



REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON THE

ACCOUNTS OF THE FEDERATION

FOR THE YEAR

1997-98

NATIONAL ASSEMBLY SECRETARIAT
ISLAMABAD

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

يَتَأْتِيهَا الَّذِينَ ءَامَنُوا كُونُوا قَوَّامِينَ لِلَّهِ شُهَدَاءَ بِالْقِسْطِ وَلَا يَجْرِمَنَّكُمْ
شَتَانُ قَوْمٍ عَلَىٰ ءَلَا تَعْدِلُوا ءَعْدِلُوا هُوَ أَقْرَبُ لِلتَّقْوَىٰ وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ
خَبِيرٌ بِمَا تَعْمَلُونَ ﴿٨﴾

اے ایمان والو! اللہ کے واسطے انصاف کی گواہی دینے کے لیے کھڑے ہو جاؤ اور کسی قوم کی دشمنی کا باعث انصاف کو ہر گز نہ چھوڑو انصاف کرو یہی بات تقویٰ کے زیادہ نزدیک ہے اور اللہ سے ڈرتے رہو جو کچھ تم کرتے ہو بے شک اللہ اس سے خبردار ہے

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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 1997-98 was tabled in the House on 22nd May, 1997 and was referred to the PAC for examination which contained 166 Grants and 2445 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 1997-98

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 Recommendation s
	1	2	3	4	5	6	7	8
01.	M/o Commerce 14-10-2010 09-02-2011	Grant # 14- Commerce Division. (OTC)	806,616,000	96,000	806,712,000	849,046,486	42,334,486	The Committee settled the grant.
03.	M/o Communications 25 & 26-11-2010 09-03-2011 05-04-2011	Grant # 20- Other Expenditure of Communications Division (OTC).	1,036,399,000	132,539,000	1,168,938,000	1,204,818,637	35,880,637	The Committee settled the grant.
04.	M/o Defence 11,12 &13-10-2010 07-02-2011 10-02-2011 22-02-2011 05-04-2011	i). Grant # 25-Defence Division (OTC)	844,858,000	17,519,000	862,377,000	1,375,826,288	513,449,288	The Committee settled the grant.
		ii). Grant # 132- Development Expenditure of Defence Division (OTC).	3,882,000	4,668,000	8,550,000	27,788,000	19,238,000	The Committee settled the grant.
05.	M/o Environment, Local Government and Rural Development 09-08-2010 08-01-2011 14-03-2011	Grant # 135- Development Expenditure of Environment, Local Government and Rural Development Division. (OTC).	2,244,340,000	-----	-----	2,266,250,604	21,910,604	The Committee settled the grant.
06.	Economic Affairs Division 24-09-2010	Grant # 137- Development Expenditure of Economic Affairs Division. (OTC).	95,474,000	-----	95,474,000	102,342,631	6,886,631	The Committee settled the grant.
07.	FATA Secretariat 10-08-2010 08-01-2011	Grant # 95. Other Expenditure of Federally Administered Tribal Areas. (OTC).	1,275,918,000	2,190,000	1,278,108,000	1,516,257,301	238,149,301	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 Recommendation s
	1	2	3	4	5	6	7	8
8.	M/O Foreign Affairs 04-01-2011 11-04-2011	Grant # 62- Foreign Affairs (PAK. Missions Abroad)	2,370,823,000	25,021,000	2,395,844,000	2,454,102,922	58,258,922	The Committee settled the grant.
9.	Finance Division 0-0-2010 0-0-2011	i). Grant # 136- Development Expenditure of Finance Division (OTC).	2,072,430,000	30,,736,000	2,103,166,000	4,192,525,764	2,089,359,764	The Committee settled the grant.
		ii). Servicing of Domestic Debt (Charged)	153,897,738,000	-----	153,897,738,000	167,512,968,272	13,615,230,272	The Committee settled the grant.
		ii). Grant # 69- Estate Offices (OTC).	992,197,000	-----	992,197,000	998,106,582	5,909,582	The Committee settled the grant.
10.	M/o Labour, Manpower and Overseas Pakistanis Division. 09-08-2010	i). GRANT # 101 – Labour, Manpower and Overseas Pakistanis Division. (OTC)	175,183,000	1,000	175,184,000	178,826,851	3,642,851	The Committee settled the grant.
		ii). GRANT # 149 – Development Expenditure of Labour, Manpower and Overseas Pakistanis Division. (OTC)	178,535,000	-----	178,535,000	402,570,909	224,035,909	The Committee settled the grant.
11.	M/o Religious Affairs, Zakat, Ushr and Minorities Affairs 11-12-2010	i). Grant#1 115- Other Expenditure of Religious Affairs, Zakat, Ushr and Minorities Affairs Division (OTC).	146,094,000	-----	146,094,000	231,403,797	85309,797	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 Recommendation s
1	2	3	4	5	6	7	8	
12.	M/O Postal Services 28-07-2010 01-02-2010	Grant #.21- Pakistan Post Office Department. (1997- 98)	2,381,170,000	3,000,000	2,384,170,000	2,444,078,715	59,908,715	The Committee settled the grant.
13.	M/o States and Frontier Regions 10-08-2010 16-03-2011	i). Grant # 92 – Frontier Regions (OTC).	691,477,000	1,300,000	692,777,000	733,874,995	41,097,995	The Committee settled the grant.

CABINET DIVISION

1997-98

1. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Cabinet Division were examined by the Sub-Committee PAC-III on 25th August, 2010 and subsequently on 8th January, 2011.

1.1 Nine grants and twenty three paras were presented by the AGPR and Audit respectively.

1.2 All grants were settled after detailed discussion and explanations of the PAO and Audit .

1.3 Paras were settled and the PAO Cabinet Division was directed to get the record verified from the Audit.

1.4 The Committee considered Audit's point of view and explanation given by the Principal Accounting Officer (PAO) and made its recommendation that Ex-Post Facto Approval from Finance Division should be obtained, enquiries should be conducted and grants should be regularized where necessary.

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 1997-98 of Cabinet Division, are as under:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. i) **Grant No 01 - Cabinet**

(Total Grant - Rs.37,352,000) (Saving Rs.21,022,940)

The AGPR pointed out that the grant closed with a saving of Rs.21,022,940 which worked out to 56.28% of the total grant. An amount of Rs.20,404,984 (54.62%) was surrendered leaving net saving of Rs.617,956 (1.65%).

The PAO explained that saving was due to less tours undertaken by the Members of the Cabinet during the month of May and June, 1998.

ii) **Grant No 04 - Land Reforms**

(Total Grant - Rs.10,261,000) (Saving Rs.1,546,031)

The AGPR pointed out that the grant closed with a saving of Rs.1,546,031 which worked out to 15.06% of the total grant. An amount of Rs.1,285,963 (12.53%) was surrendered leaving net saving of Rs.260,068 (2.53%).

The PAO explained that savings occurred mainly because 22 supernumerary posts of surplus staff were adjusted in different months and in different departments after 15-05-1998, and also due to cases under process for adjustment of surplus staff by the Establishment Division in various Ministeries and Divisions.

iii) **Grant No 157 - Capital Outlay on Works of Cabinet Division**

(Total Grant - Rs.497,201,000) (Saving Rs.20,675,000)

The AGPR pointed out that the grant closed with a saving of Rs.20,675,000 which worked out to 4.16% of the total grant. The entire saving was surrendered.

PAC DIRECTIVE

The Committee settled the above three grants.

2. i) **Grant No 02 - Cabinet Division**

(Total Grant - Rs.886,732,000) (Saving Rs.168,509,112)

The AGPR pointed out that the grant closed with a saving of Rs.168,509,112 which worked out to 19.% of the total grant. An amount of Rs.177,005,594 (19.96%) was surrendered resulting into an excess of Rs.8,496,482 (0.96%). A supplementary grant

of Rs.11,850,336 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that savings occurred mainly due to vacant posts, exercise of strict economy measures. Also, In a number of cases, awards could not be finalized and less expenditure was incurred than anticipated, by the NRDC, which was established on 4/1998.

ii) **Grant No 03 - Emergency Relief and Repatriation**
(Total Grant - Rs.345,433,000) (Saving Rs.15,112,274)

The AGPR pointed out that the grant closed with a saving of Rs.15,112,274 which worked out to 4.37% of the total grant. An amount of Rs.10,986,742 (3.18%) was surrendered leaving net saving of Rs.4,125,532 (1.19%).

The PAO explained that saving occurred mainly due to non-surrender of Rs.2,525,080 by the Budget Directorate (GHQ). Moreover, AGPR, Sub-office Karachi issued "Special Sealed Authority" to AG Sindh for Rs.541,000, for payment to Commissioner, Hyderabad, which lapsed at the close of the financial year. Another expenditure of Rs.423,265 was booked wrongly in 1993-94 and errors rectified in 1997-98.

iii) **Grant No 05 - Other Expenditure of Cabinet Division**
(Total Grant - Rs.835,387,000) (Saving Rs.179,378,372)

The AGPR pointed out that the grant closed with a saving of Rs.179,378,372 which worked out to 21.47% of the total grant. An amount of Rs.154,014,533 (18.43%) was surrendered leaving net saving of Rs.25,363,839 (3.03%). A supplementary grant of Rs.2,223,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that an expenditure of Rs.5,871,483 was booked under Grant No.10-PM Sectt., against Supplementary Grant of Rs.6,888,000 provided under Grant No.05. However, saving occurred mainly due to non receipt of telephone bills in time, non receipt of investment promotion material and non finalization of case for hiring of office building at Lahore.

He added that it was also due to the fact that funds ,retained for expected tours to be undertaken by the Members of Education Task Force, could not be utilized by the end of the financial year.

iv) **Grant No 13 - Stationary and Printing**
(Total Grant - Rs.90,724,000) (Saving Rs.15,297,091)

The AGPR pointed out that the grant closed with a saving of Rs.15,297,091 which worked out to 16.86% of the total grant. An amount of Rs.13,795,752 (15.21%) was surrendered leaving net saving of Rs.1,501,339 (1.65%).

The PAO explained that saving was mainly due to non receipt of reconciled statements from the Embassies of Pakistan till June. However, later on, the statements were received.

v) **Grant No 125 - Capital Outlay on Land Reforms**
(Total Grant - Rs.1,180,000) (Saving Rs.1,180,000)

The AGPR pointed out that the entire budget provision was surrendered.

The PAO explained that the amount was not released.

vi) **Grant No 128 - Development Expenditure of Cabinet Division**
(Total Grant - Rs.81,593,000) (Saving Rs.32,259,401)

The AGPR pointed out that the grant closed with a saving of Rs.32,259,401 which worked out to 39.53% of the total grant.

The PAO explained that Planning & Development Division *vide* O.M dated 14-10-1997, had directed Health Division to stop further release out of Rs.72.573 million, earmarked in PSDP 1997-98 for the project "Nursing and Health Sciences, Lahore", as the status of project now stood un-approved and its submission to ECNEC was to be kept pending for want of finalization of the enquiry report by the Cabinet Division. The enquiry concluded that funds were not released to Sh. Zayed Hospital on this account.

PAC DIRECTVIE

The Committee directed the PAO to hold DAC with AGPR **within one month** and provide documents of all stated facts to them for verification. The Committee settled the grants subject to verification of record by the AGPR.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES 1997-98

Prepared by DG (CA&E), Lahore

3. i) **PRINTING CORPORATION OF PAKISTAN (PVT) LTD.**

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL X-S&N-1997-98)

Prepared by DG (CA&E), Karachi

ii) **GOVT. STATIONERY, FORMS & PUBLICATION DEPTT., IBD**

AUDIT REPORT TELECOMMUNICATIONS SECTOR 1997-98

Prepared by DG Audit (PT&T), Lahore

iii) **PAKISTAN TELECOMMUNICATION AUTHORITY**

On presentation of above-mentioned Audit Reports, the Committee was informed by Audit that as there was no para in these Reports, therefore, the same were recommended for settlement.

PAC DIRECTIVE

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

4. **AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR (1997-98)**
Prepared DG CA&E Lahore

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

AUDIT REPORT FEDERAL GOVERNMENT 1997-98
Prepared by DG (Federal Audit), Islamabad

5. **Para – 1.2 (Page-15)-AR-97-98**
LOSS OF Rs 2.315 MILLION DUE TO UNNECESSARY SHIFTING OF OFFICE.

Audit pointed out that the office of Abandoned Property Organization (APO) was located in a house, which was owned by APO. This was vacated and special repairs for Rs.333.526/- were carried out. Subsequently it was allotted, on 19th October 1991, to the Chairman of Board of Trustees (BOT), the Executive Body, of APO. The covered area of the house was 5,745 sft whereas the entitlement of the officer, (BPS-21) was 2500sft. This occupancy from March 1992 to September 1997 was in excess of the officer's ceiling by 3245sft and Rs.795, 435/- were recoverable from the Officer, at applicable rates of Government for hiring residential accommodation. After retirement of the Officer, the house was allotted on 23rd October 1997, to his wife, a BPS-19 officer, entitled to an accommodation with a covered area of 1550 sft only. This has resulted into a loss of Rs.135, 882 on account of occupation of 4195 sft in excess of entitlement of the present occupant of the house upto 30 June, 1998.

After vacation of the above house, the office of APO had to be shifted to different rented buildings which caused an accumulated loss of Rs.2.315 million to the Government up to 30th June 1998 on account of excess occupation and rent of buildings hired for APO's office.

The PAO stated that concerned Officer has since expired, therefore requested that para may be settled.

PAC DIRECTIVE

The Committee expressed displeasure on the way the allotment of Government property was handle, but, taking into account the fact that the case was very old and that the officer involved has died, the Committee settled the para.

6. **Para – 6.7 (Page-40)-AR-97-98**

UN-AUTHORIZED PAYMENT OF RS 154,053/- MADE TO DEPUTY COMMISSIONER, ISLAMABAD.

Audit pointed out that Markazi Khidmat Council (MKC) paid Rs.357,439 to Deputy Commissioner, Islamabad on 30 June 1998, MKC was responsible for payment for refreshment, printing of invitation and identity cards only but Rs. 154,053 were spent from these funds on transportation, payment for sound system, preparation of banners and hotel charges. Audit thus held the additional expenditure as unauthorized.

Audit recommended that irregularity made for purchase of right shares may be regularized from the Finance Division.

PAC DIRECTIVE

The Committee directed the PAO to obtain post-facto approval of Finance Division and settled the para subject to approval from Finance Division.

7. **Para – 5.26 (Page-36)-AR-97-98**

IRREGULAR EXPENDITURE OF RS 198,000 INCURRED ON ENTERTAINMENT

Audit pointed out that the Markazi Khidmat Committee (MKC) sanctioned Rs.198,000, in June 1998, for tea and refreshments @ Rs.90 per head on the eve of oath-taking ceremony of Khidmat Committees, on 13 April, 1998. The Chairman, Khidmat Committee did not have powers to sanction this amount, per head, under the Delegation of Powers. Further, neither the list of guests was provided to Audit nor the catering company paid the excise duty. The expenditure was, therefore, irregular.

Audit recommended that expenditure may be regularized from the Finance Division.

The PAO agreed with the view point of the Audit.

PAC DIRECTIVE

The Committee directed the PAO to obtain post-facto approval of Finance Division within two weeks and settled the para subject to approval from Finance Division.

8. **Para – 5.6 (Page-27)-AR-97-98**

IRREGULAR PURCHASE OF SHARES AMOUNTING TO RS 5.962 MILLION

Audit pointed out that the Abandoned Properties Organization, Karachi purchased the right shares of thirteen private companies amounting to Rs.5.962 million during 1988-97 in

contravention of article 16.2 (k) of Abandoned Properties Act 1975, and Finance Division orders.

Audit recommended that the purchase of shares may be got regularized from the Finance Division.

PAC DIRECTIVE

The Committee directed the PAO to obtain post-facto approval of Finance Division and settled the para, subject to approval from Finance Division.

