for separate purposes, but also deprived the handicapped of their legitimate right.

The PAO replied that in the light of Audit observation, matter was investigated. The amount was utilized during financial years 1986 to 1889, on various occasions out of PLA for purposes other than that for which the grant was meant. He further apprised that the matter was discussed by the DAC and it was decided that ex-post-facto approval from

Finance Division regarding condonation of improper procedure for utilization of funds may be pursued by the Ministry vigorously.

PAC DIRECTIVE

The Committee directed the PAO to get the course of action accomplished within one month and submit report to PAC and Audit. The Committee **settled the para** after detailed discussion and directed that record should be verified by the Audit. However, the Finance Division was directed to respond promptly whenever any matter is referred to them by any Ministry, Division and Department instead of indulging in delaying tactics.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (1994-95)

Prepared by DG (CA&E) Lahore

PAKISTAN BAITUL MAL

5. **(Para – 298, Page 255-ARPSE-1994-95)**

Audit pointed that a sum of Rs 8.561 million shown as due to Bank, represents the amount of cheques, drawn over and above the balances available in the Bank as per cash book of the National Bank of Pakistan statement as on June 30, 1994. Reasons for issuance of cheques, over and above the balances available, be stated.

The PAO replied that balance appearing in Bank Reconciliation Statement was Rs.8,621,221/- as credit on 30-06-1994. After adjustment, the amount was Rs.8,561,221/- in financial statement. The main reason for issuance of cheque, over and above the available balance, was to give financial assistance to rain and flood affectees in Sindh. Subsequently, an amount of Rs. 12 Million was got transferred from main account, maintained at SBP on July 13 & 26, 1994, respectively. Therefore, credit balance appearing in cash book as on June 1994, appeared as debit in July 1994. The PAO further apprised that the record has also been verified by Audit.

The DG Audit agreed to the reply of PAO and confirmed verification of record.

PAC DIRECTIVE

After detailed discussion the Committee settled the para.

STATISTICS DIVISION

1994-95

40. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Statistics Division were examined by the Sub-Committee PAC-III on 30th July, 2010.

40.1 Two grants were presented by the AGPR.

40.2 The Committee settled all the grants.

40.3 The Committee also directed the Economic Affairs Division to ask the donors and executing agencies for provision of accounts to concerned Departments, so that the accountability of foreign funding for different projects in the country could be made.

40.4 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations that budgeting and financial management system should be improved to ensure zero saving and zero excess.

STATISTICS DIVISION **ACTIONABLE POINTS**

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 30th July, 2010, regarding Appropriation Accounts for the year 1994-95 of Statistics Division, are summarized as under:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 53 - Statistics**

(Total Grant - Rs.507,997,000) (Saving - Rs.200,636,479)

The AGPR pointed out that the grant closed with a saving of Rs.200,639,479/- which worked out to 39.09% of the total grant. An amount of Rs.198,599,900 (0.40%).

The PAO explained that non holding of census at regular intervals caused the basis the accounts of Statistics Division. The last census which was required to be conducted in 1990-91, was actually held in 1997-98. There was always uncertainty regarding holding of censuses in the country. However, besides holding of census, Statistics Division conducted different surveys on the recommendation of Planning & Development Division.

Regarding the grant, the PAO apprised that the saving occurred mainly due to non utilization of funds kept for stationery and cost of other stores, honoraria to staff, etc.

PAC DIRECTIVE

The Committee directed the PAO to provide date-wise record to AGPR for verification within one month. The Committee settled the saving in the grant as regularized on verification of the AGPR. Moreover, the PAO was also directed to avoid retaining of huge allocations without justified reasons and to further strengthen financial and budgeting systems so that there should be zero savings and zero excesses in future.

2. **Grant No 155 - Development Expenditure of Statistics**

(Total Grant - Rs.42,125,000) (Saving - Rs.33,665,000)

The AGPR pointed out that the grant closed with a saving of Rs.33,665,000/- which worked out to 79.91% of the total grant.

The PAO explained that the saving occurred mainly due to direct utilization of foreign exchange component by donor agencies against which no expenditure of Rs.22,210,000/- was reported to Statistics Division and lesser expenditure by PIHS owing to late start of

project. However, the PAO assured the Committee that the requisite record will be verified by the AGPR on receipt from the donors.

The AGPR proposed that in order to avoid such discrepancies in the system in future, Economic Affairs Division (EAD), being governing Division for foreign funded projects, should be asked to also bind the donors/executing agencies for provision of accounts to concerned departments, whenever asked for.

PAC DIRECTIVE

The Committee directed the PAO to get all stated facts and requisite record verified from AGPR within one month and submit report to the Audit. The saving in the grant will be considered as regularized on verification of record by the AGPR. The Committee also directed that Economic Affairs Division should be requested to ask the donors and executing agencies for provision of accounts to concerned departments.

MINISTRY OF STATES & FRONTIER REGIONS
1994-95

41. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of States & Frontier Regions were examined by the Sub-Committee PAC-III during two series of meetings held on 10th August, 2010 and 16th March, 2011. During the 1st round of meeting the Committee issued its directions and another round of meeting was held to ensure the implementation of the PAC directive issued during the 1st round.

- 41.1 Five grants were presented by the AGPR and three paras were reported by the Audit.
- 41.2 After detailed discussion the Committee recommended the grants for regularization and settled the paras.
- 41.3 Audit Report on FATA Development Corporation was also settled on the recommendation of the Audit.
- 41.4 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations and directed the present management to further strengthen their financial systems and to ensure zero saving and zero excess in future.

MINISTRY OF STATES AND FRONTIER REGIONS
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of Sub-Committee PAC-III held on 10th August, 2010 and 16th March, 2011 regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of States & Frontier Regions are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. i) **Grant No 122 - States and Frontier Regions Division**
(Total Grant - Rs.15,978,000) (Saving - Rs.100,550)

The AGPR pointed out that the grant closed with a saving of Rs.100,550/- which worked out to 0.62% of the total grant. An amount of Rs.37,000 was surrendered leaving a minor saving of Rs.63,550.

The PAO requested the Committee to regularize the saving being nominal.

ii) **Grant No 123 - Frontier Regions**
(Total Grant - Rs.468,476,000) (Excess - Rs.83,824,837)

The AGPR pointed out that the grant closed with an excess of Rs.83,24,837/- which worked out to 17.89% of the total grant. A supplementary grant of Rs.56,305,000/- was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account, the excess reduced to Rs.27,519,837 (5.24%).

The PAO explained that a supplementary grant of Rs.132.436 million was requested but Finance Division sanctioned only Rs.56.35 million. The reason for remaining excess of Rs.27,519,837/- was revision of pay scale in 1994.

iii) **Grant No 127 - Maintenance Allowances to Ex-Rulers**
(Total Grant - Rs.3,363,000) (Saving - Rs.400)

The AGPR pointed out that the grant closed with a saving of Rs.400/-

The PAO requested the Committee to regularize the saving which was very nominal.

iv) **Grant No 128 - Other Expenditure of States and Frontier Regions Division**
(Total Grant - Rs.101,151,000) (Excess/Saving - Rs.4,815,000)

The AGPR pointed out that the grant closed with an excess of Rs.4,815,000/- which worked out to 4.76% of the total grant. A supplementary grant of Rs.4,833,000/- was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account, the excess shall be converted into minor saving of Rs.18,000/-.

The PAO explained that saving occurred under Establishment Charges. He, however, requested the Committee to regularize the saving being nominal.

v) **Grant No 129 – Afghan Refuges**

(Total Grant - Rs.591,616,000) (Saving - Rs.3,850,554)

The AGPR pointed out that the grant closed with a saving of Rs.3,850,554/- which worked out to 0.65% of the total grant. An amount of Rs.109,000 (0.018%) was surrendered leaving net saving of Rs.3,741,554 (0.63%).

The PAO explained that the saving occurred due to non acceptance of approval for payment of compensation to the land owners whose land was occupied for Afghan Refuges camps by Finance Division.

PAC DIRECTIVE

The Committee recommended regularization of savings and excesses in above mentioned grants. However, it observed that budgeting mechanism evolved at that time in the Ministry and its sub-ordinate Departments seemed to be very poor. Therefore, the Committee, directed the present management to further strengthen their financial systems and to ensure zero saving/excess in future as was the direction of the Chairman PAC as well.

AUDIT REPORT FOR THE AUDIT YEAR 1994-95
ON MINISTRY OF STATES & FRONTIER REGIONS

Prepared by DG (Federal Audit)

2. Before formally presenting the Audit Report, DG (Federal Audit) informed the Committee that major portion of M/o SAFRON allocations is from UN-Funding on Afghan Refugees which was worth billions of rupees. He further said that on the direction of Auditor-General of Pakistan, a Special Audit regarding expenditure made by M/o SAFRON during last five years is going to be conducted shortly. He, therefore, requested the Committee to direct M/o SAFRON for co-operation and provision of record whenever demanded by Audit so that Special Audit is made more fruitful.