9. **Para – 1.4 (Page-16)-AR-97-98**
SUSPECTED MISAPPROPRIATION OF RS 239,412 IN PURCHASE OF POL AND REPAIR OF VEHICLE

Audit pointed out that the Abandoned Properties Organization, Islamabad, booked Rs.299,024 and Rs.125,669 as expenditure on POL and repair of vehicles respectively during July 1987 to December, 1996.

The PAO stated that complete record is available and will be produced to the Audit.

PAC DIRECTIVE

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

10. **Para – 1.7 (Page-18)-AR-97-98**
SUSPECTED EMBEZZLEMENT OF RS 58,880 IN GOVERNMENT ACCOUNT

Audit pointed out that in National Documentation Center Lahore, unserviceable store items, worth Rs.58,880 ,were disposed off in 1992-93 but the sale proceeds were neither entered in the cash book nor deposited in the Government account, even after five years.

The PAO stated that complete record is available and will be produced to the Audit.

PAC DIRECTIVE

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

11. **Para – 3.1 (Page-20)-AR-97-98**
OVERPAYMENT OF RS 689,000 TO A TRADING COMPANY

Audit pointed out that Emergency Relief Cell (ERC) entered into an agreement with M/s International Moving and Trading Company during 1996-97 for shipment of relief goods from Karachi to Baku (Azerbaijan). As per agreement, 100% payment was to be made to the company on submission of receipts against the total bill of the shipping company.

The PAO stated that complete record is available and will be produced to the Audit.

PAC DIRECTIVE

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

12. **Para – 4.1 (Page-20)-AR-97-98**

RETENTION OF RS 1,672 MILLION WITHOUT ADJUSTMENT

Audit pointed out that the Emergency Relief Cell released Rs.1,672 million to the Flood Relief Commissioners, all over the country, for the assistance of flood victims. During 1989, Rs.355,090 million were also arranged and allocated from Zakat Fund during 1995 to 1997, in addition to the huge releases made from Pakistan Bait-ul-Mal for the same purpose. The Audit Inspection Team report on the accounts of Flood Effectees Fund and Zakat Fund for the years 1994-97, prepared by the D.G,Audit Punjab showed an unspent balance of Rs.60.214 million with the provincial Relief Commissioner.

The PAO stated that complete record is available and will be produced to the Audit.

PAC DIRECTIVE

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

13. **Para – 4.4 (Page-22)-AR-97-98**

DEFECTIVE CONTRACT AGREEMENT RESULTING INTO LOSS OF RS 4.588 MILLION.

Audit pointed out that the Emergency Relief Cell entered into a Rate Running Contract with a US Company U.N.C., for supply of spare parts of helicopters for 6 Aviation Squadron, and opened a letter of credit amounting to Rs.24.8 million. Subsequently the L.C.was enhanced to Rs.65.375 million. The contract was not vetted by the Law Division, as required under the rules ,and was without a penalty clause.

Thus undue favour was extended to the supplier at the cost of public exchequer.

The PAO stated that complete record is available and will be produced to the Audit.

PAC DIRECTIVE

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

14. **Para – 5.9 (Page-28)-AR-97-98**

UNAUTHORIZED EXPENDITURE OF Rs. 3.741 MILLION ON REPAIR OF APO PROPERTY

Audit pointed out that under section 12(b) of the Act governing the Abandoned Properties Organization (APO) ,the Organization was empowered to incur expenditure on normal repair of

property upto 10% of its rent. However, the PAO spent Rs.3.741 million in excess of the prescribed limit on repairs of 13 houses in Islamabad during 1986-96.

The PAO stated that complete record is available and will be produced to the Audit.

PAC DIRECTIVE

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

15. **Para – 5.13 (Page-30)-AR-97-98**

EXCESSIVE AND DOUBTFUL EXPENDITURE OF Rs 2.208 MILLION ON REPAIR OF VEHICLES

Audit pointed out that the Central Pool of Cars (CPC) incurred an expenditure of Rs.2.208 million during 1995-97, on repair of 14 vehicles, provided to dignitaries, without fulfilling the formalities required under the rules. No tenders were called and no entries for the repairs were made in the record.

The PAO stated that complete record is available and will be produced to the Audit.

PAC DIRECTIVE

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

16. **Para – 5.17 (Page-32)-AR-97-98**

IRREGULAR PURCHASE OF SECOND HAND FURNITURE FOR Rs 1.431 MILLION

Audit pointed out that in Shaikh Zayed Hospital, Lahore, second hand furniture and medical equipment was purchased from a U.K. based private company in June, 1996. These purchases were made from abroad but relevant record ,like actual payee's receipt, evaluation and inspection report etc, were not produced to audit. This was an unusual transaction for which approval of Government should have been obtained in advance. Moreover, no provision existed in rules for purchase of second- hand items.

The PAO stated that complete record is available and will be produced to the Audit.

PAC DIRECTIVE

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

17. **Para – 5.21 (Page-34)-AR-97-98**

DOUBTFUL PAYMENT OF RS. 794,560/-

Audit pointed out that in Shaikh Zayed Hospital, Lahore, an expenditure of Rs.794,560 was incurred on hiring daily wage labourers etc. during 1993-96. No record, like payee's receipts, identity of labourers, place of work and the work performed, linkage of payment with the progress report etc., was shown to establish the expenditure. A maintenance branch already existed in the hospital with adequate staff. Thus the payment made was doubtful.

The PAO stated that complete record is available and will be produced to the Audit.

PAC DIRECTIVE

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

18 **Para – 5.22 (Page-34)-AR-97-98**
IRREGULAR PAYMENT Rs 755,371 TO HIGHER BIDDERS FOR SUPPLY OF VARIOUS ITEMS

Audit pointed out that in Shaikh Zayed Hospital, the purchase committee paid an excess amount of Rs.755,371 in 1993-94, to the highest bidders, without any justification, while purchasing different medical store items. This was a violation of the Rules and put the Government to loss.

The PAO stated that complete record is available and will be produced to the Audit.

PAC DIRECTIVE

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

19 **Para – 5.24 (Page-35)-AR-97-98**
IRREGULAR EXPENDITURE OF Rs 530,701 ON INSTALLATION OF SPRINKLERS

Audit pointed out that Shaikh Zayed Postgraduate Medical Institute, Lahore, spent Rs.530,701 in May 1994, on the installation of sprinklers in the hospital lawns ,without any detailed estimates or tenders, in violation of para 144 of GFR Vol.I.

The PAO stated that complete record is available and will be produced to the Audit.

PAC DIRECTIVE

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

20. **Para – 5.27 (Page-36)-AR-97-98**
STORE ITEMS VALUING Rs 191,358/- NOT TAKEN ON STOCK

The Abandoned Properties Organization, Islamabad, purchased various store items worth Rs.191,358 during 1992-96, but these items were not taken on stock, in violation of Rules. In the absence of necessary entries in the Dead Stock Register, it could not be established that the items were actually purchased.

The PAO stated that complete record is available and will be produced to the Audit.

PAC DIRECTIVE

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

21. **Para – 7.1 (Page-42)-AR-97-98**
NON-RECOVERY OF RS 19.636 MILLION AS HIRING CHARGES OF HELICOPTERS.
Audit pointed out that the Emergency Relief Cell (ERC), under Cabinet Division, provided helicopter services to various dignitaries/agencies of the country, on hire basis, but an amount of Rs.19.636 million on account of hiring charges was outstanding since 1987. The matter was reported to the ERC authorities and to the Cabinet Division in May 1998. It was stated that matter was taken up with the concerned authorities at Secretary's level and subsequently the case was referred to the Ministry of Finance for adjustment ,but no substantial result was achieved.
The PAO stated that complete record is available and will be produced to the Audit.

PAC DIRECTIVE

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

22. **Para – 7.3 (Page-43)-AR-97-98**
NON-RECOVERY OF COST OF PLOTS Rs 2.896 MILLION
Audit pointed out that the Abandoned Properties Organization sold 88 plots during 1988, but sale proceeds to the tune of Rs.2.896 million were outstanding against CDA and Pak PWD since 1988. The Board of Trustees of the Abandoned Properties Organization had directed the Chairman CDA on 14th January 1996, to make full payment of the principal amount, without interest,till 30th September, 1996, failing which penalty would be imposed. But the CDA did not take any notice.

The PAO stated that complete record is available and will be produced to the Audit.

PAC DIRECTIVE

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

23. **Para – 7.6 (Page-44)-AR-97-98**
IRREGULAR PAYMENT OF Rs 557,177 AS TEACHING ALLOWANCE
Audit pointed out that during 1993-97 Shaikh Zayed Hospital, Lahore paid Rs.557,177 as teaching allowance to the doctors ,not involved in any teaching work.
When the irregularity was pointed out in May 1998, the Department replied on 20th June 1998 that they had stopped the payment and full recovery would be effected in due course.

The PAO stated that complete record is available and will be produced to the Audit.

PAC DIRECTIVE

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

24. **Para – 7.8 (Page-45)-AR-97-98**
NON DEDUCTION OF Rs 125,416 AS INCOME TAX AT SOURCE

Audit pointed out that the management of Shaikh Zayed Hospital, Lahore ,did not deduct income tax at source, amounting to Rs 83,414, from the payments made to various suppliers for supply of various items during 1993-97. This was a violation of Section 50 of Income Tax Act 1979. In terms of Section 86 of Income Tax Act 1979, the amount of penalty up to 30th June 1998, came to Rs 42,201.

The PAO stated that complete record is available and will be produced to the Audit.

PAC DIRECTIVE

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

25. **Para – 5.7 (Page-27)-AR-97-98**
IRREGULAR EXPENDITURE OF Rs 4.957 MILLION ON REPAIR AND MAINTENANCE OF AIR-CONDITIONING PLANT.

Audit pointed out that the Shaikh Zayed Hospital, Lahore entered into an agreement with M/s Orient Engineers and Co. Lahore during 1993-94, for repair, maintenance and operation of the AC Plant for Rs.1.046 million for the year 1993-94. Later on the amount payable to the firm was increased every year up to 14% over the previous years rates. Under the rules this could not be done without approval of the Ministry of Finance. Further no tenders were floated to award the original and subsequent contracts, depriving the Government of the benefit of competitive rates. Thus award of the contract and total payment of Rs.4.957 million was irregular and unauthorized.

Audit requested the Committee to direct the Ministry to provide the revised reply alongwith evidence.

The PAO stated that plant was dully installed and the performance of the firm was satisfactory. PAO requested to settle the para because neither embezzlement, nor loss to Government exchequer was involved in this matter and this was just procedural mistake.

PAC DIRECTIVE

After detailed discussion of the Members, the Audit and PAO, para was settled.

26. **Para – 5.18 (Page-32)-AR-97-98**
DOUBTFUL AUCTION OF JEEPS Rs 1.346 MILLION.

Audit pointed out that the Shaikh Zayed Hospital, Lahore, advertised a Notice for the auction of four Range Rover Jeeps, donated by H.E. Shaikh Zayed Bin Sultan Al-Nahyan ,in the Press in April, 1996. Bids were opened on 5th May 1996.

However, instead of four, nine vehicles were auctioned for Rs.1.346 million. The advertisement termed the vehicles to be in good running condition with new batteries, power steering and windows. However, the letter written by the Hospital authorities to ETO Karachi, showed them as old and scrap, without a certificate from EME workshop as required under rules. Further no list of participants in the auction was prepared. Auction documents i.e. comparative statement and delivery letters in one case showed contradictions in numbers of engines and chassis. Alterations were also made in comparative statement. Complete record regarding sale of five vehicles was not produced. These facts rendered the whole process doubtful. Details of total donation were also not furnished.

The PAO stated that in this regard an inquiry is under process and will be submitted to PAC within one month.

PAC DIRECTIVE

The Committee referred the Para to Monitoring and Implementation Committee for further follow up as the Cabinet Division could not complete the action directed during the series of PAC-III meetings.

27. **Para – 7.2 (Page-42)-AR-97-98**

NON-RECOVERY OF RS. 6.0 MILLION FOR UNAUTHORIZED UTILIZATION OF CEMENT

Audit pointed out that in September, 1995, the Peoples Republic of Korea donated 2,000 tonnes (40,000 bags) of cement to Pakistan as relief assistance for flood effectees. The Engineer-in-Chief Pakistan Army ,received the consignment on 6th September, 1995. The Ministry of Foreign Affairs provided the shipping documents of the consignment to the Emergency Relief Cell on 19th September, 1995. When ERC authorities asked the Defence Production Division to hand over the cement to them, they replied that the cement had been given to Engineer-in-Chief for use in various Corps. Foreign relief assistance, meant for flood victims ,was thus used for purposes other than the relief work. The cost of cement at the minimum rate of Rs.150 per bag comes to Rs.6, 000,000/-.

The PAO stated that the consignment of 2000 tones cement (40000 bags) was addressed to Ammunition Depot Malir Cantt, and was therefore off loaded by Pak. Army and distributed to various Corps alongwith defence stores.

The Representative of the Defence Production stated that the cement was used by the Pak Army in different flood relief projects with the approval of CAOS.

PAC DIRECTIVE

After detailed discussion of the Members, the Audit and PAO, para was settled.

CABINET DIVISION (CDA)
1997-98

2. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Cabinet Division (CDA) were examined by the Sub-Committee PAC-III on 25th March, 2011 and subsequently on 15th April, 2011.

- 2.1 268 paras were reported by the Audit besides two Special Audit Reports.
- 2.2 The Committee settled 134 paras after scrutinizing them thoroughly.
- 2.3 The Committee showed displeasure that some “experts” were unnecessarily called to conduct inquiry of the incident of fire in the Parliament House, which further caused loss to exchequer.
- 2.4 Some recoveries were also made during series of meetings with CDA and remaining recoveries were directed to be made on urgent basis.
- 2.5 The Committee considered Audit’s point of view and explanation given by the Principal Accounting Officer (PAO) regarding undertaking of Development Projects and recommended that proper planning should be done before initiating a Project. The Committee expressed its displeasure on poor financial management and directed the Chairman (CDA) to follow rules laid down in the GFR, in future. The cases pending with NAB and FIA were stressed to be completed and record should be strictly maintained.

CABINET DIVISION (CDA)
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 25th March, 2011 and 15th April, 2011, regarding Appropriation Accounts and Audit Reports for the year 1997-98 of Cabinet Division (CDA), are summarized below:-

CABINET DIVISION (CDA) FOR THE YEAR (1997-98)

Prepared by DG Audit Works (Federal), Islamabad

1. **Para – 2 Page 37-AR-1997-98)**

MISAPPROPRIATION OF RS. 429,380 ON ACCOUNT OF NON-DEPOSIT OF FEE

Audit pointed out that a loss of Rs.429,380 was sustained due to misappropriation, non-deposit and less deposit of the Suzuki/Taxi Stand parking fee, during the period from 23-08-93 to 27.07.94 and 28.07.95 to 18.02.96.

The PAO has produced an inquiry report to Audit which stated that five persons, found responsible for loss, had been retired or had expired. The remaining amount was being condoned. Record of recovered amount and latest position of condonation of irrecoverable amount will be got verified from Audit.

Audit requested the Committee to direct the Authority to produce recovery record for verification.

PAC DIRECTIVE (25-03-2011)

The Committee settled the para, after detailed discussion, and directed that record should be verified by the Audit by 15th of April, 2011.

Audit requested the Committee to direct the Authority for early compliance of PAC's directives.

PAC DIRECTIVE (15-04-2011)

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

2. **Para – 9 Page 40-AR-1997-98)**

LOSS OF RS.1,180,000 DUE TO THEFT

Audit pointed out that a machine was stolen in May 1995 for which neither F.I.R was lodged nor responsibility of theft fixed by the department. The incident was also not reported to the Audit. The theft of machine resulted in loss of Rs 1,180,000/-

The PAO informed that the amount has been recovered and will be verified by Audit.

Audit stated that recovery has not been verified and requested the Committee to direct the Authority to get the record verified from Audit.

PAC DIRECTIVE (25-03-2011)

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit till 15th April, 2011.

The PAO informed that part of amount has been recovered whereas some amount has been written off.

PAC DIRECTIVE (15-04-2011)

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

3. **Para – 11Page 41&42-AR-1997-98)**

LOSS OF RS. 59.310 MILLION ON ACCOUNT OF FIRE DAMAGES

Audit pointed out that huge expenditure was incurred on various restoration works, of fire damaged Parliament House, without justification/fixation of responsibilities. Fire damage resulted in loss of Rs. 59.310 million.

The PAO informed that the CDA conducted departmental proceedings against its employees concerned with the maintenance of the Parliament House. Although four of them were found guilty of inefficiency or negligence but not to the extent to justify recovery of loss from them. They were punished by imposing penalty of stoppage of two increments.

Audit informed that, in compliance of PAC directive, the requisite report has been submitted to National Assembly Secretariat, Islamabad, by the Ministry of Interior on 15.11.2006 and requested the Committee to direct the Authority to update PAC regarding conclusions and recommendations of the Inquiry Committee and action taken by the Ministry.

PAC DIRECTIVE

The Committee conveyed displeasure in the way inquiry was conducted and that lenient action was taken against the concerned. There was no need to call experts from abroad to conduct inquiry. The Committee further directed that fire control standard measures should have been maintained so that important record would have been saved. The para was disposed off by recording a note of displeasure.

4. **Para – 14Page 43&44-AR-1997-98)**

EXCESS PAYMENT OF RS. 1,895,686 ON ACCOUNT OF SUBSTITUTION OF INFERIOR ITEMS

Audit pointed out that in a Division, a BOQ item having standard specification ,was substituted with an item having inferior specification but carrying higher rates. Higher rates resulted in excess payment of Rs. 1,895,686.

The PAO informed that recoverable amount was Rs. 1,052,622 which has been referred to Senior Special Magistrate/Collector Land Revenue, CDA for recovery from the firm. As soon as recovery is made it will be verified from Audit.

PAC DIRECTIVE

The Committee granted ten days time to the PAO to verify the record. The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

5. **Para – 24 Page 48-AR-1997-98)**

EXCESS PAYMENT OF RS. 1.073 MILLION

Audit pointed out that rate of an item was paid in excess of that approved by the competent authority. Higher rate resulted in excess payment of Rs. 1,073,326 to the contractor.

PAC DIRECTIVE (21-22-08-2006)

On the presentation of the para by the Audit, the Sub Committee endorsed the decision of the DAC.

The PAO explained that additional work was awarded to the contractor after approval of the Chairman, CDA and informed that contractor has since expired.

Audit requested the Committee to direct the Authority to effect recovery of excess payment.

PAC DIRECTIVE (15-04-2011)

The Committee settled the para with the direction to the PAO to issue administrative approval at Department level.

6. **Para – 47 Page 59-AR-1997-98)**

LOSS OF RS. 809,606

Audit pointed out that work was awarded to a contractor based on his own estimated rates, but the scope of the work was changed on contractor's request and payment was made for the changed scope of work. The irregular change in the scope of work resulted in loss of Rs. 809,606.

PAC DIRECTIVE (21-22-2006)

On the presentation of the para by the Audit, the Committee endorsed the decision of the DAC.

The PAO explained that tenders were not floated as it was a classified work, duly approved by the Standing Committee of CDA. Approval of the Standing Committee for award of work without tendering was not produced to Audit for verification.

Audit pointed out that scope of work was changed and higher rates were paid to benefit the Contractor.

PAC DIRECTIVE (15-04-2011)

The Committee settled the para.

7. **Para – 48 Page 59-AR-1997-98)**
IRREGULAR PAYMENT OF RS. 900, 584

Audit pointed out that work, valuing Rs. 230,877, was awarded to a firm through competition but, an additional work valuing Rs. 900, 584, was got executed from the said firm without calling tenders, which was irregular. Additional work executed resulted in irregular payment of Rs. 900,584.

PAC DIRECTIVE (21-22-08-2006)

On the presentation of the para by the Audit, the Committee endorsed the decision of the DAC.

The PAO explained that the allotted work of Rs. 230,877/- was enhanced upto Rs. 900,584/-, to avoid loss of the properties of the residents of the Sector E-7 from the hill torrents.

Audit pointed out that emergency was not duly supported with documentary evidence, however, rates for additional work was executed without calling tenders and were not got verified.

PAC DIRECTIVE (15-04-2011)

The Committee settled the para, with the observations that rules on the subject should be followed and proper planning should be done before initiating any project.

8. **Para – 49 Page 60-AR-1997-98)**
IRREGULAR EXPENDITURE OF RS. 1,700,799

Audit pointed out that work valuing Rs. 218,895 was awarded to a contractor. The contract was enhanced to Rs. 1,919,694, by adding extra items for Rs.1,700,799, without calling fresh tenders. Unauthorized enhancement of work resulted in irregular expenditure of Rs.1,700,799.

The PAO agreed with the misappropriation and mismanagement of the Authorities.

Audit stated that no compliance was reported and requested the Committee to direct the Authority to update PAC regarding status of compliance of its previous directive.

PAC DIRECTIVE

The Committee settled the para, showing displeasure, and directed that in future Department should be careful and proper rules should be followed.

9. i) **Para – 50 Page 60-AR-1997-98)**
OVERPAYMENT OF RS. 441, 350

Audit pointed out that 25% deduction for voids was not made from the stack measurement of machine crushed stone while taking measurement of the material supplied, as required under Pak.PWD specification (Chapter 9.8.35 Buildings and Roads). Non deduction of voids resulted in overpayment of Rs 441,350/- to the contractor.

ii) **Para – 56 Page 63&64-AR-1997-98)**
OVERPAYMENT OF RS. 249,446

Audit pointed out that deduction for voids was not made while taking measurement of the material supplied as required under Pak. PWD specification (Chapter 9.8.35 Buildings and Roads). The non-deduction of voids resulted in overpayment of Rs. 249,446/- to the contractor.

iii) **Para – 59 Page 65-AR-1997-98)**
OVERPAYMENT OF RS.283,795

Audit pointed out that deduction for voids was not made while taking measurement of the material supplied as required under Pak. PWD specification (Chapter 9.8.35 Buildings and Roads). The non-deduction of voids resulted in overpayment of Rs 283,795/- to the contractor.

iv) **Para – 64 Page 68-AR-1997-98)**
OVERPAYMENT OF RS.1,938,887

Audit pointed out that deduction for voids was not made while taking measurement of the material supplied as required under Pak. PWD specification (Chapter 9.8.35 Buildings and Roads). The non-deduction of voids resulted in overpayment of Rs 1,938,887 to the contractor.

v) **Para – 65 Page 68-AR-1997-98)**
OVERPAYMENT OF RS.489,662/-

Audit pointed out that deduction for voids was not made while taking measurement of the material supplied as required under Pak. PWD specification (Chapter 9.8.35 Buildings and Roads). The non-deduction of voids resulted in overpayment of Rs.489,662 to the contractor.

vi) **Para – 67 Page 69&70-AR-1997-98)**
OVERPAYMENT OF RS.350,789

Audit pointed out that the deduction for voids was not made while taking measurement of the material supplied as required under Pak. PWD specification (Chapter 9.8.35 Buildings and Roads). The non-deduction of voids resulted in overpayment of Rs 350,789/- to the contractor.

The PAO informed that some of recovery has been affected and will be verified by the Audit.

PAC DIRECTIVE (25-03-2011)

The Committee clubbed the above six paras and directed the PAO to personally look into the matters, investigate the issues, fix responsibility and recover the amount from those responsible, before 5th April, 2011.

The PAO (CDA) explained that recovery is being pursued through Collector, CDA.

Audit informed the Committee that no compliance has been reported.

PAC DIRECTIVE (15-04-2011)

The Committee granted ten days to submit compliance report to the Audit and settled the above six paras and directed that record should be verified by the Audit.

10.i) **Para – 51 Page 61-AR-1997-98)**
OVERPAYMENT OF RS.114,861

Audit pointed out that deduction for voids was not made while taking measurement of the material supplied as required under Pak. PWD specification (Chapter 9.8.35 Buildings and Roads). Non-deduction of voids resulted in overpayment of Rs. 114,861/- to the contractor.

ii) **Para – 52 Page 61-AR-1997-98)**
OVERPAYMENT OF RS. 50,122

Audit pointed out that deduction for voids was not made while taking measurement of the material supplied as required under Pak. PWD specification (Chapter 9.8.35 Buildings and Roads). The non-deduction of voids resulted in overpayment of Rs 50,122 to the contractor.

iii) **Para – 53 Page 61-AR-1997-98)**
OVERPAYMENT OF RS. 203,861

Audit pointed out that deduction for voids was not made while taking measurement of the material supplied as required under Pak. PWD specification (Chapter 9.8.35 Buildings and Roads). The non deduction of voids resulted in overpayment of Rs 203,861/- to the contractor.

iv) **Para – 54 Page 62&63-AR-1997-98)**
OVERPAYMENT OF RS.296,846

Audit pointed out that the deduction for voids was not made while taking measurement of the material supplied as required under Pak. PWD specification (Chapter 9.8.35 Buildings and Roads). The non deduction of voids resulted in overpayment of Rs.296,846/- to the contractor.

v) **Para – 57 Page 64-AR-1997-98)**
OVERPAYMENT OF RS.190,678

Audit pointed out that deduction for voids was not made while taking measurement of the material supplied as required under Pak. PWD specification (Chapter 9.8.35 Buildings and

Roads). The non-deduction of voids resulted in overpayment of Rs 190,678/- to the contractor.

vi) **Para – 58 Page 64&65-AR-1997-98)**
OVERPAYMENT OF RS.144,578

Audit pointed out that deduction for voids was not made while taking measurement of the material supplied as required under Pak. PWD specification (Chapter 9.8.35 Buildings and Roads). The non-deduction of voids resulted in overpayment of Rs 144,578/- to the contractor.

vii) **Para – 60 Page 65&66-AR-1997-98)**
OVERPAYMENT OF RS. 157,393

Audit pointed out that deduction for voids was not made while taking measurement of the material supplied as required under Pak. PWD specification (Chapter 9.8.35 Buildings and Roads). The non-deduction of voids resulted in overpayment of Rs. 157,393/- to the contractor.

viii) **Para – 61 Page 66-AR-1997-98)**
OVERPAYMENT OF RS. 229,689

Audit pointed out that deduction for voids was not made while taking measurement of the material supplied as required under Pak. PWD specification (Chapter 9.8.35 Buildings and Roads). The non-deduction of voids resulted in overpayment of Rs 229,689/- the contractor.

ix) **Para – 62 Page 66&67-AR-1997-98)**
OVERPAYMENT OF RS. 50,311

Audit pointed out that the Deduction for voids was not made while taking measurement of the material supplied as required under Pak. PWD specification (Chapter 9.8.35 Buildings and Roads). The non-deduction of voids resulted in overpayment of Rs 50,311 to the contractor.

x) **Para – 63 Page 67-AR-1997-98)**
OVERPAYMENT OF RS. 501,359

Audit pointed out that deduction for voids was not made while taking measurement of the material supplied as required under Pak. PWD specification (Chapter 9.8.35 Buildings and Roads). The non-deduction of voids resulted in overpayment of Rs 501,359/- to the contractor.

xi) **Para – 68 Page 69&70-AR-1997-98)**
OVERPAYMENT OF RS. 87,634

Audit pointed out that deduction for voids was not made while taking measurement of the material supplied as required under Pak. PWD specification (Chapter 9.8.35 Buildings and Roads).The non-deduction of voids resulted in overpayment of Rs 87,634/- to the contractor.

The PAO informed that part of the recovery has been affected and will be verified by the Audit.

PAC DIRECTIVE (25-03-2011)

The Committee clubbed the above eleven paras and directed the PAO to personally look into the matters, investigate the issues, fix responsibility and recover the amount from the responsables.

- 11.i) Para – 51 Page 61-AR-1997-98)
OVERPAYMENT OF RS.114,861
- ii) Para – 52 Page 61-AR-1997-98)
OVERPAYMENT OF RS. 50,122
- iii) Para – 53 Page 61-AR-1997-98)
OVERPAYMENT OF RS. 203,861
- iv) Para – 54 Page 62&63-AR-1997-98)
OVERPAYMENT OF RS.296,846
- v) Para – 57 Page 64-AR-1997-98)
OVERPAYMENT OF RS.190,678
- vi) Para – 58 Page 64&65-AR-1997-98)
OVERPAYMENT OF RS.144,578
- vii) Para – 60 Page 65&66-AR-1997-98)
OVERPAYMENT OF RS. 157,393
- viii) Para – 61 Page 66-AR-1997-98)
OVERPAYMENT OF RS. 229,689
- ix) Para – 68 Page 69&70-AR-1997-98)
OVERPAYMENT OF RS. 87,634
- x) Para – 62 Page 66&67-AR-1997-98)
OVERPAYMENT OF RS. 50,311
- xi) Para – 63 Page 67-AR-1997-98)
OVERPAYMENT OF RS. 501,359

On 15th April, 2011, during the meeting, Audit recommended the following for settlement out of above eleven paras.

PAC DIRECTIVE

The Committee endorsed the Audit recommendation, with a condition that a report regarding these paras will be provided to Monitoring and Implementation Committee of PAC.

- 12. **Para – 75 -AR-1997-98)**
NON RECOVERY OF RS. 1.309 MILLION

Audit pointed out that a formation made payment to a contractor on account of removal of debris which being the liability of another contractor, was required to be recovered from him. The irregularity resulted in non-recovery of Rs.1,308,896.

The PAO stated that an amount of Rs.1,308,896/- is recoverable from Pak PWD against the item "Removal of surplus debris material" deposited during the construction of FPSC Building by the contractor of said project which was being executed through Pak PWD. The matter was taken up with Ministry of Housing and Works, Government of Pakistan S.O-III Cabinet Division but fruitful results could not be achieved. Now the case is being referred to Cabinet Division for taking up the matter with Ministry of Housing and Works at senior level for recovery of Rs. 1,308,896/- from Pak PWD.

Audit requested the Committee to ask the PAO to update PAC in this regard.

PAC DIRECTIVE

The Committee settled the para.

13. **Para – 77 Page 74-AR-1997-98)**
OVERPAYMENT OF RS. 150,325

A payment was made to a firm on account of carriage charges of furniture whereas ,according to provision of the agreement, contractor was responsible for provision of the same at his own expenses. Payment of carriage charges resulted in overpayment of Rs. 150,325 to the firm.

PAC DIRECTIVE (21-22-08-2006)

On the presentation of the para by the Audit, the Sub-Committee PAC-III endorsed the decision of the DAC.

The PAO (CDA) explained that the work was done with the approval of CDA Board without tenders, whereas the matter has now been placed before the CDA Board for approval.

Audit informed the Committee that initially it was replied that payment was made after approval of the Competent Authority. Later on, CDA informed that summary has been forwarded for seeking approval of CDA Board on 19.02.2011.

PAC DIRECTIVE (15-04-2011)

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

14. **Para – 81 Page 76-AR-1997-98)**
NON-RECONCILIATION OF CLOSING BALANCES

Audit pointed out that the closing balances, of each bank account, were not reconciled with Bank Register maintained by the Directorate of CDA, to ascertain the factual position of balances and rectify errors if any. Due to non-reconciliation with the bank, the correctness of the cash account could not be ascertained.

PAC DIRECTIVE (21,22-08-2006)

The Committee endorsed the decision of the DAC.

The PAO (CDA), explained that reconciliation was not done due to shortage of staff. Now the Bank has informed that old record is not traceable.

Audit pointed out that reconciliation was not made after a lapse of considerable period and latest position was not reported to the audit as per DAC decision.