PAC DIRECTIVE

The Committee endorsed the Audit's request and directed the Ministry to extend fullest co-operation and assistance to the Audit whenever desired by them.

3. i) **(Para – 2, Page 77-ARFG-94-95)**

MIS-APPROPRIATION OF KEROSENE OIL RS 141,000/-

Audit pointed out that record of an Afghan Refugees Camp at Peshawar showed that 28,200 liters Kerosene Oil, valuing Rs. 141,000/- was issued to Afghan Refugees during 12/92 and 1/93. On comparison, the Registration Nos. and names of the recipients were found different in the “Disbursement Registers” and the “Registration Registers”. Audit apprehends that the stores were mis-appropriated and fictitious entries in both the Registers were made to cover up the irregularity.

The Department replied that old Registration Numbers allotted to the Afghan Refugees of camp concerned were cancelled and were allowed new Registration Numbers. Moreover, during the course of distribution of 28200 liters Kerosene Oil recorded in the old Registration Numbers instead of new-ones in the disbursement.

The PAO informed that Registration Numbers were changed by UNHCR itself.

ii) **(Para – 3, Page 78-ARFG-94-95)**

RECOVERY OF RS 155,965/- ON ACCOUNT OF CONVEYANCE ALLOWANCE

Audit pointed out that Chief Commissioner Afghan Refugees, under Ministry of SAFRON, paid conveyance allowance amounting to Rs.155,965/- during 1984-90 to staff in addition to the provision of official Transport. According to Para 10(v) GFR, both facilities at the same time were not allowed and the Finance Division has further clarified that such payment was not allowed.

The PAO replied that the staff of CCAR has never been provided official transport facilities in addition to their conveyance allowance, therefore, the question of recovery of Rs 155,965/- does not arise. Moreover, the staff duty mentioned in the Movement Register of vehicles actually meant official duty performed by the staff at Rawalpindi Railway Station and Warehouse (CCAR) at Islamabad Airport in connection with clearance of relief goods for Afghan Refugees

PAC DIRECTIVE

The Committee settled the above-mentioned two Audit Paras.

4. **(Para – 14, Page 83-ARFG-94-95)**

NON PRODUCTION OF AUDITABLE RECORD IN SUPPORT OF EXPENDITURE OF RS 5,202,000/-

Audit pointed out that in the office of Commissioner Afghan Refugees, NWFP, under Ministry of SAFRON, a sum of Rs.5,202,000/- was made to District Administrator-I

Afghan Refugees, Peshawar, in the month of June, 1992, for disbursement as maintenance allowance to certain prominent civilian Afghan Refugees and defected Afghan Forces Officers but the vetted accounts in support of disbursements of maintenance allowance were neither obtained from the District Administrator nor relevant details was provided.

The department replied that the amount of Rs.5,202,000/- was released to District Afghan Refugees (DAAR), Peshawar, for payment of Special Maintenance Allowance to ex-Defence Personnel Afghan Refugees.

The DG Audit pointed out that during verification of record on 29-03-2007, certain discrepancies and observations were raised which were still un-answered.

PAC DIRECTIVE (10-08-2010)

The Committee directed the PAO to provide to Audit, latest replies on the Audit observations at the earliest and submit report to the PAC. The Committee settled the para and directed that record should be verified by the Audit.

The PAO requested for extension in time period of verification.

PAC DIRECTIVE (16-03-2011)

The Committee settled the para and directed that record should be verified by the Audit. Audit was asked to follow up verification and submit report to PAC.

AUDIT REPORT PUBLIC SECTOR ENTERPRISE 1994-95
ON FATA DEVELOPMENT CORPORATION

Prepared by DG (CA&E) Lahore

5. On presentation of above Report, DG Audit informed that there was no highlighted Para in the said Report, therefore, the Committee might recommend settlement of the issues contained in the Report in question.

PAC DIRECTIVE

The Committee endorsed the request of DG Audit and settled the above-said Report.

MINISTRY OF SPORTS
1994-95

42. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Sports were examined by the Sub-Committee PAC-III on 22nd December, 2010.

42.1 One grant was presented by the AGPR.

42.2 After detailed discussion the Committee settled the Grant.

42.3 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and recommended that financial management should be improved and zero saving and zero excess may be ensured in future.

MINISTRY OF SPORTS
ACTIONABLE POINTS

Actionable points arising from discussions of the meeting of Sub-Committee PAC-III held on 22nd December, 2010, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Sports are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 26 – Other Expenditure of Culture and Sports**
(Total - Grant Rs.147,206,000) (Excess/Saving - Rs.4,198,195)

The AGPR pointed out that the grant closed with an excess of Rs.4,198,195/- which worked out to 2.85% of the total grant. An amount of Rs.1,000,000 (0.67%) was surrendered increasing net excess of Rs.5,198,195 (3.53%). A supplementary grant of Rs.4,450,000 (2.93%) was sanctioned which was not included in supplementary schedule of authorized expenditure.

The PAO stated that saving was surrendered in time.

PAC DIRECTIVE

The Committee settled the grant with the instructions that financial management should be improved and zero saving zero excess should be ensured in future.

MINISTRY OF SPORTS FOR THE YEAR (1994-95)
Prepared by (DG Federal Audit)

The report was settled at DAC level and was brought to the knowledge of the PAC.

SENATE SECRETARIAT
1994-95

43. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Senate Secretariat were examined by the Sub-Committee PAC-III on 22nd December, 2010.

43.1 One grant was presented by the AGPR.

43.2 After detailed discussion the Committee recommended the grant for regularization.

43.3 The Committee considered Audit's point of view and explanation given by the Principal Accounting Officer (PAO).

SENATE SECRETARIAT
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 22nd December, 2010, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Senate Secretariat , are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 106 – The Senate**

(Total - Appropriation Rs.51,567,000) (Saving - Rs.1,100,874)

(Charged)

The AGPR pointed out that Charged expenditure closed with a saving of Rs.1,100,874/- which worked out to 2.13% of the total Appropriation. An amount of Rs.550,000 (1.06%) was surrendered leaving net saving of Rs.550,874 (1.07%).

Other Than Charged

(Total - Grant Rs.90,873,000) (Saving - Rs.27,522,340)

The AGPR pointed out that in Other Than Charged expenditure the grant closed with a saving of Rs.27,522,340/- which worked out to 30.28% of the total grant. An amount of Rs.26,488,000 (29.14%) was surrendered leaving net saving of Rs.1,034,340 (1.60%).

The PAO stated that it was a nominal saving and was due to cumulative saving effect of various objects under Head 50000-Commodities & Services, particularly in 5-500-Publicity & Advertisement, because PID did not present bills to the office of the AGPR for payment during the year.

PAC DIRECTIVE

The Committee settled the grant.

MINISTRY OF SCIENCE & TECHNOLOGY
1994-95

44. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Science and Technology were examined by the Sub-Committee PAC-III during two series of meetings on 22nd December, 2010 and 7th March, 2011. During the 1st round of meeting the Committee issued its directions and another round of meeting was held to ensure the implementation of the PAC directive issued during the 1st round.

- 44.1 Four grants and five paras were presented by the AGPR and Audit.
- 44.2 After detailed discussion the Committee settled all the grants and four paras.
- 44.3 Some of the recovery was also made during the series of meetings and few cases were directed to be regularized from finance division and verification by the Audit.
- 44.4 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations.

MINISTRY OF SCIENCE AND TECHNOLOGY
ACTIONABLE POINTS

Actionable points arising from discussions of the meeting of Sub-Committee PAC-III held on 22nd December, 2010 and 7th March, 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Science and Technology, are as summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 117 – Ministry of Science and Technology**
(Total - Grant Rs.83,806,000) (Saving - Rs.9,565,246)

The AGPR pointed out that the grant closed with a saving of Rs.9,565,246/- which worked out to 11.41% of the total grant. An amount of Rs.9,496,700 (11.33%) was surrendered leaving net saving of Rs.68,546 (0.08%).

The PAO stated that it was a minor saving, which occurred due to fluctuation in conversion rate for payment of contribution of International Organizations.

PAC DIRECTIVE

After detailed discussion between Members, the AGPR and PAO, the Committee settled the grant.

2. **Grant No 118 – Other Expenditure of Scientific and Technological Research Division**
(Total - Grant Rs.441,069,000) (Saving - Rs.5,964,895)

The AGPR pointed out that the grant closed with a saving of Rs.5,964,895/- which worked out to 1.35% of the total grant. An amount of Rs.5,000,000 (1.13%) was surrendered leaving net saving of Rs.964,895 (0.21%).

The PAO stated that saving was because of funds for June, 1994 which were not released in full by Finance Division.

PAC DIRECTIVE

After detailed discussion between the Members, the AGPR and PAO, the Committee settled the grant.