PAC DIRECTIVE (15-04-2011)

The Committee granted ten days time to submit report to the Audit. The Committee expressed its displeasure on financial mismanagement and directed that in future financial rules should be strictly followed.

15. **Para – 105 Page 88&89-AR-1997-98)**

IRREGULAR EXPENDITURE OF RS. 0. 392 MILLION DUE TO SPLITTING UP OF PURCHASES

Audit pointed out that repair and maintenance of government owned houses was carried out by splitting up various orders without calling tenders. Splitting of work order/supply order resulted in irregular expenditure of Rs. 392,060.

PAC DIRECTIVE (21-22.08.2006)

The Sub Committee endorsed the decision of the DAC.

The PAO (CDA) ,explained that CDA Board had regularized the expenditure.

Audit pointed out that the purchases were made in piece-meal and quotations were obtained to avoid approval of the higher authorities and open tendering. He further informed that regularization of expenditure from Finance Division has not been obtained.

PAC DIRECTIVE (15-04-2011)

The Committee granted ten days to get expenditure regularized from the Finance Division.

16. **Para – 106 Page 89-AR-1997-98)**

IRREGULAR EXPENDITURE OF RS. 2.898 MILLION DUE TO SPLITTING UP OF SANCTIONS

Audit pointed out that certain supply orders/work orders were split up, to keep the amount within the competency of Divisional Officer, to avoid sanction by next higher authority and calling of tenders. Award of work in this manner resulted in irregular expenditure of Rs.2,898,442.

The PAO stated that the CDA Board has regularized the expenditure and record has also been produced to Audit for verification. The PAC's directive regarding stoppage of such practice, has been noted for future compliance. PAO requested that Para may be settled.

Audit informed that CDA Board has regularized the expenditure, however regularization from the Finance Division has not been intimated so far.

PAC DIRECTIVE

The Committee settled the para and directed that the observation of Audit should be taken into account seriously, in future.

17. **Para – 114 Page 93-AR-1997-98**

IRREGULAR PURCHASE OF VEHICLES WORTH RS.3.894 MILLION

Audit pointed out that in an Autonomous Body, three costly vehicles were purchased and expenditure charged to the projects near completion, without their provision in PC-I. The cost of vehicles, amounting to Rs. 3,894,000 charged to the project without provision in the PC-I, was irregular.

The PAO stated that the case regarding regularization of expenditure has been referred to Planning & Development Division and Finance Division. Decision is still awaited.

Audit objected that compliance is awaited and requested the Committee to direct the Authority to comply with the directives.

PAC DIRECTIVE

The Committee settled the para with displeasure and directed the PAO to follow the PPRA rules in letter and spirit, in future. Observation of Finance regarding deviation from the PC-I, in terms of purchase should be adopted.

18. **Para – 117 Page 95-AR-1997-98**

IRREGULAR EXPENDITURE OF RS. 3.146 MILLION ON ACCOUNT OF PURCHASE OF VEHICLES

Audit pointed out that an expenditure was incurred on purchase of vehicles from Government of Pakistan funded project without provision in PC-I, and the expenditure charged to contingencies of the work. Expenditure incurred on purchase of vehicles amounting to Rs. 3,146,000 was irregular.

PAC DIRECTIVE (21-22.08.2006)

On the presentation of the para by the Audit, the Sub Committee endorsed the decision of the DAC.

The PAO stated that the case for regularization has been submitted to Planning and Development Division and Finance Division through Cabinet Division.

Audit pointed out that the vehicles were purchased and charged to contingency head of work, without provision in PC-I which was irregular. Regularization of expenditure from P&D Division has not been obtained.

PAC DIRECTIVE (15-04-2011)

The Committee granted ten days time to get expenditure regularized form the Finance Division. The Committee settled the para, after detailed discussion, and directed that record should be verified by the Audit.

19. **Para – 118 Page 95-AR-1997-98**

IRREGULAR PURCHASE OF VEHICLES WORTH RS. 0.402 MILLION

Audit pointed out that the purchase of vehicles was charged to storage charges instead of its proper head of account. Irregular purchase of vehicles resulted in misclassification of the expenditure of Rs. 402,000.

PAC DIRECTIVE (21-22.08.2006)

On the presentation of the para by the Audit, the Sub Committee endorsed the decision of the DAC.

The PAO (CDA) explained that vehicle was purchased by charging the expenditure to Storage Charges.

Audit pointed out that purchase of vehicles was irregularly charged to “storage charges” instead of its proper head of account. Misclassification needs to be rectified/condoned.

PAC DIRECTIVE (15-04-2011)

The Committee granted ten days time to get expenditure regularized form Finance Division. The Committee settled the para and directed that record should be verified by the Audit.

20. **Para – 124 Page 98-AR-1997-98**

NON-DISBURSEMENT OF RS. 109.695 MILLION

The accounts record of formation indicated that a huge amount was found outstanding in the Acquittance Rolls awaiting disbursement in contravention of rules. The omission resulted in outstanding huge amount of Rs. 109,694,887 lying un-disbursed.

PAC DIRECTIVE DATED 21-22.08.2006

On the presentation of the para by the Audit, the Sub Committee endorsed the decision of the DAC.

The PAO (CDA) explained that the case was under trial with NAB. However amount has been disbursed by the Authority.

PAC DIRECTIVE (15-04-2011)

The Committee granted ten days to get disbursements verified from the Audit.

21.i) **Para – 130 Page 100&101-AR-1997-98**
IRREGULAR PAYMENT OF RS. 81. 794 MILLION DUE TO FURNISHING OF
PM'S SECRETARIAT THROUGH SELECTED FIRMS SETTING ASIDE ALL
CODAL FORMALITIES

Audit pointed out that an expenditure of Rs. 81,794,143 was incurred on furnishing of Prime Minister's Secretariat through selection of favourite firms, in violation of all codal rules and formalities of open tendering, and acceptance of the lowest bid. Violation of codal rules resulted in irregular expenditure of Rs. 81,794,143.

PAC DIRECTIVE (21-22.08.2006)

Te Sub Committee endorsed the decision of the DAC.

The PAO (CDA), explained that the interior decorator was appointed in a meeting chaired by the Prime Minister on 28.08.94, who herself collected the rates from specialized manufacturers and suppliers. The payment was released by the Authority, after due scrutiny, by the Committee constituted for the purpose and approval by the Chairman, CDA.

Audit pointed out that furnishing of Prime Minister's Secretariat was executed without open tendering.

ii) **Para – 131 Page 101-AR-1997-98**
LOSS OF RS. 4.150 MILLION DUE TO ALLOTMENT OF WORK AT HIGHER
RATES AND WITHOUT CALLING TENDERS

Audit pointed out that a portion of a work of consultants was awarded to another one at very high rates without calling tenders. Allotment of work at higher rate resulted in loss of Rs. 4,149,588.

The PAO (CDA), explained that interior designer having vast experience was appointed by the Prime Minister in a meeting.

Audit pointed out that consultancy was withdrawn from the original consultant (M/s NESPAK), regarding interior designing and furnishing of P.M Secretariat, and work allotted to M/s Ninotohka without tender.

iii) **Para – 132 Page 101-AR-1997-98**
IRREGULAR EXPENDITURE OF RS. 3. 510 MILLION DUE TO AWARD OF
WORK WITHOUT CALLING TENDERS

Audit pointed out that a work was awarded without calling tenders which was irregular. Allotment of work without calling tenders resulted in irregular expenditure of Rs 3,510,000.

PAC DIRECTIVE (15-04-2011)

The Committee clubbed the above three paras and directed that money should not be wasted on decorations. The Committee referred the para to the Monitoring and Implementation Committee of PAC.

22. **Para – 134 Page 102-AR-1997-98**

LOSS OF RS. 13.862 MILLION DUE TO AWARD OF WORK ON SINGLE TENDER/HIGH PREMIUM

Audit pointed out that a work was awarded to a contractor on single tender basis @ 26.50%, above the estimated cost, appraised on market rates in open tendering. A work of similar nature, and in the same period, fetched rates of 0.99% above the estimated cost. The irregular award of work on single tender caused a loss of Rs.13,862,216 to the Authority.

PAC DIRECTIVE (21-22.08.2006)

On the presentation of the para by the Audit, the Sub Committee endorsed the decision of the DAC.

The PAO (CDA) informed that the case is still subjudice and under trial with the NAB.

Audit pointed out that the work was awarded, without tenders, at 26.50% more than the market rates. Similar nature of work was awarded through open tenders during the same period at 0.99% above the estimated cost and, matter is under trial with NAB.

PAC DIRECTIVE (15-04-2011)

The Committee referred the para to the Monitoring and Implementation Committee because the matter is pending with NAB.

23. **Para – 144 Page 106&107-AR-1997-98**

LOSS OF RS.2.430 MILLION DUE TO AWARD OF WORK TO THE 3RD LOWEST

Audit pointed out that in a Division, tenders for work were invited and later scrapped. The work was again put to tender and awarded to the third lowest at his bid cost of Rs 14,636,000 instead of the 1st lowest for Rs 12,206,075. Non-acceptance of lowest offer resulted in loss of Rs 2,429,925.

The PAO informed that case was referred to FIA and updated position was still awaited.

PAC DIRECTIVE (25-03-2011)

The Committee deferred the para till 15th April, 2011.

The PAO (CDA) explained that Departmental inquiry, as directed by the PAC in 2006, was not conducted due to shifting of the administrative control of CDA from Ministry of Interior to Cabinet Division. Later DAC constituted an inquiry Committee comprising of Joint Secretary (CDA), Deputy Secretary (Accounts), Cabinet Division and Director

(Coordination), CDA to look into the matter for loss of Rs. 2,429,925 and completed the inquiry within seven days. In compliance an inquiry was conducted and report was provided vide Cabinet Secretariat with the remarks that officers of Procurement Directorate and Finance Wing who dealt with case and made proposals on the note portion were responsible for the lapse and loss.

Audit pointed out that action against the first Inquiry Officer ,as directed by PAC in its meeting held on August 21 & 22, 2006, has not been taken.

PAC DIRECTIVE (15-04-2011)

The Committee granted ten days to submit the inquiry report with the details of the actions taken against the responsible officers. The para was referred to the Monitoring and Implementation Committee as action could not be completed upto April, 2011.

24. **Para – 150 Page 109&110-AR-(1997-98)**

LOSS OF RS.0.839 MILLION DUE TO ACCEPTANCE OF TENDER AT HIGHER RATES

Audit pointed out that the Authority accepted a tender at 345% above the NIT (Notice Inviting Tenders) while other tender having similar nature of work was finalized at 139% above NIT. The acceptance of tender at higher rates resulted in loss of Rs.838,633.

The PAO submitted that loss of Rs.838,633, calculated by Audit, was not based on facts. The comparison of rates of contracts of different works quoted by audit was not justified. Different rates were quoted by the contractors above/below the NIT rates in respect of different works of CDA, keeping in view the nature, items, site and specifications etc. of the work. In this case, the work of construction of Rest House at Pir Sohawa, Islamabad was a new work and quite different in nature than the work of Repairs and Renovation of Pharilla Rest House, Islamabad. As the former was a new constructional work, a lot of labour material and transportation, etc. was involved in it whereas only repair and renovation was involved in the latter work. Therefore, the difference in rate quoted by the contractor was quite justified/reasonable and no loss was sustained by CDA.

PAC DIRECTIVE

The Committee settled the para.

25. **Para – 154 Page 111-AR-(1997-98)**

Loss of Rs. 0.966 Million

Audit pointed out that two contractors failed to supply the steel as per contract agreement. The balance quantity was arranged through the same contractor at higher rates by drawing a separate contract. Higher rate resulted in a loss of Rs. 966,064.

The PAO (CDA) explained that due to increase in the prices of steel billet, the contractors showed their inability to provide steel as per agreement. Case for escalation was not accepted by the Competent Authority as it was not covered under the Contract Agreement. The contracts were, therefore, finalized and balance quantity was procured through new contracts. DAC directed that outstanding amount may be recovered from the contractor through CDA Magistrate within seven days.

Audit pointed out that the contractor was bound to supply the quantity of steel as per agreement. If the contractor failed to do so the action should be taken in the light of contract clauses. Thus undue benefit was given to the contractor which resulted into loss to the Authority.

PAC DIRECTIVE

The Committee directed that amount should be recovered as soon as possible and referred para to the Monitoring and Implementation Committee for further follow up. as action was not completed during a series of meetings.

26. **Para – 160 Page 114-AR-1997-98**
LOSS OF RS.0.891 MILLION

Audit pointed out that a work valuing Rs. 729,000 was originally awarded to a contractor for a period of one year from 01.07.87 to 30.06.88. The rates quoted by the contractor were much higher than those prevailing at that time in the market (1987). After expiry of agreement period, his contract was extended five times up to 30.06.93 on yearly basis. Open tenders were called for the same work in July 1993 wherein same contractor quoted his rates at 24.45% below the rates quoted by him during 1987 i.e. six years back. Non-adoption of tendering process before 1993 has resulted in loss of Rs. 891,335 to the Authority.

The PAO informed that recovery has been affected.

Audit informed that maximum recovery has been made so far and requested the Committee to direct the PAO for recovery of balance amount.

PAC DIRECTIVE (25-03-2011)

The Committee showed displeasure on the issue and directed the PAO to hold inquiry as to why recovery was made so late and submit report to Audit and PAC-III.

The PAO stated that an amount of Rs. 729,000/ has been recovered and verified by Audit.

Audit confirmed recovery of Rs. 729,000 and requested the Committee to direct the Authority to expedite balance recovery of Rs. 162,335.

PAC DIRECTIVE (15-04-2011)

The Committee granted ten days to recover the complete recoveries and referred the para to the Monitoring and Implementation Committee, after delay in action from CDA.

27. **Para – 165 Page 116-AR-1997-98**

LOSS OF RS. 580,956 DUE TO IRREGULAR REFUND OF LIQUIDATED DAMAGES

Audit pointed out that an amount on account of liquidated damages was refunded which was irregular because as per agreement, the decision was final and was not revokeable. Refund of Rs. 580,956 of liquidated damages was irregular and caused loss to the Authority.

The PAO (CDA) explained that Liquidated Damages were refunded to the firm after approval of the Competent Authority.

Audit pointed out that as per agreement, the decision regarding imposition of liquidated damages was final and was not recoverable. The refund of liquidated damages was irregular and recovery was necessary to be made from person(s) responsible.

PAC DIRECTIVE (15-04-2011)

The Committee granted ten days to recover the complete recoveries and referred the para to the Monitoring and Implementation Committee due to delay in action from CDA.

28. **Para – 170 Page 118&119-AR-1997-98**

IRREGULAR REFUND OF SECURITY DEPOSIT RS. 0.378 MILLION

Audit pointed out that security deposit was refunded irregularly to a contractor who failed to supply the material as per contract. The Authority failed to invoke the penal clause under which security deposit was required to be forfeited. Refund of security deposit resulted in a loss of Rs. 378,000.

PAC DIRECTIVE (15-04-2011)

The Committee directed that amount should be recovered and referred para to the Monitoring and Implementation Committee, due to delay of CDA to take action on PAC earlier directives.

29. **Para – 173 Page 120-AR-1997-98**

LOSS OF RS. 1.319 MILLION DUE TO IRREGULAR WAIVING OFF DELAYED PAYMENT CHARGES

Audit pointed out that the allotment of a plot was cancelled in 1984 due to non-payment of premium which was restored in 1987. However, building could not be constructed in scheduled period of two years which subsequently extended for 7 year upto 1996 subject to payment of delayed payment charges, but the delayed payment charges were waived off in violation of provisions contained in clause-II of allotment letter. Due to waiving of delayed charges of free extension resulted in loss of Rs. 1,318,697 to the authority.

PAC DIRECTIVE (21-22.08.2006)

The Sub Committee endorsed the decision of the DAC.

The PAO (CDA) explained that extension without surcharge was allowed by the competent Authority. However, the construction of building was not completed.

Audit pointed out that extension of time for construction on plot, was allowed without surcharge, which was in violation of rules.

PAC DIRECTIVE (15-04-2011)

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

30

Para – 187 Page 127-AR-1997-98

EXCESS PAYMENT OF RS. 1.805 MILLION DUE TO PAYMENT OF ITEMS IN EXCESS OF AGREED QUANTITY

Audit pointed out that the expenditure was incurred on an item of work executed in areas specifically disallowed by the competent authority while sanctioning the estimates. Irregular expenditure resulted in a loss of Rs 1,805,052.

PAC DIRECTIVE (21-22.08.2006)

The Sub Committee endorsed the decision of the DAC.

The PAO stated that the record will be verified by the Audit.

Audit pointed out that recovery, in compliance of DAC decision, is still awaited for verification from Audit.

PAC DIRECTIVE (15-04-2011)

The Committee directed the PAO to effect recovery and get it verified from Audit within ten days. The Committee referred the para to the Monitoring and Implementation Committee due to delay from CDA to take action on PAC directive.

31

Para – 195 Page 130&131-AR-1997-98

EXCESS PAYMENT OF RS. 1.017 MILLION DUE TO IRREGULAR ENGAGEMENT OF CONSULTANT

Audit pointed out that a firm was engaged for supervision and consultancy for Civil, E & M, interior furnishing and furniture, any other systems and services connected with the project and coordination, etc. Later on another firm was engaged with an agreed cost of Rs. 3,000,000 for verifying the bill of furnishing and furniture item without curtailing the scope of work of the original consultant. The payment thus made to the latter firm to the tune of Rs. 1,017,411 was irregular as well as excess. Further latter firm as per record was slack, casual, irresponsible and defaulted in many respects. Irregular action of the authority resulted in excess payment of Rs. 1,017,411.

PAC DIRECTIVE (21-22.08.2006)

The Sub Committee endorsed the decision of the DAC.

Audit pointed out that the consultancy work was got executed from another firm whereas the scope of the original consultant was not reduced to that extent. Relevant record in compliance of DAC decision has not been got verified.

PAC DIRECTIVE (15-04-2011)

The Committee referred the para to the Monitoring and Implementation Committee.

32. i) **Para – 196 Page 131-AR-1997-98**

LOSS OF RS.0.596 MILLION DUE TO ACCEPTANCE OF INSURANCE BOND INSTEAD OF BANK GUARANTEE

Audit pointed out that the Authority accepted an Insurance Bond instead of Bank Guarantee from a contractor who failed to complete the supply of material as provided in the agreement. The insurance company did not discharge its obligations as per Insurance Performance Bond. Due to acceptance of Insurance Bond instead of Bank Guarantee, the Authority, sustained a loss of Rs. 596,250.

The PAO stated that the contractor filed different court cases to stop the recovery action, which were dismissed upto 2003. The relevant Directorate P&S was abolished in 1999. Efforts are being made for recovery through Collector/CDA Magistrate and through activation of FIR. The result will be intimated to Audit.

Audit informed that recovery of Rs. 3, 275, 623/- is awaited.

PAC DIRECTIVE (25-03-2011)

The Committee deferred the para till 15th April, 2011.

ii) **Para – 197 Page 123-AR-1997-98**

IRREGULAR REFUND OF BANK GUARANTEE WORTH RS. 0.400 MILLION

Audit pointed out that a Bank Guarantee was refunded to a contractor irregularly as the contractor failed to provide the quantity of material as per agreement. Irregular refund of bank guarantee worth Rs. 400,000 was unjustified.

PAC DIRECTIVE

The Committee clubbed the above two paras with the direction that amount should be recovered. The paras were referred to the Monitoring and Implementation Committee due to delay from CDA to take action on PAC directive.

33. **Para – 201 Page 133&134-AR-1997-98**
LOSS TO THE AUTHORITY DUE TO NON-RECOVERY OF REMEDIAL WORK
FROM CONTRACTOR OF RS. 5,001,875

Audit pointed out that an expenditure of Rs. 8,387,208 was incurred on carpeting of a road through a contractor. The road damaged within maintenance period. An amount of Rs. 5,001,875 was spent for remedial work through Machinery Pool Organization. Cost of remedial work was not recovered from the original contractor. Non-recovery of expenditure incurred on damaged work resulted in loss of Rs. 5,001,875 to the Authority.

PAC DIRECTIVE (21-22.08.2006)

The Sub Committee endorsed the decision of the DAC.

The PAO (CDA), explained that an inquiry was conducted and found that neither contractor nor any officer/official was at fault.

Audit pointed out that work was damaged during maintenance period which was got rectified from other than original contractor but no recovery was made from the original contractor.

PAC DIRECTIVE

The Committee granted ten days to recover the remaining amount and settled the para after detailed discussion and directed that record should be verified by the Audit.

34. **Para – 205 Page 135&136-AR-1997-98**
LOSS OF RS. 15,750,000

Audit pointed out that four plots were allotted in violation of Land Disposal Regulations, 1993 to persons not entitled under any category. Allotment was required to be made through open auction at least at the rate of Rs. 8,000 per square yard as determined by the CDA itself, instead of Rs. 500 per sq yard. Violation of allotment policy resulted in loss of Rs 15,750,000 to the Authority.

The PAO informed that these plots were allotted by the Land Allotment Board and were under the investigation of FIA, the outcome of which will be communicated to Audit as and when received.

PAO agreed that the violation occurred at that time and informed that it was given on the then Prime Minister's directives.

Audit informed that compliance of PAC directive is still awaited.

PAC DIRECTIVE

The Committee settled that para.

35. **Para – 206 Page 136-AR-1997-98**
LOSS OF RS. 4,333,355 DUE TO IRREGULAR TRANSFER OF PLOT

Audit pointed out that a plot was irregularly changed with a plot in another attractive sector, which was available for allotment through open auction, in clear violation of Land Disposal Regulations, 1993. Irregular transfer of plot caused a loss of Rs 4,333,355 to the Authority. The PAO informed that action was taken after the direction of the then Prime Minister. Audit informed that compliance of PAC directive is still awaited.

PAC DIRECTIVE

The Committee settled that para.

36. **Para – 207 Page 137-AR-1997-98**
LOSS OF RS. 6,600,000 DUE TO IRREGULAR ALLOTMENT OF PLOT

Audit pointed out that that a plot was irregularly allotted to person not entitled under the provisions of Land Disposal Regulations, 1993 according to which allotment of plot could be made through open auction at the rate of Rs. 8000 per sq yard. Violation of allotment policy resulted in loss of Rs 6,600,000.

The PAO stated that the subject plot was allotted to Ex-Army Chief by the Order of the then Prime Minister. This allotment was subsequently confirmed by the CDA Board. This case has already been referred to Cabinet and Law and Justice Division for final decision the decision is still awaited which will be communicated to Audit as and when received.

Audit pointed out that compliance of PAC directive is still awaited.

PAC DIRECTIVE

The Committee settled the para with displeasure.

37. **Para – 209 Page 137&138-AR-1997-98**
LOSS OF RS. 1,980,000

Audit pointed out that a plot was allotted for construction of swimming pool which was later on converted into commercial plot but the rate was charged @ Rs 100 per sq yard instead of prevalent market Rs 1000 per sq yard. Irregular allotment resulted in a loss of Rs 1,980,000 to the Authority.

The PAO informed that recovery has been affected.

Audit informed that recovery record is required for verification.

PAC DIRECTIVE (25-03-2011)

The Committee settled the para subject to verification of record by the Audit by 15th April 2011.

The Chairman (CDA), told the PAC on 25.03.2011 that recovery had been made.

Audit pointed out that no record in support of claim of recovery was produced for verification.

PAC DIRECTIVE (15-04-2011)

The Committee expressed displeasure on misstatement given by the representative of CDA. Para was referred to the Monitoring and Implementation Committee due to delay from CDA to take action on PAC directive.

38. **Para – 210 Page 138-AR-1997-98**

LOSS OF RS. 3,165,000 DUE TO CHARGING LESSER PRICE

Audit pointed out that a plot was irregularly allotted to a person in lieu of cancelled plot by charging lesser price than the prevailing market price. Charging of lesser price caused loss of Rs. 3, 165, 000 to the Authority.

The PAO stated that the record will be got verified during the verification schedule issued by Audit.

PAC DIRECTIVE

The Committee settled the para.

39. **Para – 213 Page 139&140-AR-1997-98**

IRREGULAR ALLOTMENT OF PLOT MEASURING 2.72 ACRES

Audit pointed out that agro farming plot measuring 2.72 acres was allotted to a person in violation of Land Disposal Regulations, 1988. The plot was not developed for the conformed use in accordance with the terms and conditions of allotment.

PAC DIRECTIVE (21-22.08.2006)

On the presentation of the para by the Audit, the Sub Committee endorsed the decision of the DAC.

The PAO (CDA) explained that extension in the scheme was made on the orders of the Prime Minister.

Audit pointed out that letter of Prime Minister Secretariat was still not provided to the Audit.

PAC DIRECTIVE (15-04-2011)

The Committee referred the para to the Monitoring and Implementation Committee due to delay in action from CDA.

40. **Para – 227 Page 139&147-AR-1997-98**

UNJUSTIFIED EXPENDITURE WORTH RS. 2,791,992

Audit pointed out that hundred (100) additional Security Guards were recruited in violation of ban imposed by Establishment Division, Government of Pakistan. Violation of Government policy resulted in unjustified expenditure of Rs. 2,791,992.

PAC DIRECTIVE (21-22.08.2006)

On the presentation of the para by the Audit, the Sub Committee endorsed the decision of the DAC.

PAC DIRECTIVE (25-04-2011)

The PAO (CDA) explained that security guards were appointed to strengthen the Enforcement Directorate for removal of illegal construction in Bani Gala and in Capital Territory.

Audit pointed out that Recruitment of Security guards was made without obtaining NOC from the Establishment Division.

The Committee settled the para.

41. i) **Para – 236 Page 151-AR-1997-98**

IRREGULAR GRANT OF SELECTION GRADE

Audit pointed out that in a Directorate of CDA, Selection Grade BPS-17 was granted to the Assistant Admn Officer irregularly. The matter was referred to the Ministry of Finance through Auditor-General of Pakistan for clarification. The Finance Division declared that the adoption of O.M dated September 14, 1987 by an Authority and corporation was irregular and directed to recover overdrawn amounts from the beneficiaries. Irregular grant of Selection Grade involved loss and violation of rules.

The PAO insisted that the Selection Grade was granted as per rules and requested to settle the para.

Audit requested the Committee to direct the Authority to effect recovery as the request of CDA has turned down by the Finance Division with directions to recover the amount.

PAC DIRECTIVE (25-03-2011)

The Committee deferred the para till 15th April 2011.

ii) **Para – 239 Page 153-AR-1997-98**

Non recovery of Rs. 1,732. 909 million

Audit pointed out that the huge expenditure of Rs. 2,732.635 million was incurred on Metropolitan Water Supply Scheme with an agreed proportionate share of 67.20 % of the cost of the scheme. The Government of Punjab remitted only a sum of Rs. 103.421 million leaving a balance of Rs. 1,732.909 million outstanding upto April, 1997. Non-receipt of agreed cost resulted in non-recovery of Rs. 732.909 million.

PAC DIRECTIVE (21-22.08.2006)

On the presentation of the para by the Audit, the Sub Committee endorsed the decision of the DAC.

The PAO (CDA) explained that an amount of Rs. 635.329 (M) was outstanding against Rawalpindi Cantonment Board.

PAC DIRECTIVE (15-04-2011)

The Committee clubbed the above two paras and directed the PAO to provide the record to the Audit. The Committee settled the paras after detailed discussion and directed that record should be verified by the Audit.

42. **Para – 246 Page 156-AR-1997-98**

BLOCKADE OF RS. 11,249,927 DUE TO UNNECESSARY PURCHASE

Audit pointed out that an expenditure of Rs. 11,249, 927 was incurred on procurement of vehicles for an event which could have easily been arranged through hiring of the same. Action of the Authority resulted in blockade of Rs. 11,249,927 due to unnecessary purchase.

The PAO informed that record had been produced and will be verified by the Audit.

PAC DIRECTIVE (25-03-2011)

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

The PAO (CDA) explained that eight vehicles have since been auctioned whereas remaining two were allocated to CDA school for pick and drop of school children.

PAC DIRECTIVE (25-04-2011)

The Committee referred the para to the Monitoring and Implementation Committee.

43. **Para – 258 Page 162-AR-1997-98**

NON-RECOVERY OF OUTSTANDING RENT RS. 2, 119, 050

Audit pointed out that outstanding rent for holding of 13th International Exhibition from Islamabad Chamber of Commerce and Industry was not recovered. Non recovery resulted in loss of Rs. 2, 119, 050.

The PAO (CDA) explained that matter was taken up with the Islamabad Chamber of Commerce & Industry for payment of outstanding amount but in vain. PAO further informed that recovery record will be verified by the Audit

Audit requested the Committee to direct the Authority to take effective steps to make recovery of long outstanding dues from Islamabad Chamber of Commerce & Industries.

PAC DIRECTIVE

The Committee directed to recover the balance amount and referred the para to the Monitoring and Implementation Committee due to delay in action from CDA.

44. **Para – 259 Page 162-AR-1997-98**
NON-RECOVERY OF OUTSTANDING DUES RS. 1,500,000

Audit pointed out that the Authority failed to recover outstanding dues for holding of 14th Industrial Exhibition during 1997. Non-recovery resulted in loss of Rs. 1, 500, 000.

The PAO informed the Committee this has been approved by CDA Board.

PAC DIRECTIVE

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

45. **Para – 273 Page 168-AR-1997-98**
NON-RECOVERY OF MOBILIZATION ADVANCE AMOUNTING TO RS. 3,975,000

Audit pointed out that the mobilization advance for supply of 1500 M.Tons bitumen was granted to a firm against insurance guarantee instead of bank guarantee originally provided in the contract. The advance was to be recovered @ 16% markup. The contractor supplied 173 M.Tons bitumen and failed to execute contract further. Recovery of outstanding mobilization advance of Rs.3,975,000 could not be made through the insurance guarantee.

The PAO informed that the FIR was lodged in Golra Police Station Islamabad ,against contractor and National General Insurance Company in 1998. The contractor filed different court cases to stop the recovery. The relevant Directorate P&S was abolished in 1999. All the court cases were dismissed up to 2003.Efforts are being made for its recovery through CDA Magistrate/Collector through activation of FIR.

Audit pointed out that compliance of PAC directive is still awaited.

PAC DIRECTIVE (25-03-2011)

The Committee deferred the para for proper implementation by 15th April, 2011.

The PAO (CDA) explained that Insurance Bond was accepted instead of Bank Guarantee after approval of the Competent Authority. On failure of the firm to fulfil the contractual obligations, the matter was taken up with insurance company and Ministry of Commerce. FIR was also lodged against the Contractor & National General Insurance Company but in vain. Efforts are being made to effect recovery through CDA Magistrate & through activation of FIR. DAC pended the para with the directions to effect the recovery by 15.04.2011.

Audit pointed out that compliance of DAC and PAC directive regarding recovery is still awaited.

PAC DIRECTIVE (15-04-2011)

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

46. i) **Para – 275 Page 169-AR-1997-98**
NON-RECOVERY OF TA/DA AMOUNTING TO RS.698,961

Audit pointed out that an advance payment was made to certain officers on account of TA / DA in 1990 which has neither been adjusted nor recovered despite expiry of a long period of eight years. Non-recovery resulted in loss of Rs.698,961.

PAC DIRECTIVE (24-03-2011)

The Committee deferred the para for proper implementation by 15th April, 2011.

ii) **Para – 276 Page 169-AR-1997-98**
NON-RECOVERY OF SALVAGE VALUE AMOUNTING TO RS. 49,081,943

Audit pointed out that built up property of a village was acquired, but cost of salvage material @ 28% as per approved formula was not deducted. Non-recovery of cost of salvage material resulted in loss of Rs. 49,081,943.