3. **Grant No 172 – Development Expenditure of Scientific and Technological Research Division**
(Total - Grant Rs.249,101,000) (Saving - Rs.16,452,732)

The AGPR pointed out that the grant closed with a saving of Rs.16,452,732/- which worked out to 6.60% of the total grant. An amount of Rs.10,630,000 (4.26%) was surrendered leaving net saving of Rs.5,822,732 (2.33%).

The PAO stated that the expenditure of Rs.5,350,908 actually related to this grant of the Ministry which was wrongly booked under Grant No.51 of EAD. After taking account of the same, the net saving was reduced to Rs.471,824 which was due to non release of funds of 4th quarter, grants to Pakistan Medical Research Council for completion of Project “National Morbidity Survey and conduct of Health examination survey in Pakistan”.

PAC DIRECTIVE

After detailed discussion between the Members, the AGPR and PAO, the Committee settled the grant. The Committee directed the PAO to ensure zero saving zero excess in future.

4. **Grant No 194 – Capital outlay on Scientific and Technological Research Division**
(Total - Grant Rs.23,230,000) (Saving - Rs. Nil)

The AGPR pointed out that the entire saving was utilized.

PAC DIRECTIVE

After detailed discussion between the Members, the AGPR and PAO, the Committee settled the grant.

MINISTRY OF SCIENCE AND TECHNOLOGY
FOR THE YEAR (1994-95)

Prepared by DG (Federal Audit)

5. **Para - 2 (Page 72-AR-94-95)**
EMBEZZLEMENT OF PUBLIC FUNDS DUE TO DEFECTIVE INTERNAL CONTROLS AND NON RECOVERY THEREOF RS.751,630/-

Audit pointed out that an Admin Officer of the PCSIR’S Secretariat at Islamabad up till 1988, had embezzled a total of Rs.751,630/- due to lack of proper internal checks and controls. He could succeed because all the accounting and administrative functions were assigned to him.

The officer by defeating the departmental enquiry absconded from service and was subsequently dismissed in absentia. Audit felt that instead of lodging a criminal case against him in a Court of Law and handing the culprit over to the police, he was given time to abscond.

The Departmental Enquiry also did not look into the involvement of other officers and officials. Since the loss was caused by a defective system and negligence of the higher authorities, it could not be written off as per provisions of the GFR 47.

The PAO stated that the matter remained under investigation with FIA. According to the record of FIA, the culprit was declared “proclaimed offender” by the learned Trial Court. The Deputy Director FIA requested to apprise PCSIR about the latest status of pending case. In pursuance of advice in the internal meeting held on 14-07-2010, the process of approaching M/o Interior, to put the name of Mr. Ashraf Cheema Ex-PRO on Exit Control List has been started. However, some information regarding Identity card of Mr. Cheema are awaited from PCSIR.

Audit requested the Committee that Ministry the may be asked to explain the present status of recovery and status of case with FIA as well.

PAC DIRECTIVE (22-12-2010)

The Committee directed the PAO that the names of officers should be included in ECL, amount should be recovered in one month time and report should be submitted to PAC-III.

Audit recommended the para for settlement subject to review and annual follow up by Audit.

PAC DIRECTIVE (07-03-2011)

The Committee directed the PAO to hold an inquiry to recover the amount. In case of non recovery, the Departmental Committee may take proper action against the officers and official.

6. **Para - 3 (Page 73-AR-94-95)**

IRREGULAR / WASTEFUL EXPENDITURE ON MAINTAINING A GUEST HOUSE RS 649,647/-

Audit pointed out that the PCSIR’s Chairman Secretariat at Islamabad during 1981-82 to 1991-92, paid a total of Rs.515,770/- as rent for a private house at Islamabad. The accommodation was hired to establish a ‘Rest House’ to provide lodging to the officers of the PCSIR visiting Islamabad for official business. The Organization failed to produce any occupancy record of the Rest House for the entire period to prove its purposeful utilization or otherwise. Only a total receipt of Rs 130,121/- was available for the entire period which, too was utilized irregularly on the maintenance of the said Rest House. The expenditure on running the Rest House was five times more than the receipts as rent. Actual expenditure, which includes the utility charges, would be much higher than the above quoted figures but could not be calculated due to non availability of record.

The PAO stated that the Finance Division directed that irregularities approved and printed in the Audit Reports of the Auditor General can not be regularized by the Finance Division, the same have to be discussed by the PAC.

Audit requested that irregularity may be got regularized from Finance Division.

PAC DIRECTIVE (22-12-2010)

The Committee settled the para subject to verification of Audit and directed the Ministry to submit report in two weeks time.

Audit requested the Committee to inquire about regularization by Finance Division.

PAC DIRECTIVE (07-03-2011)

The Committee settled the para.

6. **Para - 4 (Page 74-AR-94-95)**

NON RECOVERY OF SERVICE AND CONSULTANCY FEE RS 244,510/-

Audit pointed out that the National Physical Standard Laboratories Islamabad, a unit of PCSIR collects charges for the technical and consultancy services provided to the customers. No record was maintained of services provided and the fee charged. A casual register, maintained for the purpose, revealed that in October 1994, Rs.244,510 were outstanding against certain clients since long. A virtual loss to the Government occurred. Due to non availability of proper record, the claims could not be estimated by audit.

The PAO informed that para has already been recommended for settlement by DAC meeting held on 22-07-2004.

Audit also recommended the para for settlement.

PAC DIRECTIVE

The Committee settled the para and directed that record should be verified by the Audit.

7. **Para - 5 (Page 75-AR-94-95)**

LOSS DUE TO THEFT OF A BUS RS 200,767/-

Audit pointed out that in National Physical Standard Laboratories Islamabad, a unit of PCSIR in February 1990, a Bedford Bus, the depreciated value of which comes to Rs.200,767, was stolen from the Laboratory premises after office hours. The case file was not produced to verify whether the matter was reported to the police, or any departmental enquiry was conducted to fix responsibility. Audit apprehends that the vehicle was stolen due to inadequate security system. In that case the loss could not be written off by any authority and in terms of GFR-47, is to be recovered from the person(s) held responsible.

The PAO stated that a two member Committee, comprising of Mr. Muhammad Rafique Tahir, SEO and Mr. Muhammad Afatab Haider SEO, visited Session Courts Rawalakot on 22-06-2010 along with the advocate Mr. Nisar Khan to have the updates of the case.

Mr. Nisar Khan has submitted a statements that after Earthquake 2005, all the record of Session Courts has been lost because of demolition of building and nothing was traceable and showed his inability to proceed further.

Audit requested the Committee that PAO may be asked to explain the case before PAC regarding recovery of the amount.

PAC DIRECTIVE (22-12-2010)

The Committee directed the PAO that report of action taken by the Department and progress made by the police on the FIR lodged may be submitted to Audit in two weeks.

Audit stated that stolen bus was not traceable. The management of PCSIR was directed to process case for write off and recommended the para for settlement subject to write off by competent authority.

The PAO stated that para has been regularized and already written off.

PAC DIRECTIVE (07-03-2011)

After detailed discussion the Committee settled the para.

8. **Para - 6 (Page 75-AR-94-95)**

IRREGULAR PAYMENT OF THE MINISTRY'S TELEPHONE BILLS BY AN ATTACHED DEPARTMENT RS.223,747/-

The National Institute of Oceanography, Karachi in April, 1994, paid from the special grant for 2nd Pak. Antarctic Expedition, the bills for Rs.179,860/- for a telephone installed in the Ministry at Islamabad. The irregularity was reported to the Ministry in October 1994. It was replied that the telephone was installed at the focal point established in the Ministry, for the purpose of the Expedition, therefore the telephone bills were paid out of the same grant.

The PAO stated that the Finance Division directed that irregularities printed in the Audit Reports of the Auditor General should not be regularized by the Finance Division unless the same have been discussed by the PAC and any specific directions are given by the PAC.

Audit stated that the amount may be got regularized from Finance Division.

PAC DIRECTIVE

The Committee settled the para and directed the PAO that amount should be regularized from Finance Division within two weeks.

MINISTRY OF TOURISM
1994-95

45. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Tourism were examined by the Sub-Committee PAC-III during two series of meeting held on 22nd December, 2010 and 16th March, 2011. During the 1st round of meeting the Committee issued its directions and another round of meeting was held to ensure the implementation of the PAC directive issued during the 1st round.

- 45.1 Two grants were presented by the AGPR and four paras were reported by the Audit.
- 45.2 The Committee settled all the grants and paras.
- 45.3 Some paras were settled subject to verification by the Audit.
- 45.4 The Committee considered Audit's point of view and explanation given by the Principal Accounting Officer (PAO) and made its recommended that financial management system should be improved and directed that such practice should be avoided in future.

MINISTRY OF TOURISM
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 22nd December, 2010 and 16th March, 2011, regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Tourism, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 27 – Tourism**

(Total - Grant Rs.473,042,000) (Saving - Rs.1,550,419)

The AGPR pointed out that the grant closed with a saving of Rs.1,550,419/- which worked out to 2.12% of the total grant. An amount of Rs.4,149,548 (5.68%) was surrendered leaving net saving of Rs.2,599,129 (3.55%). A supplementary grant of Rs.2,715,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO stated that saving occurred in fabrication of Pakistan pavilion at Berlin, and in connection with first-ever Asian Tourism Conference in Pakistan, 1995.

PAC DIRECTIVE

After detailed discussion the Committee settled the grant.

2. **Grant No 149 – Development Expenditure of Tourism Division**

(Total - Grant Rs.89,332,000) (Saving - Rs.28,586,375)

The AGPR pointed out that the grant closed with a saving of Rs.28,586,375/- which worked out to 32.00% of the total grant. An amount of Rs.26,081,375 (29.20%) was surrendered leaving net saving of Rs.2,505,000 (2.80%).

The PAO stated that Finance Division did not clear the amount of fourth quarter. Besides that the Finance Division imposed ban on purchase of equipment, machinery, furniture and stationary etc and the Project was dropped by Tourism Development Corporation of Punjab.

PAC DIRECTIVE

The Committee settled the grant after detailed discussion.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
For The Year (1994-95)

Prepared by DG CA&E Lahore

The report was settled at DAC level and was brought to the knowledge of the PAC.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR (1994-95)

Prepared by DG CA&E Lahore

3. **Para - 112 (Page 82-ARPSE-94-95)**

PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED

Audit pointed out that the Pakistan Tourism Development Corporation Limited (the company) was an unquoted Public Limited Company and was principally engaged in the promotion and development of tourism in Pakistan. The Company's activities also include the operation and management of four hotels namely. Flashman's (Rawalpindi), Flattis (Lahore), Deans (Peshawar) and Cecil (Murree) obtained under the long term lease agreement from Associated Hotels of Pakistan.

The PAO stated that accumulated loss of the Corporation was reduced from Rs.21.985 million as on 30-06-1995 to Rs.12.597 million as on 30-06-1996 and provided a written statement in this case to the Committee.

Audit stated that the Corporation sustained losses of Rs.33.810 million and Rs.51.995 million during 2007-08 and 2008-9 respectively against profit of Rs.26.503 million during 2006-07 and its accumulated loss stood at Rs.219.657 million on 30-06-2009. It showed deterioration in the position of profits of the Corporation which indicated that the management could not make efforts to make the Organization viable.

Audit requested the Committee to direct the management to take effectives steps for controlling the losses and make the organization viable.

PAC DIRECTIVE

The Committee directed the Ministry to take effectives steps for controlling the losses in future and settled the para.

4. **Para - 117 (Page 84-ARPSE-94-95)**

WASTEFUL EXPENDITURE OF RS 5.872 MILLION INCURRED ON HIRING OF FOREIGN MARKETING AGENTS

Audit pointed out that Pakistan Tourism Development Corporation (PTDC) appointed certain foreign agents from Denmark, Japan, Canada, UK and Holland, against retainer fee of US \$ 5,000 to 8,000 per annum in 1983, as representatives of PTDC abroad for promoting tourism in Pakistan. It was obligatory for the agents.

The PAO provided detailed information about the appointment of said agents and stated that PTDC have terminated the agreements with marketing agent at Denmark, Holland, Canada, Japan and London.

The PAO further stated that record about the performance and efficiency of the agents

was not available and no accountability was done on their performance, in the past, however, as far as the appointments were concerned, no irregularity was found.

PAC DIRECTIVE

The Committee directed the PAO to take up the issue at DAC level and provide the relevant record to Audit. The Committee observed that it was bad financial management and directed that such practice should be avoided in future. The Committee settled the para subject to verification of record by the Audit.

5. **Para - 118 (Page 85-ARPSE-94-95)**

IRREGULAR EXPENDITURE OF RS 3.009 MILLION INCURRED ON PROCUREMENT OF VEHICLES

Audit pointed out that Pakistan Tourism Development Corporation (PTDC) purchased three new vehicles i.e. one air- conditioned Toyota Land Cruiser Jeep and two cars valuing Rs 2.829 million which were placed at the disposal of Minister, Secretary and Joint Secretary for Tourism, alongwith drivers. An expenditure of Rs. 179,319 was also borne by PTDC on account of POL, pay and allowances of drivers. Minister for Tourism was Chairman of PTDC in his ex-officeio capacity and was not a whole time paid Chairman. There were strict orders of Cabinet Division, Islamabad issued vide D.O. No.2/24/92-Imp-IV dated March 7, 1992, Minister or officers of the Ministry from using cars of the Corporations, Autonomous Bodies, under their administrative control, vide Thus the provision of these facilities to the Minister, Secretary and Joint Secretary, by incurring huge funds of the Corporation, were against orders.

The PAO stated that vehicles were purchased for replacement of the old vehicles and against the Development Projects and provided the following details:-

i) **Nissan Sunny Car (IDF-1608) 1300 CC Super Saloon AC.**

This car was purchased on 12.10.1992 for Rs.800,000 from M/S H.J (Pvt) Ltd. Islamabad against vehicles sold for Rs.263,600 and is presently in the use of Managing Director, PTDC.

ii) **Toyota Land Cruiser Jeep IDF-2602, 5-Door 2779 CC Model 1993 Model LJ-79 RV MN-1993 Rs.1,450,000 purchased from Toyota Capital Motors, Islamabad.**

This Jeep was purchased after obtaining the concurrence of the Secretary and with the approval of the then Minister for Tourism.

iii) **Nissan Sunny 1000 CC Model 1993 (IDF-3198) purchased from M/s. Sama Motors, 16 Jail Road, Lahore for Rs.579,488.**

This car was purchased for Tourism Development duties out of Tourism Development funds. The vehicle was utilized by Ministry officials and

participants/delegates. The case for purchase of this car was initiated by the then Joint Secretary (Tourism) and approved by the then Secretary (Tourism).

Audit objected that neither revised reply was furnished nor the approval of Finance Division was presented to the Audit.

PAC DIRECTIVE

The Committee settled the para and directed that record should be verified by the Audit.

6. **Para - 119 (Page 85-86-ARPSE-94-95)**

LOSS OF RS 597,442 DUE TO NON-RECOVERY OF OUTSTANDING ADVANCE/DUES FROM EX-EMPLOYEES

Audit pointed out that in Pakistan Tourism Development Corporation (PTDC), the advances of Rs 597,442, granted to executives and staff, have been lying un-recovered from them prior to their retirement from the services of the Corporation. No concrete efforts were made to recover the outstanding advance/dues from staff during the period of their service of the Corporation. Thus, the PTDC had sustained a loss of Rs 597,442 on this account.

The PAO stated that a sum of Rs.278,626 has been recovered and adjusted. However, remaining amount of Rs.43,307.19 is still pending that relates to officers who have since expired.

Audit requested that recovery position may be explained before the Committee.

PAC DIRECTIVE (22-12-2010)

The Committee directed the PAO that amount should be recovered. Notices should be served for recovery within two weeks under intimation to Audit and PAC-III.

The PAO informed that cases have been investigated and it was concluded that amount needs to be adjusted, rather than recovered.

PAC DIRECTIVE (16-03-2011)

The Committee settled the para subject to verification of record by the Audit. Since the Ministry has been transferred to the Provinces these matters should personally be looked into by PAO who should then submit report to PAC-III and Audit.

MINISTRY OF WOMEN DEVELOPMENT
1994-95

46. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Women Development were examined by the Sub-Committee PAC-III on 30th July, 2010.

46.1 Three grants were reported by the AGPR.

46.2 After detailed discussion the Committee recommended all the grants for regularization.

46.3 However the committee observed that financial management during the year was poorly managed. The Committee further directed that this be improved in the up coming years.

46.4 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and recommended to the present management to further strengthen its financial systems so that there should be zero saving and zero excess in future.

MINISTRY OF WOMEN DEVELOPMENT
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of Sub-Committee PAC-III held on 30thJuly, 2010, regarding Appropriation Accounts for the year 1994-95 of Ministry of Women Development are summarized as under:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Grant No 135 - Ministry of Women Development & Youth Affairs**
(Saving - Rs.288,194)

The AGPR pointed out that the grant closed with a saving of Rs.288,194/- which worked out to 1.11% of the total grant. An amount of Rs.271,000 (1.04%) was surrendered leaving net saving of Rs.17,194 (0.06%).

The PAO explained that the saving was due to less utilization.

PAC DIRECTIVE

The Committee directed regularization of saving in above grant on the clarification given by the PAO. However, it was observed that budgeting mechanism evolved at that time in the Ministry seemed to be very poor, therefore, the Committee directed the present management to further strengthen their financial systems so that there should be zero saving and zero excess in future, as was the direction of Chairman PAC as well.

2. **Grant No 178 - Development Expenditure of Ministry of Women Development and Youth Affairs**
(Saving - Rs.51,107,726)

The AGPR pointed out that the grant closed with a saving of Rs.51,107,726/- which worked out to 37.47% of the total grant. An amount of Rs.32,526,500 (23.84%) was surrendered leaving net saving of Rs.18,581,226 (13.62%).