The PAO stated that, as directed by the PAC, the amount has been written-off by the CDA Board. Copy of Board decision has been provided to Audit for verification.

Audit informed that relevant record was not got verified.

PAC DIRECTIVE (25-03-2011)

The Committee deferred the para till 15th April, 2011.

Audit recommended the above two paras for settlement after detailed discussion.

PAC DIRECTIVE (15-04-2011)

After detailed discussion the Committee settled the above two paras.

47. **Para – 279 Page 171-AR-1997-98**
NON-RECOVERY OF COST OF EMPTY BITUMEN DRUMS WORTH RS 445,500

Audit pointed out that recovery on account of empty bitumen drums was not effected which was required under the clause of agreement. Non-recovery resulted in loss of Rs.445,500.

The PAO stated that the contractor has also assured to deposit empty drums, otherwise recovery shall be made from his bill. Since 70% of the work is still to be completed by the contractor ,therefore, all adjustment and recoveries can be made.

Audit pointed out that the compliance of PAC directive is still awaited.

PAC DIRECTIVE

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

48. i) **Para – 285 Page 173-AR-1997-98**
NON-RECOVERY OF DUES RS. 1,196,070

Audit pointed out that an allottee of a plot failed to deposit the balance amount which rendered him liable to pay 16% delayed charges under para 17 of allotment letter. The

balance amount alongwith delayed charges were not recovered. Non-recovery resulted in loss of Rs.1,196,070.

The PAO stated that, as per directions of PAC, departmental inquiry was conducted by Raja Maltoob Hussain Dy. Director-I (E/M-II). Inquiry report has already been handed over to Audit also. As per finding of the inquiry, no irregularity has been committed as plot No.16 was exempted from delayed payment charges by the CDA Board due to non-availability of infrastructure and adverse possession problem. PAO requested that Para may please be settled.

Audit informed that recovery of principal amount was effected and delayed payment charges were waived-off, and requested to produce record for verification.

PAC DIRECTIVE (25-03-2011)

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

ii) **Para – 286 Page 174-AR-1997-98**

NON-RECOVERY OF OUTSTANDING DUES AMOUNTING TO RS.14,946,194

Audit pointed out that the industrial plots were auctioned with 25% advance payment but most of the allottees failed to deposit the balance amount. A huge amount was outstanding against the allottees. Non-recovery resulted in loss of Rs.14,946,194 to the Authority.

The PAO stated that as per directions of PAC, departmental inquiry was conducted by Raja Maltoob Hussain Dy. Director-I (E/M-II). Inquiry report has already been handed over to Audit also. As per findings of the inquiry, no irregularity has been committed as plot No.16 was exempted from delayed payment charges by the CDA Board due to non-availability of infrastructure and adverse possession problem.

Audit informed that recovery of principal amount was effected and delayed payment charges were waived-off, and requested to produce record for verification.

PAC DIRECTIVE (25-03-2011)

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

iii) **Para – 287 Page 174-AR-1997-98**

NON-RECOVERY OF OUTSTANDING DUES WORTH RS. 10,657,823

Audit pointed out that certain commercial plots were allotted by the Authority but balance amount required to be deposited in installments was outstanding against the allottees on account of premium and delayed charges which were not recovered. Non-recovery of Rs. 10,657,823 resulted in loss to the Authority.

PAC DIRECTIVE (21-22.08.2006)

Sub-committee directed the PAO to inquire the matter and submit report to PAC/Audit within one week. On the satisfaction of the audit, the para would be treated as settled.

The PAO (CDA) explained that recovery has been effected and reconciliation has been completed.

Audit requested the Committee PAC to direct the Authority for early compliance regarding bank reconciliation and verification from Audit.

PAC DIRECTIVE (15-03-2011)

The Committee clubbed the above three paras and directed the PAO to look into the matter personally and submit report to the Audit and settled the paras and directed that record should be verified by the Audit.

49. 1) Para – 1, Page 37-AR-1997-98
SUSPECTED MISAPPROPRIATION
- 2) Para – 5, Page 02 -AR-1997-98
NON MAINTENANCE OF RECORD/NON RECOVERY OF RS.660,000/-
- 3) Para – 10, Page 41-AR-1997-98
IRREGULAR EXPENDITURE OF RS.2.850 MILLION
- 4) Para –15, Page 7 -AR-1997-98
EXCESS PAYMENT RS.609,266/- ON ACCOUNT OF INTERIOR SPECIFICATION AND HIGHER RATES
- 5) Para – 16, Page 8 -AR-1997-98
OVERPAYMENT OF RS. 121,424/- TO THE CONTRACTOR
- 6) Para – 18, Page 9 -AR-1997-98
OVERPAYMENT OF RS.397,247/- DUE TO IRREGULAR CHANGE IN SPECIFICATIONS
- 7) Para – 20, Page 10 -AR-1997-98
EXCESS PAYMENT RS.102,369/- TO THE CONTRACTOR
- 8) Para – 21, Page 11 -AR-1997-98
EXCESS PAYMENT OF RS.368,348/- TO THE CONTRATOR
- 9) Para – 25, Page 15 -AR-1997-98
EXCESS PAYMENT OF RS.111,579/- TO THE CONTRATOR
- 10) Para – 26, Page 16 -AR-1997-98
EXCESS PAYMENT OF RS.1,117,591/-
- 11) Para – 28, Page 50-AR-1997-98
OVERPAYMENT OF RS.318,767
- 12) Para – 34, Page 52-AR-1997-98
OVERPAYMENT OF RS.73,305
- 13) Para – 35, Page 20-AR-1997-98
DOUBLE PAYMENT OF RS.272,160
- 14) Para – 36, Page 21-AR-1997-98
OVER PAYMENT OF RS.132,558
- 15) Para – 37, Page 22-AR-1997-98
EXCESS PAYMENT OF RS.6,001,602/-

- 16) Para – 39, Page 23-AR-1997-98
EXCESS PAYMENT OF RS.56,944
- 17) Para – 42, Page 26-AR-1997-98
PAYMENT OF Commission of RS.2,463,208
- 18) Para – 43, Page 57-AR-1997-98
EXCESS PAYMENT OF RS.188,009/- ON ACCOUNT OF EXCESSIVE QUANTITIES
- 19) Para – 44, Page 27-AR-1997-98
EXCESS PAYMENT OF RS.198,287 TO THE CONTRACTOR
- 20) Para – 45, Page 28-AR-1997-98
EXCESS PAYMENT OF RS.124,787
- 21) Para – 46 Page 58-AR-1997-98
EXCESS PAYMENT OF RS.310,494/-
- 22) Para – 51, Page 32-AR-1997-98
OVER PAYMENT OF RS.114,861
- 23) Para – 52, Page 33-AR-1997-98
OVER PAYMENT OF RS.50,122
- 24) Para – 53, Page 34-AR-1997-98
OVER PAYMENT OF RS.203,861
- 25) Para – 54, Page 35-AR-1997-98
OVER PAYMENT OF RS.296,846
- 26) Para – 55 Page 63-AR-1997-98
EXCESS PAYMENT OF RS.127,025/-
- 27) Para – 57 Page 37-AR-1997-98
OVER PAYMENT OF RS.190,678/-
- 28) Para – 58 Page 38-AR-1997-98
OVER PAYMENT OF RS.144,578/-
- 29) Para – 60 Page 40-AR-1997-98
OVER PAYMENT OF RS.157,393/-
- 30) Para – 61 Page 41-AR-1997-98
OVER PAYMENT OF RS.229,689/-
- 31) Para – 62 Page 66-67-AR-1997-98
OVERPAYMENT OF RS.50,311/-
- 32) Para – 63 Page 67-AR-1997-98
OVERPAYMENT OF RS.501,359/-
- 33) Para – 66 Page 69-AR-1997-98
OVERPAYMENT OF RS.76,790/-
- 34) Para – 68 Page 45-AR-1997-98
OVERPAYMENT OF RS.87,634/-
- 35) Para – 70 Page 46-AR-1997-98
EXCESS PAYMENT OF RS.1,115,775/-
- 36) Para – 71 Page 71-72-AR-1997-98
IRREGULAR PAYMENT OF RS.446,673/-
- 37) Para – 72 Page 47-AR-1997-98
OVERPAYMENT OF RS.119,600/-
- 38) Para – 74 Page 49-AR-1997-98
EXCESS PAYMENT OF RS.80,769/-

- 39) Para – 78 Page 51-AR-1997-98
EXCESS PAYMENT OF RS.322,047/-
- 40) Para – 83 Page 53-AR-1997-98
EXPENDITURE OF ADVERTISEMENT CHARGES OF RS.75,000/-
- 41) Para – 85 Page 54-AR-1997-98
LOSS OF RS.383,611/-
- 42) Para – 86 Page 79-AR-1997-98
LOSS OF RS.1,492,509/-
- 43) Para – 87 Page 55-AR-1997-98
LOSS OF RS.1,561,711/-
- 44) Para – 89 Page 56-AR-1997-98
LOSS OF RS.4,911,466/-
- 45) Para – 90 Page 81-AR-1997-98
WASTEFUL EXPENDITURE OF RS.1,458,267/-
- 46) Para – 91 Page 57-AR-1997-98
LOSS OF RS.6,742,008/-
- 47) Para – 92 Page 58-AR-1997-98
LOSS OF RS.3,375,000/-
- 48) Para – 93 Page 59-AR-1997-98
LOSS OF RS.130,000/-
- 49) Para – 94 Page 83-AR-1997-98
LOSS OF RS.2,813,062/-
- 50) Para – 95 Page 83-AR-1997-98
LOSS OF RS.13,832,898/-
- 51) Para – 96 Page 60-AR-1997-98
LOSS OF RS.284,924/-
- 52) Para – 97 Page 84-AR-1997-98
LOSS OF RS.421,286/-
- 53) Para – 98 Page 61-AR-1997-98
LOSS OF RS.519,996/-
- 54) Para – 100 Page 62-AR-1997-98
LOSS OF RS.265,268/-
- 55) Para – 101 Page 86-AR-1997-98
IRREGULAR PAYMENT OF RS.122,040/- DUE TO SPLITTING UP OF PURCHASES
- 56) Para – 102 Page 87-AR-1997-98
IRREGULAR PAYMENT OF RS.174,718 DUE TO SPLITTING UP OF SUPPLY ORDERS
- 57) Para – 103 Page 87-88-AR-1997-98
IRREGULAR EXPENDITURE RS.3.123 MILLION DUE TO SPLITTING OF WORK ORDERS
- 58) Para – 104 Page 88-AR-1997-98
IRREGULAR EXPENDITURE OF RS. 0.661 MILLION DUE TO SPLITTING SUPPLY ORDERS
- 59) Para – 108 Page 90-AR-1997-98
LOSS OF RS.0.541 MILLION DUE TO EXTENSION OF LICENCE AT LESSER RATES
- 60) Para – 109 Page 64-AR-1997-98
LOSS OF RS.394,640/-
- 61) Para – 115 Page 94-AR-1997-98
IRREGULAR PURCHASE OF VEHICLES WERE RS.1.569 MILLION

- 62) Para – 120 Page 69-AR-1997-98
IRREGULAR PAYMENT OF RS.76,780/-
- 63) Para – 122 Page 97-AR-1997-98
IRREGULAR PURCHASE OF COMPUTER FOR CONTROLLING MINISTRY
- 64) Para – 123 Page 97-AR-1997-98
LOSS OF RS.0.278 MILLION DUE TO INSTALLATION OF LUXURY ITEMS IN VEHICLES
- 65) Para – 125 Page 71-AR-1997-98
IRREGULAR PAYMENT OF RS.303,360/-
- 66) Para – 127 Page 72-AR-1997-98
LOSS OF RS.800,000/-
- 67) Para – 129 Page 73-AR-1997-98
LOSS OF RS.119,450/-
- 68) Para – 133 Page 77-AR-1997-98
IRREGULAR AWARD OF RS.646,325 (M)
- 69) Para – 136 Page 79-AR-1997-98
LOSS OF RS.301,731/-
- 70) Para – 137 -AR-1997-98
EXCESS PAYMENT OF RS.69527/-
- 71) Para – 140 Page 105 -AR-1997-98
LOSS OF RS.1.350 MILLION
- 72) Para – 141 Page 105 -AR-1997-98
LOSS OF RS.1.040 MILLION DUE TO NON ACCEPTANCE OF BID OF LEASER RATES
- 73) Para – 142 Page 106 -AR-1997-98
LOSS OF RS.0.942 MILLION DUE TO IRREGULAR AWARD OF WORK
- 74) Para – 143 Page 106 -AR-1997-98
IRREGULAR AWARD OF WORK AT HIGHER RATES CAUSING LOSS OF RS.0.871 MILLION
- 75) Para – 149 Page 82-AR-1997-98
LOSS OF RS.1,410,377/-
- 76) Para – 152 Page 84-AR-1997-98
LOSS OF RS.1,116,126/-
- 77) Para – 155 Page 88-AR-1997-98
LOSS OF RS.180,000/-
- 78) Para – 156 Page 112 -AR-1997-98
LOSS OF RS.3.395 MILLION
- 79) Para – 157 Page 89-AR-1997-98
LOSS OF RS.270,671/-
- 80) Para – 158 Page 90-AR-1997-98
LOSS OF RS.467,487/-
- 81) Para – 163 Page 94-AR-1997-98
LOSS OF RS.41,239/-
- 82) PARA – 168 PAGE 99-AR-1997-98
LOSS OF RS.294,518/-
- 83) PARA – 169 PAGE 100-AR-1997-98
LOSS OF RS.75,183/-

- 84) PARA – 171 PAGE 103-AR-1997-98
LOSS OF RS.125,046/-
- 85) PARA – 172 PAGE 104-AR-1997-98
LOSS OF RS.18,950,000/-
- 86) PARA – 174 PAGE 120-121 -AR-1997-98
LOSS OF RS.0.342 MILLION DUE TO LESSER HIGHER CHARGES OF MACHINERY
- 87) PARA – 175 PAGE 106-AR-1997-98
EXCESS PAYMENT OF RS.439,000/-
- 88) Para – 176 Page 107-AR-1997-98
EXCESS PAYMENT OF RS.1,354,965/-
- 89) Para – 177 Page 108-AR-1997-98
EXTRA ITEM OF RS.384,848/-
- 90) Para – 178 Page 109-AR-1997-98
LOSS OF RS.111,449/-
- 91) Para – 179 Page 110-AR-1997-98
UN-JUSTIFIED EXPENDITURE OF RS.496,788/-
- 92) Para – 180 Page 111-AR-1997-98
PAYMENT OF RS.10,942,033/-
- 93) Para – 181 Page 112-AR-1997-98
LOSS OF RS.5,548,383/-
- 94) Para – 182 Page 113-AR-1997-98
LOSS OF RS.736,562/-
- 95) Para – 184 Page 115-AR-1997-98
EXCESS PAYMENT OF RS.1,286,895/-
- 96) Para – 185 Page 116-AR-1997-98
EXCESS PAYMENT OF RS.1,671,563/-
- 97) Para – 186 Page 117-AR-1997-98
EXCESS PAYMENT OF RS.92,606/-
- 98) Para – 189 Page 120-AR-1997-98
LOSS OF RS.1,050,000/-
- 99) Para – 190 Page 121-AR-1997-98
IRREGULAR PAYMENT OF RS.1,932,056/-
- 100) Para – 200 Page 129-AR-1997-98
LOSS OF RS.419,020/-
- 101) Para – 202 Page 131-AR-1997-98
EXCESS PAYMENT OF RS.463,426/- TO THE CONTRACTOR
- 102) Para – 203 Page 132-AR-1997-98
EXCESS PAYMENT OF RS.579,983/-
- 103) Para – 204 Page 133-AR-1997-98
LOSS OF RS.147,000/-
- 104) Para – 208 Page 134-AR-1997-98
LOSS OF RS.26,755,529/-
- 105) Para – 212 Page 137-AR-1997-98
LOSS OF RS.796.475 (M)