The PAO explained that saving occurred due to non-release of funds to respective executing agencies of two different projects because they had not completed formalities required for release of funds against their approved projects.

PAC DIRECTIVE

The Committee directed the PAO to provide date-wise details of events occurred in the matter to AGPR for verification within one month and submit report to the PAC. The Committee settled the grant and directed that record should be verified by the AGPR.

3. **Grant No.179 - Development Expenditure of Special Programmes for Women**
(Saving - Rs.8,429,828)

The AGPR pointed out that the grant closed with an saving of Rs.8,429,828/- which worked out to 18.62% of the total grant.

The PAO explained that saving occurred due to non-release of funds to respective executing agencies of two different projects because they had not completed formalities required for release of funds against their approved projects.

The AGPR informed the Committee that records pertaining to stated facts of the PAO have been verified, therefore, saving in the grant was recommended for regularization.

PAC DIRECTIVE

The Committee endorsed the statement of AGPR and settled the grant.

WAFaqI MOHTASIB **1994-95**

47. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Wafaqi Mohtasib were examined by the Sub-Committee PAC-III during two series of meetings held on 22nd December, 2010 and 16th March, 2011. During the 1st round of meeting the Committee issued its directions and another round of meeting was held to ensure the implementation of the PAC directive issued during the 1st round.

- 47.1 One grant and one para was presented by the AGPR and Audit which were discussed by the PAC-III.
- 47.2 After detailed discussion the grant and para were settled.
- 47.3 The Committee considered Audit's point of view and explanation given by the Principal Accounting Officer (PAO). It recommended that there should be zero saving and zero excess. Surrender should be well in time.

WAFAQI MOHTASIB **ACTIONABLE POINTS**

Actionable points arising from discussions of the meeting of Sub-Committee PAC-III held on 22nd December, 2010 and 16th March, 2011 regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Wafaqi Mohtasib, are as summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1994-95)

1. **Wafaqi Mohtasib Charged**

(Total Appropriation Rs.40,316,000) (Saving - Rs.3,144,517)

The AGPR pointed out that the Appropriation closed with a saving of Rs.3,144,517/- which worked out to 7.79% of the total Appropriation. An amount of Rs.90,000 (0.20%) was surrendered leaving net saving of Rs.3,054,517.

The PAO stated that some posts of officers were created for Revenue Wing in Wafaqi Mohtasib Secretariat which could not be utilized due to non-availability of suitable officers inspite of best effort and due to ban on recruitment, non-availability, posting of suitable officers and staff, repair and maintenance procedure, consumption on POL, Electricity and expenditure on telephone bills and due to strict ban on serving lunches, dinner and light refreshment etc.

PAC DIRECTIVE

The Committee settled the grant with the instructions that there should be zero saving and zero excess in future.

WAFAQI MOHTASIB SECRETARIAT FOR THE YEAR 1994-95

Prepared by DG (Federal Audit)

2. **Para - 1 (Page 67-AR-94-95)**

UN-AUTHORISED MAINTENANCE OF NINE VEHICLES.

Audit pointed out that the Karachi sub office of the Wafaqi Mohtasib Secretariat, during 1987-92 had Nine vehicles on its pool, whereas there was only one (B-21) entitled officer to use the official vehicle. The running and maintenance of other eight vehicles was neither regular nor justified. The expenditure of Rs 1.6 million incurred on P.O.L and maintenance etc. of these vehicles during 1987-88 to 1991-92 was held irregular and unjustified.

The PAO replied that this office was maintaining nine vehicles, one vehicle was reserved for exclusive use of Honourable Wafaqi Mohtasib during his visit to this Regional Office, three vehicles were allocated which were reserved for Advisors and D.G after the

permission of Honourable Wafaqi Mohtasib, two vehicles were earmarked for use in investigation and inspection by the Directors/Registrar and also used by senior officers while on tour from Head Office and other Regional Offices in the performance of official duties and one vehicle was allocated for performing general duty.

The PAO further explained that there are two sanctioned posts of BPS-21. Accordingly two cars were provided to the two Officers in BPS-21 as per their entitlement.

Wafaqi Mohtasib's Regional Office, Karachi has not misused the official cars and maintenance of Nine vehicles was according to the requirements of the office. The expenditure incurred is, therefore, regular, justified and authorized.

Audit requested the PAC that Wafaqi Mohtasib may be asked to produce the record for verification by the Audit.

PAC DIRECTIVE (22-12-2010)

The Committee did not accept the reply given by the PAO. Para was pending for two weeks to be taken again in PAC-III.

The PAO stated that record will be verified by the Audit.

PAC DIRECTIVE (16-03-2011)

The Committee settled the para and directed that record should be verified by the Audit.

MINISTRY OF WATER AND POWER
1994-95

48. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1994-95 pertaining to the Ministry of Water and Power were examined by the Sub-Committee PAC-III during three series of meetings held on 4th January, 2011, 11th April, 2010 and 2nd June, 2011. During the 1st round of meeting the Committee issued its directions and two other rounds of meetings were held to ensure the implementation of the PAC directive issued during the 1st round.

- 48.1 Fourteen paras were reported by the Audit besides two Performance Audit Reports and One Special Audit Report.
- 48.2 The Committee settled all the paras after detailed discussion between the Members, Audit and PAO.
- 48.3 The Committee considered Audit's point of view and explanation given by the Principal Accounting Officer (PAO) and recommended that all inquiries should be routed through PAO who should invariably specify action for comments of Audit before submitting the same to the PAC.

MINISTRY OF WATER AND POWER
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 4th January, 11th April, and 2nd June, 2011 , regarding Appropriation Accounts and Audit Reports for the year 1994-95 of Ministry of Water and Power, are summarized below:-

MINISTRY OF WATER & POWER FOR THE YEAR (1994-95)

Prepared by DG (Federal Audit)

1. **Para – 1(Page-88)-AR-94-95)**

EXCESS EXPENDITURE ON OFFICE/ RESIDENTIAL TELEPHONES RS.57,825/-

Audit pointed out that in order to control expenditure on telephone, the Federal Government had prescribed ceiling on official and residential telephones The Ministry of Water and Power failed to comply these instructions and incurred an expenditure of Rs.38,491/- on official and Rs.19,334/- on residential over the prescribed ceiling.

The PAO requested for one month time to resolve the issue.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO to effect recovery within one month and submit report to Audit and PAC-III.

The PAO informed that maximum amount has been recovered which will be verified from the Audit.

PAC DIRECTIVE (11-04-2011)

The Committee settled the para after detailed discussion and directed that record of recovery should be verified by the Audit.

AUDIT REPORT (WAPADA) FOR THE YEAR (1994-95)

Prepared by DG Audit WAPDA Lahore

2. **Para - 32-AR-94-95)**

LOSS OF RS.2.347 MILLION DUE TO EXCESS PAYMENT TO A FIRM

Audit pointed out that the accounts of G.M.(Finance),Power, WAPDA, for the year 1991-92, revealed that excess payment for Rs.2.347 million was made for purchase of testing equipment.

The PAO stated that an enquiry committee was constituted and according to the report of the enquiry committee a number of officers and officials were held responsible. He

further informed that action according to recommendations of enquiry report has been taken.

Audit recommended the para for settlement.

PAC DIRECTIVE

The Committee settled the para after detailed discussion.

3. **Para - 42-AR-94-95)**

LOSS OF RS.0.756 MILLION DUE TO LATE EX-BONDING OF MATERIAL FROM BONDED WAREHOUSES

Audit pointed out that the In EHV Project (South) Hyderabad and F.B.C Lakhra Project Khanot, WAPDA paid an amount of Rs.0.756 million (Rs.500,615 + Rs.255,697) on account of additional ware house charges for late exbonding of material from the bonded ware houses. Audit further observed that WAPDA did not lift the material within the specified period.

The PAO replied that WAPDA had an acute cash flow problem hence it was decided to keep the equipment/material in bonded ware houses to be used as and when required. The matter was under investigation with an Inquiry Committee constituted by G.M. (GSC) NTDC, Lahore. Recommendations of the Inquiry Committee were awaited. The PAO further replied that cash flow problem was the reason during the period 2/93 to 6/93 for not exbonding the material.

Audit requested the Committee to direct the management to take action and fix responsibility for delayed exbonding of material resulting into loss of Rs.0.255 million.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO to hold DAC and also directed to submit report within one month to Audit and PAC-III.

The PAO informed that according to first inquiry four officers were held responsible but later on a fresh inquiry was ordered by the Chief Executive NTDC and he was directed to submit report within one month which is still awaited.

PAC DIRECTIVE (11-04-2011)

The Committee observed that PAOs are personally responsible for an inquiry. Findings of inquiry report made by a management will not be considered valid. However the Committee settled the para subject to verification of record by the Audit.

4. **Para - 47-AR-94-95)**
NON-BILLING TO NEW INDUSTRIAL CONSUMER: LOSS OF RS.0.209 MILLION

Audit pointed out that the Accounts of R.O. Jacobabad disclosed that an industrial connection to an ice factory was energized in May, 1988 but billing was started in October, 1989, resulting in a loss of Rs.0.209 million to the Authority.

The PAO stated that amount of Rs.0.209 million has been recovered from the consumer and report has also been submitted to the audit.

Audit requested the Committee to direct the management for providing the record of recovery and status of action taken against official as per findings of the inquiry report.

PAC DIRECTIVE

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

5. **Para - 53-AR-94-95)**
INADMISSIBLE PAYMENT OF RS.0.047 MILLION DUE TO TAMPERING WITH THE DATE OF BIRTH.

Audit pointed out that the accounts of pension Directorate disclosed that an employee was appointed on 11.10.1976. According to his statement and medical certificates issued at the time of joining service, his age was 23 years. Subsequently date of birth of said employee was washed out and re-written as 01.01.1931 instead of 25.04.1953, Resultantly the employee was retired from service on 31.12.1990 at the age of superannuation having only 14 years service. This tampering of date of birth was against the provisions of GFR.

The PAO replied that the matter was investigated. Amount under objection worth Rs.0.047 million was written off and a head clerk was punished by imposing major penalties.

Audit recommended the para for settlement.

PAC DIRECTIVE

The Committee settled the para on the recommendation of Audit.

6. **Para - 54-AR-94-95)**
LIKELY MIS-APPROPRIATION OF MATERIAL VALUING RS.4.533 MILLION

Audit pointed out that in five PEPCO formations misappropriation of material resulted in a loss of Rs.4.533 million.

Audit recommended the para for settlement subject to verification.

PAC DIRECTIVE

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

PERFORMANCE AUDIT REPORT ON LEFT BANK OUTFALL DRAINAGE PROJECT PHASE-I

Prepared by DG Audit WAPDA Lahore

7. **(Para – 10.6.2 & 10.6.3, Page 110&112-AR-94-95)**
EXTRA EXPENDITURE OF RS.6.239 MILLION ON TUBEWELLS DUE TO DEFECTIVE PLANNING AN DESIGN EXTRA EXPENDITURE OF RS.5.305 MILLION DUE TO DEFECTIVE PLANNING AND IMPROPER SECURITY CHEEKS

Audit pointed out that the tube wells were not put into operation due to non completion of allied works. Hence, those were chocked. An expenditure of Rs.6.239 million had to be paid to M/S NTCC for dechocking/repair of Tubewells.

(Para – 10.6.3)

The tubewells were chocked due to removing the matter security caps and filling of wells with debris by unknown persons and also though non compaction of allied works and disposal channels. An expenditure of Rs.5.305 million for dechocking the tubewell was paid to M/S NTCC.

The Member (Water) stated that the inquiry report had already been submitted to the Chairman WAPDA, according to the findings of inquiry report the expenditure was incurred in the best interest of the project and no irregularity or irresponsibility was highlighted.

PAC DIRECTIVE

The Committee settled the para and directed the Management that the position explained before the PAC may be provided to the Audit alongwith the copies of inquiry reports for reference and record.

8. **(Para – 10.7.1, Page 115&116-AR-94-95)**
EXTRA-EXPENDITURE OF RS.1.386 MILLION DUE TO NON-COMPLIANCE OF TECHNICAL SPECIFICATIONS

Audit pointed out that during the scrutiny of contracts N20-AB5 dated 9-6-90, N20-UK2 dated 24-08-92 and T20-AB3 dated 16-04-93, it was noticed that “Bituminous Protection in Concrete”, was provided as a separate BOQ item by introducing change in clauses of measurements and payment. In the specification for concrete, it was laid down that bituminous protection coating (Technical specifications clauses 15-23) should not be

measured and paid separately. The change in specifications required a fresh estimation which was also not done. Without subtracting the cost element of bituminous protective coating from the rate for concrete or without appointment of the quoted rate respectively, mere change in the clause from “shall not be measured” to “shall be measured separately” resulted in double payment to the tune of Rs.1.386 million for bituminous protective coating.

Member water explained that protective coating was required as per contract. The contractor did not agree with the specification mentioned in the BOQ. The contractor requested the engineer and a variation order was approved and payment was made accordingly. There was no irregularity in the matter as per inquiry conducted.

PAC DIRECTIVE

The Committee settled the para with the directions to the Management to provide copy of inquiry report and variation order to the Audit for reference and record within ten days.

9. **(Para – 10.8.7, Page 127&128-AR-94-95)**
OVERPAYMENT OF RS.0.631 MILLION

Audit pointed out that in clause 15.23 of technical specifications to contract No.N-20AB4, it was laid down that bituminous coating shall be applied to concrete surface of structures to protect against attack from naturally occurring soluble sulphate in the soil and protection shall be applied using bitu proof bituminous coating from M/S Corporation, Ltd or similar approved coatings.

The management informed that the inquiry was conducted and its report has been sent to the Chairman WAPDA.

PAC DIRECTIVE

The Committee accepted the explanation given by the PAO and settled the para and with the directions to the management to provide copy of inquiry report to the Audit for reference and record with in ten days.

SPECIAL STUDY REPORT ON HAIRDIN DRAINAGE PROJECT
PHASE-I&II FOR THE YEAR (1994-95)

Prepared by DG Audit WAPDA Lahore

10. **(Para – 5.1, 5.2, 5.3, & 5.5, Page 204&206-AR-94-95)**
UN-AUTHORIZED EXPENDITURE OF RS.9.147 MILLION ON THE PROJECT
PHASE-I
AVOIDABLE EXPENDITURE OF RS.15 MILLION
AVOIDABLE EXPENDITURE OF RS.31.140 MILLION

(Para – 5.1)

Audit pointed out that the original provision of cost in the approved PC-I for Hairdin Surface Drainage project (Phase-I) was made as Rs.32.086 million, which was subsequently raised to Rs.72.925 million as per revised PC-I. The expenditure against this provision was, however booked as Rs.93.011 million in the balance sheet of the Authority. It transpired that an excess sum of Rs.20.09 million, i.e forming 27.55%, was spent on the scheme. The permissible limit of 15% worked out to Rs.10.938 million, yet a sum of Rs.9.147 million i.e 12.55% was spent un-authorizedly more than that of revised approved cost plus 15% permissible limit. It was a clear cut case of financial indiscipline and needed justification.

(Para – 5.2)

Audit pointed out that the Rs.15.00 million (Rs.26.00 million – Rs.11.00 million) had to be spent on rectification/remaining works of the Hairdin Project (Phase-II) with some minor alterations. This expenditure could have been avoided had the project been completed in the first instance vigilantly. Audit desired that responsibility of the same be fixed and appropriate action taken against the persons at fault.

(Para – 5.3)

Audit pointed out that a sum of Rs.50.481 million was paid as interest charges to Government of Pakistan against provision of Rs.6.812 million made in approved PC-I. The excess of Rs.43.606 million could have been avoided, had the project been completed in time and handed over to the I & P Department, G.O.B. Rs.31.140 million had to be paid as interest charges during the year 1989-90 to 1991-92, when deliberations on the point of handing over the project to the provincial Government were carried out, and the cost of remaining and rectification works was assessed at Rs.11.00 million.

(Para – 5.5)

Audit pointed out that the Hairdin Phase-II project was to be completed at a cost of Rs.52.589 million as per approved PC-I. But the project was finalized by WAPDA when

it was 87% complete by incurring the expenditure amounting to Rs.99.642 million. The total expenditure incurred was 89.47% more than the cost approved by the Government when 13% of project works were deleted by the project management. It indicated that WAPDA incurred expenditure amounting to Rs.39.16 million un-authorizedly without the formal approval of the Government. Audit desired that responsibility should be fixed against the persons responsible for this financial in-discipline.

The PAO informed that the project was completed in 1980 and was handed over to the provincial government in 1987. The member (water) explained that as the delay was on the part of provincial government in taking over the project, therefore, the forced expenditure on O & M and interest during construction (IDC) had to be incurred and further requested for the settlement of the Para.

PAC DIRECTIVE

The Committee accepted the reply of the management and settled the para with the direction to issue a letter to the Chief Minister Balochistan for giving serious consideration on matters of taking over of completed projects.

PERFORMANCE AUDIT REPORT ON ENERGY LOSSES IN WAPDA

The report was settled at DAC level and was brought to the knowledge of the PAC.