- 106) Para – 215 Page 140-AR-1997-98
LOSS OF RS.128,184,000/-
- 107) Para – 216 Page 141-AR-1997-98
LOSS OF RS.2,825,231/-
- 108) Para – 219 Page 143-AR-1997-98
LOSS OF RS.645,025/-
- 109) Para – 220 Page 144-AR-1997-98
LOSS OF RS.2,440,800/-
- 110) Para – 222 Page 144 -AR-1997-98
UNAUTHORIZED EXPENDITURE OF RS.620,000
- 111) Para – 226 Page 146 -AR-1997-98
LOSS OF RS.3,975,404
- 112) Para – 232 Page 151-AR-1997-98
UN-LAWFUL APPOINTMENT
- 113) Para – 234 Page 153-AR-1997-98
LOSS OF RS.102,000/-
- 114) Para – 235 Page 154-AR-1997-98
EXCESS PAYMENT OF RS.132,631/-
- 115) Para – 238 Page 156-AR-1997-98
LOSS OF RS.18,391(M)
- 116) Para – 240 Page 153 -AR-1997-98
UNAUTHORIZED PAYMENT OF RS.51,284/-
- 117) Para – 241 Page 158-AR-1997-98
LOSS OF RS.900,000/-
- 118) Para – 242 Page 159-AR-1997-98
EXPENDITURE OF RS.1,347,775/-
- 119) Para – 243 Page 160-AR-1997-98
UN NECESSARY BLOCKAGE OF MONEY
- 120) Para – 245 Page 161-AR-1997-98
EXPENDITURE OF RS.1,246,752/-
- 121) Para – 247 Page 163-AR-1997-98
EXPENDITURE OF RS.10,130,000/-
- 122) Para – 250 Page 165-AR-1997-98
LOSS OF RS.43.955 Million
- 123) Para – 254 Page 167-AR-1997-98
RECOVERY OF RS.220,995/-
- 124) Para – 257 Page 170-AR-1997-98
LOSS OF RS.2,635,600/-
- 125) Para – 261 Page 173-AR-1997-98
LOSS OF RS.257,577/-
- 126) Para – 263 Page 174-AR-1997-98
LOSS OF RS.633,795/-
- 127) Para – 265 Page 176-AR-1997-98
NON-RECOVERY OF RS.50,919/-

- 128) Para – 270 Page 179-AR-1997-98
LOSS OF RS.680,556/-
- 129) Para – 274 Page 184-AR-1997-98
NON RECOVERY OF RS.486,911/-
- 130) Para – 275 Page 185-AR-1997-98
LOSS OF RS.698,961/-
- 131) Para – 276 Page 186-AR-1997-98
LOSS OF RS.49,081,943/-
- 132) Para – 277 Page 187-AR-1997-98
RECOVERY OF RS.550,200/-
- 133) Para – 278 Page 188-AR-1997-98
RECOVERY OF RS.191,824/-
- 134) Para – 279 Page 189-AR-1997-98
LOSS OF RS.445,500/-
- 135) Para – 280 Page 171 -AR-1997-98
NON-ACCOUNTAL/DISPOSAL OF SERVICEABLE MATERIAL WORTH RS.2,235,722/-
- 136) Para – 282 Page 190-AR-1997-98
EXCESS PAYMENT OF RS.98,958/-
- 137) Para – 283 Page 191-AR-1997-98
RECOVERY OF RS.1,638,400/-
- 138) Para – 291 Page 176 -AR-1997-98
NON-RECOVERY OF CONSERVANCY CHARGES RS.212,680/-
- 139) Para – 299 Page 179 -AR-1997-98
NON-RECOVERY OF IDLE HOURS OF ASPHALT PLANT WORTH RS.6,596,927/-
- 140) Para – 300 Page 180 -AR-1997-98
NON RECOVERY OF TELEPHONE CHARGES RS.1,147,000/-
- 141) Para – 301 Page 205-AR-1997-98
NON PRODUCTION OF RECORD
- 142) Para – 305 Page 207-AR-1997-98
LOSS OF RS.8,111,607/-
- 143) Para – 307 Page 208-AR-1997-98
NON UTILIZATION OF THE MATERIAL WORTH RS.26,802,398/-

Audit recommended the above mentioned 143 paras for settlement.

PAC DIRECTIVE

The Committee settled the above mentioned 143 paras on the recommendations of the Audit.

SPECIAL AUDIT REPORT ON FAIZABAD INTERCHANGE **FOR THE YEAR (1997-98)**

Prepared by DG Audit Works (Federal), Islamabad

50. (Para – 1, SAR-97-98)
DELAY IN HANDING OVER POSSESSION OF THE SIDE TO THE CONTRACTOR
51. (Para – 2, SAR-97-98)
LIBERAL USE OF POWERS BY CONSULTANTS RESTRICTING CDA'S ROLE AND ITS RESPONSIBILITY

52. (Para – 3, SAR-97-98)
FREQUENT TRANSFER OF THE PROJECT FROM ONE DIVISION TO ANOTHER
53. (Para – 4, SAR-97-98)
FREQUENT AND UNNECESSARY USE OF DISCRETIONARY POWERS BY RELAXING PROVISION OF RULES
54. (Para – 5, SAR-97-98)
CONSULTANTS FAILED TO POINT OUT ENCOURAGEMENT DURING SURVEY OF PROJECT AREA
55. (Para – 6, SAR-97-98)
DEFECTIVE PROVISION OF CLASS REGARDING LUMP SUM PAYMENT OF FEE ON MONTHLY BASIS WITHOUT DETERMINING OF ITS BREAKUP.
56. (Para – 7, SAR-97-98)
DEFECTIVE DESIGNING
57. (Para – 8, SAR-97-98)
ELECTRICAL WORK NOT DESIGN AT THE TIME OF DESIGNING OF BRIDGES
58. (Para – 9, SAR-97-98)
UNDER ESTIMATION OF PROJECT COST

Audit recommended the above mentioned nine paras for settlement.

PAC DIRECTIVE

The Committee settled the above mentioned 9 paras on the recommendations of the Audit.

SPECIAL AUDIT REPORT ON SECURITY MEASURES AT PM HOUSE **FOR THE YEAR (1997-98)**

Prepared by DG Audit Works (Federal), Islamabad

59. (Para – 5, SAR-97-98)
IRREGULAR AWARD OF WORK VALUING RS.25.861 MILLION

Audit pointed out that the works were awarded to the selected, favorite firms by the authority without inviting competitive tenders through advertisement in the press in contravention of relevant rules. The rate paid to the contractor cannot be treated as responsible because BOQs, specification of the works and requirement of the site were prepared and ascertained by the firms themselves.

Audit recommended the para for settlement.

PAC DIRECTIVE

The Committee settled the para with the observations that all orders should be present in writing. Verbal orders should be avoided and record of orders should be maintained with the Ministry.

60. (Para – 1, SAR-97-98)
NON PROVISION OF THE SECURITY MEASURES IN ORIGINAL APPROVAL PLAN
61. (Para – 2, SAR-97-98)
IRREGULAR AWARD OF WORK VALUING RS.28.624 MILLION
62. (Para – 3, SAR-97-98)
AWARD OF ADDITIONAL WORK WITHOUT CEILING OF TENDER WORTH RS.18.769 MILLION
63. (Para – 4, SAR-97-98)
IRREGULAR AWARD AND EXECUTION OF E& M WORK

64. (Para – 6, SAR-97-98)
LOSS OF RS. 18.900 MILLION DUE TO MISMANAGEMENT
65. (Para – 7 SAR-97-98)
LOSS OF RS. 0.786 MILLION DUE TO MISMANAGEMENT
66. (Para – 8, SAR-97-98)
LOSS OF RS. 0.131 MILLION
67. (Para – 9, SAR-97-98)
LOSS OF RS. 1.871 MILLION
68. (Para – 10, SAR-97-98)
LOSS OF RS. 0.374 MILLION DUE TO NON COMPLIANCE OF CONTRACTUAL OBLIGATIONS
69. (Para – 11, SAR-97-98)
LOSS OF RS. 0.638 MILLION
70. (Para – 12, SAR-97-98)
LOSS OF RS. 4.685 MILLION
71. (Para – 13, SAR-97-98)
EXCESS PAYMENT OF RS. 0.976 MILLION
72. (Para – 15, SAR-97-98)
EXCESS PAYMENT OF RS. 0.064 MILLION
73. (Para – 16, SAR-97-98)
EXCESS PAYMENT OF RS. 0.107 MILLION DUE TO EXCESSIVE MEASUREMENT
74. (Para – 17- SAR-97-98)
EXCESS PAYMENT OF RS. 2.461 MILLION
75. (Para – 18, SAR-97-98)
WASTEFUL EXPENDITURE OF RS. 5.408 MILLION
76. (Para – 19, SAR-97-98)
WASTEFUL EXPENDITURE OF RS.5 .451 MILLION
77. (Para – 20, SAR-97-98)
NON RECOVERY OF COST OF CEMENT RS. 0.039 MILLION
78. (Para – 22, SAR-97-98)
NON RECOVERY OF SECURE ADVANCE RS. 3.141 MILLION
79. (Para – 23, SAR-97-98)
NON CONFIRMING USE OF GREEN LANDSCAPE AREA DETRIMENTAL TO ENVIRONMENT
80. (Para – 24, SAR-97-98)
IRREGULAR CHARGE OF EXPENDITURE OF RS. 1.401 MILLION TO THE SCHEME
81. (Para – 25, SAR-97-98)
IRREGULAR ISSUE OR CEMENT RS. 0.507 MILLION BY TRANSFERRING FROM OTHER WORK
82. (Para – 26, SAR-97-98)
UN-DUE BENEFIT OF RS. 0.494 MILLION DUE TO SCORING OUT CLAUSE OF WATER CHARGES
83. (Para – 28, SAR-97-98)
NON ACCOUNTAL OF DISMANTLED STEEL GATE COSTING TO RS. 0.225 MILLION
84. (Para – 29, SAR-97-98)
AVOIDABLE EXPENDITURE OF RS. 0.230 MILLION
85. (Para – 30, SAR-97-98)
NON IMPOSITION OF PANELTY OF RS. 0.805 MILLION

Audit recommended the above mentioned twenty six paras for settlement.

PAC DIRECTIVE

The Committee after detailed discussion settled above mentioned 26 paras on the recommendation of the Audit.

UN-HIGHLIGHTED PARAS (DAC LEVEL)

1. Para No. 7 Page, 39, Misappropriation of Rs. 1.400 million
2. Para No. 8 Page, 40, Non-accountal of fine amounting to Rs. 159,967
3. Para No. 22 Page, 47, Overpayment of Rs. 2. 819 million
4. Para No. 23 Page, 47&48, Overpayment of Rs. 339, 533
5. Para No. 29 Page, 50, Overpayment of Rs. 739, 579
6. Para No. 31 Page, 51, Overpayment of Rs. 348, 094
7. Para No. 33 Page, 52, Overpayment of Rs. 605, 571
8. Para No. 40 Page, 55&56, Overpayment of Rs. 437, 947
9. Para No. 41 Page, 55&56 Overpayment of Rs. 396, 637
10. Para No. 73 Page, 72&73, Excess payment of Rs. 798, 197
11. Para No. 112 Page 92, Irregular expenditure of Rs. 0.770 million due to purchase of vehicles from contingencies
12. Para No. 119 Page 95&96 Expenditure of Rs. 20.328 million in excess of deposit by sponsoring agency
13. Para No. 151 Page-110 Loss of Rs. 3. 839 million
14. Para No. 153 Page 111 Loss of Rs. 1. 020 million due to non-acceptance of lowest bid and award of work at higher rates even after negotiations
15. Para No.159 Page,113&114, Loss of Rs 0.230 Million
16. Para No.161 Page-114 & 115, Excess payment of Rs. 150, 849 due to re-measurement
17. Para No.164 Page,116, Loss of Rs. 197,993 due to non imposition of liquidated damages and non recovery of cost of material
18. Para No.166 Page,117, Non-recovery of liquidated damage Rs. 117, 864
19. Para No.167 Page-117, Non-recovery of liquidated damages of Rs. 2. 341 Million
20. Para No.183 Page, 125, Overpayment of Rs. 142,480
21. Para No.188 Page, 127 Irregular payment of Rs. 142. 902 million due to non preparation of analysis of rates
22. Para No.191 Page, 129 Excess payment of Rs. 1.175 million due to excessive measurements
23. Para No.192 Page, 129 Excess payment of Rs. 1.012 million due to excessive measurements
24. Para No.194 Page, 130 Excess payment of Rs. 0.629 million due to allowing extra rate on account of change in soil
25. Para No. 211 Page, 138 Loss of Rs. 1,196,795 million due to illegal allotment of plots
26. Para No. 214 Page, 140 Loss of Rs. 3, 845, 972
27. Para No. 217 Page, 141 Loss to the tune of crores of rupees due to irregular allotment of sites
28. Para No.228 Page, 147 & 148 Un-authorized Payment of Rs. 1,291,439
29. Para No.229 Page, 148 Irregular/unjustified purchase of vehicles worth Rs. 4,163,000
30. Para No.230 Page, 148 Doubtful payment for land acquisition Rs. 68, 372, 438

31. Para No.231 Page, 149 Irregular payment of Rs. 110, 729, 669
32. Para No.233 Page, 150 Irregular allotment of a plot
33. Para No.249 Page 158 Non-recovery of government dues Rs. 3, 084, 444
34. Para No.251 Page, 159 Non-recovery of income tax worth Rs. 92,133
35. Para No.255 Page, 161 Non-recovery of Rs. 89, 275
36. Para No.256 Page, 161 Non-recovery of Rs. 250, 900 on account of advance license fee
37. Para No.264 Page, 164 Non- recovery of ground amounting to Rs. 800, 965
38. Para No.266 Page, 165 Non-recovery of Rs. 322, 015
39. Para No.269 Page 166, Non-recovery of fine of Rs. 3, 291, 000 on account of conforming use of residential building
40. Para No.271 Page, 167 Non-recovery of room rent and air conditioner charges worth Rs. 1,752,797
41. Para No.272 Page, 167 Non-adjustment of advances amounting to Rs. 32, 056, 156
42. Para No. 284 Page, 173 Non-recovery of dues worth Rs. 600,173
43. Para No.288 Page, 175 Non-recovery of additional cost of plots Rs. 5, 166, 600
44. Para No.289 Page, 175 Non-recovery of Rs. 160, 059
45. Para No.292 Page, 176 Non-recovery of risk and cost amounting to Rs. 1,740,483
46. Para No.293 Page, 177 Non-recovery of demurrage charges amounting to Rs. 115,401
47. Para No.294 Page, 177 Non-recovery of demurrage charges - Rs. 283,589
48. Para No.295 Page, 177 & 178, Non-recovery of risk and cost amounting to Rs. 680,540
49. Para No. 296 Page, 178 Non-recovery of water charges worth Rs. 7, 294,360
50. Para No.297 Page, 178 & 179,Non-recovery hire charges of machinery worth Rs. 312,272
51. Para No.298 Page, 179 Non-recovery of hire charges of machinery worth Rs. 82,662,426
52. Para No.304 Page 182, Unjustified payment of Rs. 4, 901, 131
53. Para No.312 Page, 185 & 186, Frequent changes in the Master Plan of Islamabad without any justification/ approval of the government

The above mentioned 53 Paras were settled at DAC level and were brought into the knowledge of the PAC.

CENTRAL BOARD OF REVENUE

1997-98

3. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Central Board of Revenue were examined by the Sub-Committee PAC-III on 30th November, 2010, 7th March, 2011 and subsequently on 31st March, 2011.