1994-95
PARAS REFERRED TO
MONITORING AND IMPLEMENTATION COMMITTEE OF PAC

S.No	Name of Ministries/Divisions	Paras referred to M & I
1.	Cabinet Division	-
2.	Central Board of Revenue	9
3.	Ministry of Commerce	2
4.	Ministry of Communication	2
5.	Ministry of Culture	-
6.	Ministry of Defence Production	2
7.	Ministry of Defence	-
8.	Ministry of Defence (Pakistan International Airlines Corporation)	-
9.	Ministry of Defence (Civil Aviation Authority)	2
10.	Economic Affairs Division	-
11.	Ministry of Education	-
12.	Election Commission of Pakistan	-
13.	Establishment Division	-
14.	Ministry of Environment	1
15.	FATA Secretariat	-
16.	Ministry of Foreign Affairs	8
17.	Finance Division	4
18.	Ministry of Food & Agriculture	5
19.	Ministry of Health	-
20.	Ministry of Housing & Works	2
21.	Ministry of Information Technology & Telecom	-
22.	Ministry of Interior	-
23.	Ministry of Information & Broadcasting	4
24.	Ministry of Industries & Production	8
25.	Ministry of Kashmir Affairs, and Gilgit-Baltistan	-
26.	Ministry of Law, Justice & Parliamentary Affairs	-

27.	Ministry of Labour Manpower	-
28.	Ministry of Local Government & Rural Development	-
29.	Ministry of Livestock & Dairy Development	-
30.	Ministry of Narcotics Control	-
31.	National Assembly Secretariat	-
32.	Overseas Pakistanis Division	-
33.	Ministry of Population Welfare	-
34.	Ministry of Postal Services	-
35.	Pakistan Atomic Energy Commission	-
36.	Ministry of Petroleum & Natural Resources	-
37.	Ministry of Religious Affairs	1
38.	Ministry of Railways	4
39.	Ministry of Social Welfare & Special Education	-
40.	Statistics Division	-
41.	Ministry of States & Frontier Regions	1
42.	Ministry of Sports	-
43.	Senate Secretariat	-
44.	Ministry of Science & Technology	1
45.	Ministry of Tourism	-
46.	Ministry of Women Development	-
47.	Wafaqi Mohtasib Secretariat	-
48.	Ministry of Water & Power	-
	Total	56

LIST OF ABBREVIATIONS

AAAAR	Appropriation Accounts and Annual Audit Reports
ADB	Asian Development Bank
AEDB	Alternate Energy Development Board
AEN	Assistant Engineer North
AEP&M	Academy of Educational Planning & Management
AGP	Accountant General Pakistan
AGPR	Accountant General Pakistan Revenue
AI&LW	Agriculture, Industries & Labour Welfare
AIOU	Allama Iqbal Open University
AJKC	Azad Jammu & Kashmir Council
AMC	Ayub Medical College
APC/API	Agricultural Prices Commission/Agriculture Policy Institute
APM	Authority for Preservation of Moenjodaro
APO	Abandoned Properties Organization
AR (DT)	Audit Report (Direct Taxes)
AR (IT)	Audit Report (Indirect Taxes)
ARDE	Armament Research & Development Establishment
ARF&I	Audit Report (Foreign & International)
ARFG	Audit Report Federal Government
ARPSE	Audit Report Public Sector Enterprises
ASF	Airport Security Force
BE&OE	Bureau of Emigration & Overseas Employment
BISP	Benazir Income Support Program
BOD	Board of Directors
BOG	Board of Governor
BOI	Board of Investment
BOQs	Bachelor Officer Quarters
BSC	Bangladesh Shipping Corporation
CAA	Civil Aviation Authority
CA&E	Commercial Audit & Evaluation
CAAB	Civil Aviation Authority Board
CADD	Capital Administration & Development Division
CBFC	Central Board of Film Censors
CCAR	Chief Commissioner of Afghan Refugees
CCP	Competition Commission of Pakistan
CD	Custom Duty
CDA	Capital Development Authority
CDNS	Central Directorate of National Saving
CEA/FFC	Chief Engineering Advisor
CEC	Central Excise Licence
CED	Central Excise Duty
CGA	Controller General of Accounts
CHC	Cargo Handling Contractor
CIIT	Comsats Institute of Information Technology
CIM	Central Inspectorate of Mines
COD	Commercial Operation Date
CPR&SPD	Centre for Poverty Reduction & Social Policy Development

CS	Commodities & Services
CTP	Capital Territory Police
CTTI	Construction Technology Training Institute
CWA	Community Welfare Attaches
DA	Daily Allowance
DA&M	Department of Archeology and Museum
DAC	Departmental Accounts Committee
DAG(CA&E)	Deputy Auditor General CA&E)
DAO	Divisional Accounts Officer
DAP	Dia Amonia Phosphate
DCO	District Coordination Officer
DCS	Department of Communications Security
DCT	Deputy Controller of Tourism
DDO	Drawing and Disbursing Officer
DEN	Deputy Engineer North
DEPO	Defence Export Promotion Organization
DFA	Deputy Financial Advisor
DG	Director General
DG (FA)	Director General (Federal Audit)
DG PT&T	Director General
DG(PT&T)	Director General (Pakistan Telegraph & Telecom)
DGA (DS)	Director General Audit (Defence Services)
DGA(PT&T)	Director General Audit (Pakistan Telegraph & Telecom)
DGAN	Director General Anti-Narcotics
DGAW(F)	Director General Audit Works (Federal)
DGCD	Director General of Civil Defence
DGDP	Director General Defence Purchase
DGI&P	Director General Immigration & Passport
DGMP	Director General Munitions Production
DGSP/A	Directorate General Special Project/Administration
DGTO	Directorate General of Trade Organization
DH	Dirham (Currency)
DMC	Directorate of Malaria Control
DMO	District Mail Office
DMT	Directorate of Manpower Training
DPD	Defence Production Division
DPND	Directorate of Publications Newsreels and Documentaries
DPP	Defence Production Division
DPP	Department of Plant Protection
DSF	Department of Stationery and Forms
DTO	Divisional Transportation Officer
DTS	Department of Tourist Services
DWE	Directorate Workers Education
DWS	Dock Workers Safety
EAD	Economic Affairs Division
ECB	Engineer-in-Chief Branch
ECC	Economic Coordination Committee
ECNEC	Executive Committee of the National Economic Council
ECP	Election Commission of Pakistan

EDB	Engineering Development Board
EGD	Electronic Government Directorate
EO	Estate Office
EOBI	Employee Old-Age Benefits Institution
EOD	Extra Ordinary Detention
EPM	Express Posts Mail
EPW	External Publicity Wing
ERRA	Earthquake Reconstruction & Rehabilitation Authority
ERC	Emergency Release Cell
ETV	Education Television
FA	Financial Advisor
FAB	Frequency Allocation Bureau
FATA	Federal Administrative & Tribal Areas
FBISE	Federal Board of Intermediate & Secondary Education
FBR	Federal Board of Revenue
FBS	Federal Bureau of Statistics
FD(A)	Finance Division (Military)
FDU	Federal Dera Unit
FFC	Fauji Fertilizer Company
FGAR	Federal Government Audit Report
FGEHF	Federal Government Employees Housing Foundation
FGEI	Federal Government Educational Institution
FGSH	Federal Government Services Hospital
FIA	Federal Investigation Agency
FIB	Federal Investment Bonds
FID	Fertilizer Import Department
FIR	First Information Report
FIR	First Investigation Report
FLC	Federal Land Commission
FMI	Farm Machinery Institute
FPSC	Federal Public Service Commission
FSA	Foreign Services Academy
FSC	Federal Shariat Court
FSC&RD	Federal Seed Certification & Registration Department
FST	Federal Service Tribunal
FTIP	Foreign Trade Institute of Pakistan
FWMC	Federal Water Management Cell
GFRs	General Financial Rules
GM (IA)	General Manager (Internal Audit)
GOP	Government of Pakistan
GPO	General Post Office
GSP	Geological Survey of Pakistan
GTA	General Term Agreement
GWC	Ground Water Control
HDIP	Hydrocarbon Development Institute of Pakistan
HEC	Higher Education Commission
HIT	Heavy Industry Taxila
HITB	Heavy Industries Taxila Board
HMC	Heavy Mechanical Complex

HRFT	Heavy Rebuild Factory Taxila
IB	Intelligence Bureau
IBCC	Inter Board Committee of Chairman
ICT	Islamabad Capital Territory
IDBP	Industrial Development Bank of Pakistan
IDBP	Investment Development Bank of Pakistan
IDC	Internal Departmental Committee
IFES	In-Flight Entertainment System
IU	International Islamic University
IRSA	Indus River System Authority
ISA	Information Services Academy
ISB	Information Services Abroad
ISS	Institute of Strategic Studies
ITNE	Implementation Tribunal for Newspaper Employees
JDV	Joint Director Vigilance
KANA	Kashmir Affairs & Northern Areas
KEL	Kohinoor Energy Limited
KS&EW	Karachi Shipyard & Engineering Works Limited
L&JCP	Law & Justice Commission of Pakistan
LHCBA	Lahore High Court Bar Association
LV	Lok Virsa
MAG	Military Accountant General
MES	Military Services Engineering
MES	Military Engineering Services
MF&AD	Marketing, Finance and Administration Department
MNA	Member of National Assembly
MINFA	Ministry of Food & Agriculture
MOD	Ministry of Defence
MOQs	Married Officer Quarters
MP	Military Person
MSW	Management Services Wing
MVRDE	Military Vehicles Research and Development Establishment
NAB	National Accountability Bureau
NAB	National Accountability Bureau
NAC	National Accreditation Council
NAG	National Art Gallery
NAP	National Archives of Pakistan
NARC	National Agriculture Research Centre
NBF	National Book Foundation
NBP	National Bank of Pakistan
NCC	National Crafts Council
NCC	National Construction Company
NCCW	National Council for Conservation of Wildlife
NCH	National Council for Homoeopathy
NCHD	National Commission for Human Development
NCL	National Construction Limited
NCMC	National Crisis Management Cell
NCRD&MA	National Centre for Rural Development & Municipal Administration
NCST	National Commission for Science & Technology

NCSW	National Council for Social Welfare
NCT	National Council for Tibb
NDMA	National Disaster Management Authority
NECC	National Energy Conservation Centre
NEF	National Educational Foundation
NESPL	National Engineering Services Pakistan Pvt. Limited
NFC	National Fertilizer Corporation
NFDCL	National Film Development Corporation Limited
NFML	National Fertilizer & Marketing Limited
NFSA	National Forensic Science Agency
NH&MP	National Highway & Motorway Police
NHA	National Highway Authority
NICGR	National Commission for Government Reforms
NIE	National Institute of Electronic
NIFTH	National Institute of Folk Traditional & Heritage
NIH	National Institute of Health
NIH	National Institute of Health
NIRC	National Industrial of Relation Commission
NIRM	National Institute of Rehabilitation Medicine
NISTE	National Institute of Science & Technical Education
NLA	National Language Authority
NLC	National Logistic Cell
NMS	National Morbidity Survey
NOC	No objection Certificate
NOC	No Objection Certificate
NP&SL	National Physical & Standard Laboratories
NPA	National Police Academy
NPB	National Police Bureau
NPO	National Productivity Organization
NPSL	National Physical Standard Laboratories
NPT	National Press Trust
NSC	National Saving Centre
NTB	National Training Bureau
NTBCP	National T.B. Control Program
NTC	National Tariff Commission
NTDC	National Tourism Development Corporation
NTP	National Talent Pool
NTRC	National Transport Research Centre
NUML	National University of Modern Language
NUST	National University of Science & Technology
NWFP	North West Frontier Province
OEC	Overseas Employment Corporation
OGRA	Oil & Gas Regulatory Authority
OM	Office Memorandum
OPF	Overseas Pakistanis Foundation
OPF	Overseas Pakistani Foundation
PAC	Public Accounts Committee
PAC	Public Accounts Committee
PACB	Pakistan Aeronautical Complex Board

PAF	Pakistan Air Force
PAF	Pakistan Armed Forces
PAF	Pakistan Air Force
PAGC	Pakistan Afghan Girga Commission
PAK.PWD	Pakistan Public Works Department
PAL	Pakistan Academy of Letters
PAO	Principal Accounting Officer
PAO	Principal Accounting Officer
PAR	Performance Audit Report
PAR	Pakistan Allocation Rules, 1973
PARC	Pakistan Agriculture Research Council
PASB	Pakistan Armed Services Board
PASSCO	Pakistan Agriculture Storage & Services Corporation Limited
PBC	Pakistan Broadcasting Corporation
PBC	Pakistan Broadcasting Corporation
PCB	Pakistan Computer Bureau
PCO	Population Census Organization
PCP	Printing Corporation of Pakistan
PCP	Printing Corporation of Pakistan
PCRET	Pakistan Council of Research Energy Technologies
PCRWR	Pakistan Council of Research in Water Resources
PCSIR	Pakistan Council of Scientific and Industrial Research
PCSIR	Pakistan Council of Scientific & Industrial Research
PCST	Pakistan Council for Science & Technology
PDD	Planning & Development Division
PEC	Pakistan Engineering Council
PEMRA	Pakistan Electronic Media Regulatory Authority
PEPA	Pakistan Environmental Protection Agency
PEPAC	Pakistan Environmental Planning & Architectural Consultants
PEPCO	Peshawar Electric Power Supply Company
PEPRA	Pakistan Electric Power Regularity Authority
PER	Performance Evaluation Report
PER	Passenger Entitlement Rules
PGMC	Postmaster General Metropolitan Circle
PHA	Pakistan Housing Authority
PHC	Primary Health Care
PIAC	Pakistan International Airlines Corporation
PIAC	Pakistan International Airlines Corporation
PIC	Policy & Implementation Cell
PID	Press Information Department
PIDE	Pakistan Institute of Development Economics
PIFW	Polytechnic Institute for Women
PIMS	Pakistan Institute of Medical Sciences
PITHM	Pakistan Institute of Tourism & Hotel Management
PIW	Polytechnic Institute for Women
PLIB	Postal Life Insurance Business
PMD	Pakistan Meteorological Department
PMDC	Pakistan Medical Dental Council
PMDC	Pakistan Mineral Development Corporation

PMI	Pakistan Manpower Institute
PMIC	Prime Minister's Inspection Commission
PMNH	Pakistan Museum of Natural History
PMPPCB	Prime Minister's Program from Prevention Control of Blindness
PMRC	Pakistan Medical Research Centre
PN	Pakistan Navy
PNAC	Pakistan National Accreditation Council
PNC(UNESCO)	Pakistan National Commission for UNESCO
PNCA	Pakistan National Council of the Arts
PNCA	Pakistan National Council of the Arts
PO	Pakistan Post
PODB	Pakistan Oilseed Development Board
POF	Pakistan Ordnance Factory
POF	Post Office Foundation
POF	Pakistan Ordnance Factories
POFB	Pakistan Ordnance Factories Board
POL	Pakistan Oilfields Limited
POL	Pakistan Oilfields Limited
PP&MI	Pakistan Planning & Management Institute
PPARC	Pakistan Public Administration Research Centre
PPIB	Private Power & Infrastructure Board
PPO	Pakistan Post Office
PPRA	Public Procurement Regulatory Authority
PQA	Port Qasim Authority
PR	Pakistan Railways
PRA	Permanent Repair Abroad
PRA&CSL	Pakistan Railway Advisory & Consultancy Services Limited
PS	Pakistan Steel
PSEB	Pakistan Software Export Board
PSF	Pakistan Science Foundation
PSTIC	Pakistan Scientific and Technological Information Centre
PTA	Pakistan Telecommunication Authority
PTCL	Pakistan Telecommunication Corporation Limited
PTDC	Pakistan Tourism Development Corporation
PTDC	Pakistan Tourism Development Corporation
PTDCL	Pakistan Tourism Development Corporation Limited
PTVC	Pakistan Television Corporation
PVMC	Pakistan Veterinary Medical Council
QAU	Quaid-e-Azam University
QPP	Quaid-e-Azam Paper Project
RCO	Regional Census Organization
RCOD	Required Commercial Operation Date
RCP	Railway Construction Pakistan Limited (Railcop)
RRECHS	Rawalpindi Railways Employees Co-operative Housing Society
S&TRD	Scientific & Technological Research Division
SAPICC	Saudi Pak Industrial & Agricultural Investment Co. (Pvt) Ltd.
SAR	Special Audit Report
SAR	Special Audit Report
SARHDP	Special Audit Report on Hairdin Drainage Project

SBP	State Bank of Pakistan
SBP	State Bank of Pakistan
SCC	Scarp Construction Circle
SCO	Special Communication Organization
SCR	Staff Car Rules
SCR	Staff Car Rules
SEC	State Engineering Corporation
SECD	Strategic Export Control Division
SECP	Securities & Exchange Commission of Pakistan
SIU	Survey of Industrial Units
SOP	Survey of Pakistan
SPB	Pakistan Sports Board
SR&BC	Shalimar Recording & Broadcasting Company
STI	Secretariat Training Institute
STRD	Scientific Technological Research Division
SWO	Staff Welfare Organization
SWWB	Sindh Workers Welfare Board
SZPMI	Shaikh Zaid Postgraduate Medical Institute
TA	Traveling Allowance
TA/DA	Traveling Allowance/Daily Allowance
TCED	Transactions of Central Excise Duty
TDAP	Trading Corporation of Pakistan
TDCP	Tourism Development Corporation of Punjab
TISB	Tourist Information Service Booth
TSG	Technical Supplementary Grant
TTT&DS	Training in Technical Trades and Domestic Services
TWP	Tameer Watan Program
UNESCO	United Nation Educational, Scientific & Cultural Organization
UNICEF	United Nation International Children's Emergency Fund
USC	Utility Store Corporation
VTTC	Vocational and Technical Training Course
WAPDA	Water & Power Development Authority
WAPDA	Water & Power Development Authority
WCB	Wah Cantonment Board
WIL	Wah Industries Limited
WNAL	Wah Novel Acetates Limited
WWB	Workers Welfare Board
WWB	Workers Welfare Board
WWF	Workers Welfare Fund
WWF	Workers Welfare Fund
WWF	Workers Welfare Fund
ZSD	Zoological Survey Department
ZSD	Zoological Survey Department