- 3.1 5 grants, 7 paras and 6 reports were presented by the AGPR and Audit.
- 3.2 As CBR could not complete its inquiry reports and could not recover the recoverable amount, as directed by the PAC-III within the time period, therefore, the Committee referred the matter to the Monitoring and Implementation Committee.
- 3.3 However, some recoveries were affected during the series of meetings of PAC-III.
- 3.4 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and recommended that due care should be taken in future in dealing with financial matters and financial system should be improved to avoid saving and excess.

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 year 1997-98 of Central Board of Revenue, are as summarized below:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. **Grant No 45 – Central Board of Revenue**

(Total Grant - Rs.230,955,000) (Saving - Rs.15,471,845)

The AGPR pointed out that the grant closed with a saving of Rs.15,471,845/- which worked out to 6.69% of the total grant. A supplementary grant of Rs.7,000,000 was sanctioned but not included in the supplementary schedule of authorized expenditure. After taking it into account, the saving shall be increase to Rs.22,471,845 (9.44%). An amount of Rs.17,240,984 (7.24%) was surrendered leaving net saving of Rs.5,230,860 (2.2%).

The PAO stated that saving occurred due to vacant posts, minor amount relating to six units of the grant, due to strict economy measures on reward payment and entertainment charges and due to change in Foreign Exchange rate of Belgium franc and imposition of ban on visits of Government Delegations abroad.

AGPR recommended the grant for settlement.

PAC DIRECTIVE

The Committee settled the grant on recommendations of the AGPR.

2. **Grant No 46 – Sea Customs**

(Total Grant - Rs.298,061,000) (Saving - Rs.38,848,560)

The AGPR pointed out that the grant closed with a saving of Rs.38,848,560/- which worked out to 13.3% of the total grant. An amount of Rs.334,000 (0.11%) was surrendered leaving net saving to Rs.38,514,560 (12.92%).

The PAO stated that saving occurred due to vacant posts, bills for electricity, telephone were not received from concerned Department. In some cases, rent of office building remained unsanctioned upto the end of financial year and number of reward cases were under process which could not be finalized, at different legal and administrative forums.

PAC DIRECTIVE

The Committee settled the grant on recommendation of the AGPR.

3. **Grant No 47 – Land Customs and Central Excise**
(Total Grant - Rs.659,166,000) (Saving - Rs.91,551,294)

The AGPR pointed out that the grant closed with a saving of Rs.91,551,294/- which worked out to 13.88% of the total grant. An amount of Rs.44,154,000 (6.69%) was surrendered leaving net saving of Rs.47,397,294 (7.19%).

The PAO stated that saving occurred due to vacant posts as a result of ban on recruitment and restructuring in CBR; grant of ad-hoc relief to staff in BS-1 to 16; due to non submission of claims on purchase of durable goods; telephone, electricity bills were not received; a number of reward cases could not be finalized at different legal and administrative forums; and due to ban on holding seminars and conferences.

PAC DIRECTIVE

The Committee accepted the clarification given by the PAO and settled the grant with the directions that system should be improved and deficiencies should be overcome.

4. **Grant No 48 – Sales Tax**
(Total Grant - Rs.354,077,000) (Saving - Rs.143,770,819)

The AGPR pointed out that the grant closed with a saving of Rs.143,770,819/- which worked out to 40.60% of the total grant. An amount of Rs.139,300,000 (39.34%) was surrendered leaving net saving of Rs.4,470,819 (1.62%).

The PAO stated that saving occurred due to vacant posts. Collector, Sales Tax, Faisalabad, did not spend the allocated amount for purchase of durable goods. A number of bills were not passed by the AGPR and a number of cases were held up in the Finance Division for ways and means clearance and reward cases of officers and staff of Sales tax, Faisalabad, could not be finalized due to administrative reason.

PAC DIRECTIVE

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

5. **Grant No 49 – Taxes on Income and Corporation Tax**
(Total Grant - Rs.1,081,871,000) (Saving - Rs.145,801,921)

The AGPR pointed out that the grant closed with a saving of Rs.145,801,921/- which worked out to 13.48% of the total grant. An amount of Rs.142,837,767 (13.48%) was surrendered leaving net saving of Rs.2,964,154 (0.27%).

The PAO stated that saving occurred due to the expenditure incurred on the posting and transfer of the officer and staff. Further, less expenditure was incurred on the pay of officers declared as OSDs and due to ban on purchase of durable goods.

PAC DIRECTIVE

The Committee settled the grant with the instruction to be careful in future.

AUDIT REPORT FOR THE YEAR 1997-98
(DIRECT TAXES)

PAC DIRECTIVE (07-03-2011)

The Committee deferred the above report with the observation that PAO to hold inquiry, record may be produced in any case 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 report to the Monitoring and Implementation Committee as inquiry report and findings were not submitted to the Committee in time given by the PAC-III.

AUDIT REPORT ON THE ACCOUNT OF FEDERAL BOARD OF REVENUE
INDIRECT TAXES
FOR THE YEAR (1997-98)
Prepared DG Federal Audit

PAC DIRECTIVE (07-03-2011)

The Committee deferred the above report with the observation that PAO may hold inquiry, record may be produced in any case 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 report to the Monitoring and Implementation Committee because FBR could not take action in time except the paras given below which were settled on 30th November, 2010 because CBR could not take action in time.

6. **Page 155-AR-97-98)**

SUBJECT STUDY CENTRAL EXCISE DUTY ON TRAVEL BY TRAIN

Audit pointed out that Central Excise Duty was levied on facilities for inland travel by train, in air-conditioned sleeper class, air-conditioned parlour (sitter) and first class sleeper from 29th June, 1989. Its statutory rate was 50 per cent of the charges. The effective rate was, however, 10 per cent of the charges which was enhanced to twelve and a half per cent w.e.f. 12th June, 1997. In the first instance the duty was chargeable on actual charges received by Pakistan Railways for the journey but these provisions were amended w.e.f. 13th June, 1996 to provide for the levy of the duty on normal charges regardless of the issue of tickets at a concessionary rate or free of charges.

The duty was payable by the end of the following second month. The failure was liable to pay a penalty upto 10 per cent of the un-paid or short-paid duty with effect from 14th June, 1995. Relevant law and rules were modified and the due date of payment of duty was amended as 25th of the second month and besides a discretionary penalty for late payment, a mandatory additional duty of two per cent per month was prescribed.

Transactions of Central Excise Duty on travel by train being millions every year spreading throughout Pakistan, their audit was not feasible as well as not cost effective. Therefore, the subject was selected for a study.

The PAO replied that liability has been settled and improvements in the system are being made and DAC recommended this para for settlement.

PAC DIRECTIVE

The Committee settled the paras 11.5, 11.7, 11.8, 11.10, 11.11 and directed the PAO to pursue the matter, for early decision of the case, in respect of para 11.6 and 11.9 and submit report to Audit and PAC within one month.

7. **Para – 10.06 to 13.06, Page 146-153-AR-97-98)**

SUBJECT STUDY ON CENTRAL DUTY ON TRAVEL BY AIR

Audit pointed out that the Government levied Central Excise Duty on tickets for journeys by air originating and terminating within Pakistan with effect from 29.06.1989. The rate of central excise duty was fixed as 50 percent of the charges but this was ab-initio made subject to an effective concessionary rate of duty of ten percent which was later enhanced from 10 percent to 20 percent of the charges w.e.f.09.06.1994. A special procedure for collection of central excise duty was introduced according to which duty is chargeable by the concerned airline along with its own fare. The duty for a month was previously payable by the end of the following second month. Subsequently from 01.07.1995 the due date of payment was fixed at 25th of the following second month (it is now 15th of the following second month from 12.06.1998).

The PAO replied that the suggestions and recommendations of Audit are being followed properly.

PAC DIRECTIVE

The Committee settled the para subject to verification by the Audit within one month.

8.

Para – 9.4, 9.5, 9.6 & 9.7-AR-97-98)

SUBJECT STUDY REPORT ON PERFORMANCE EVALUATION OF RECOVERY CELL OF CUSTOM HOUSE, LAHORE

Audit pointed out that power to recover customs dues as arrears of land revenue was shifted from district officers to officers of customs w.e.f. 2nd July, 1992 and recovery cells were established in each Custom House. The Recovery Cell started functioning in January, 1993, a subject study was conducted to evaluate the performance of recovery cells, the study was restricted to the Recovery Cell of Custom House, Lahore only.

During January, 1993 to February, 1998, total 843 cases involving customs dues of Rs 1,317.607 million were referred to recovery cell. The Cell could recover only a sum of Rs 61.687 million in 69 cases while 63 cases involving Rs 146.469 million were vacated on fulfillment of the requirement etc or withdrawn as a result of adjudication etc. The statistics had shows an upward trend of accumulation of arrears and the Recovery Cell, despite having legal force and the requisite logistics, was not efficient to recover the heavy outstanding amounts despite lapse of a period, in some cases, even more than 60 months. Sixty three (63) cases involving customs dues of Rs 146.469 million were closed, reporting that the recovery had been made. This was incorrect and only mis-declaration.

(Para 9.4)

A scrutiny of Recovery Cell file No.RC/334/96 revealed that the Assistant Collector Customs, Bank Guarantee Section, Customs Port, Moghalpura, Lahore issued a detention notice against M/s Mediglass Ltd. Lahore on account of arrears of Rs 2.175 on 18th June, 1996. Pursuant to that, the Recovery Officer issued/endorsed the said detention notice to all concerned on 20th June, 1996. No evidence of recovery of government dues was found available on record. Notwithstanding this, the case file of the Recovery Cell was closed with the remarks that the case was not pursued further. On the other hand, the Assistant Collector Customs, Bank Guarantee Section Customs Port, Mughalpura's letter dated 28th July, 1996 revealed that the balance amount of Rs 1.9334 million (proof of recovery of Rs 0.242 million was also not shown to Audit) was recoverable. This un-authorized action of functionaries of customs led to suppression of arrears of government revenue of Rs 1.934 million.

(Para 9.5)

Two Recovery Cell files (Nos.36,37/RC/93 and 460/RC/96) involving customs dues of Rs 16.358 million were closed with the remarks "paid and closed" and "the cheques have been received already and deposited in the National Bank of Pakistan" but nothing was on files to substantiate that the proceeds of cheques, etc was duly credited to the government account. In

the absence of any evidence to this effect, the recovery of the government dues through the stated cheques, etc was considered doubtful and was not entertained in audit.

(Para 9.6)

The master register was not maintained properly in-as-much as its entries were not authenticated by the Recovery Officer nor were its entries complete. This way also not reviewed periodically to use it as a control for pursuance of recoveries. Moreover, the recovery action in almost all cases was found insufficient and restrictive to issuance of a notice or two, which also remained un-pursued. No action was ever taken to attach movable or immovable assets of the defaulters as provided in the procedure to make good the long outstanding government dues.

(Para 9.7)

Conclusions and Recommendations

Audit concluded that the performance of the Recovery Cell, vis-à-vis its objective, has been very poor. Recovery, which was 26 per cent of the amount outstanding in 1993-94, was not even one per cent in each of the years from 1994-95 to 1997-98.

Audit suggested that corrective measures and vigorous efforts should be made to save the potential revenue.

Audit further recommended that performance of recovery cell should be closely monitored at CBR level. Other Collectorates should be appraised by CBR in like manner.

The PAO replied that the suggestions and recommendations of the Audit are being implemented in letter and spirit.

PAC DIRECTIVE

The Committee directed the PAO to provide record and settled the para subject to verification by the Audit. para will be referred to the Monitoring and Implementation Committee of PAC, if not verified by Audit.

SPECIAL AUDIT REPORT INDIRECT TAXES FOR THE YEAR (1997)

Prepared by DG Federal Audit

PAC DIRECTIVE (31-03-2011)

The Committee referred the other paras of the above report to the Monitoring and Implementation Committee except the para given below which was settled in the previous meeting.

9.

Para – 1.5 Page 07-SAR-97)

NON-ASSESSMENT OF GOVERNMENT DUES OF RS. 3,875,811 DUE TO GRANT OF INADMISSIBLE EXEMPTION FROM CUSTOM DUTY

Audit pointed out that the import of Polyester Staple Fiber, for manufacture of goods, was exempted from custom duty which was withdrawn through notification dated 09.06.1996. Certain Custom Authorities allowed the clearance of the goods without charging leviable custom duty, even after withdrawal of the exemption, resulting into loss of revenue of Rs. 3,875,811.

The PAO stated that fact finding inquiry report was being provided to the Audit.

PAC DIRECTIVE(30-11-2010)

The Committee directed the PAO to submit the detail of actions taken on the findings and recommendations given in the said inquiry report, to the Audit within fifteen days.

The PAO stated that disciplinary proceedings against the official concerned were initiated. The inquiry committee exonerated the concerned official. The legal advisor was also approached to re-open the case.

PAC DIRECTIVE (07-03-2011)

After detailed discussion of the Members, the Audit and PAO, para was settled.

SPECIAL AUDIT REPORT ON THE ACCOUNTS OF FEDERAL BOARD OF REVENUE INDIRECT TAXES FOR THE YEAR (1998)

PAC DIRECTIVE (31-03-2011)

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

SPECIAL AUDIT REPORT (1997) DIRECT TAXES

Prepared by DG Federal Audit

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

SPECIAL AUDIT REPORT (1998) DIRECT TAXES

Prepared by DG Federal Audit

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

MINISTRY OF COMMERCE
1997-98

4. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Commerce were examined by the PAC Special Committee-III on 14th October, 2010, 9th February, 2011 and subsequently on 20th April, 2011.

- 4.1 3grants and 31 paras were presented by the AGPR and Audit.
- 4.2 The Committee settled all the grants and 23 paras as proper corrective measures were taken by the Ministry.
- 4.3 The paras, in which the required actions were not completed in the prescribed time even after three rounds of meetings, were referred to Monitoring and Implementation Committee of PAC for further follow up.
- 4.4 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and recommended that; purchase of equipment and vehicles should not be done without calling open tenders; proper rules should be followed; purchase orders and contracts should be done in a complete competitive environment; pending recoveries should be effected and records, which needs to be verified, should be verified by the Audit.

MINISTRY OF COMMERCE
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting 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 1997-98 of Ministry of Commerce, are summarized below:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. **Grant No 14 – Commerce Division**

(Total Grant - Rs.806,712,000) (Excess - Rs.42,334,486)

The AGPR pointed out that the grant closed with an excess of Rs.42,334,486/- which worked out to 5.24% of the total grant. An amount of Rs.600,000 (0.07%) was surrendered increasing net excess of Rs.42,934,486 (5.32%). A Supplementary grant of Rs.1,322,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO replied that excess occurred mainly due to filing of vacant posts, less budget provision by Finance Division, sanction of education allowance and less budget provided by Finance Division.

PAC DIRECTIVE (14-10-2010)

The Committee settled the grant and directed the PAO that there should be zero excess and saving in future.

2. **Grant No 15 – Export Promotion**

(Total Grant - Rs.1,000,997,000) (Saving - Rs.174,372,041)

The AGPR pointed out that the grant closed with a saving of Rs.174,372,041/- which worked out to 17.41% of the total grant. An amount of Rs.38,320,000 (3.82%) was surrendered net saving of Rs.136,052,041 (13.59%).

The PAO explained that saving occurred due to vacant posts of officers and staff.

PAC DIRECTIVE

The Committee settled the grant.

3. **Grant No 16 – Other Expenditure of Commerce Division**

(Total Grant - Rs.15,027,000) (Saving - Rs.1,996,545)

The AGPR pointed out that the grant closed with a saving of Rs.1,996,545/- which worked out to 13.28% of the total grant. An amount of Rs.1,505,000 (10.01%) was surrendered net saving of Rs.491,545 (3.27%).

The PAO stated that saving was only 13.28% which is a minor saving and therefore requested for settlement of the grant.

PAC DIRECTIVE (14-10-2010)

The Committee settled the grant.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (VOL-X, S & N)
FOR THE YEAR 1997-98

Prepared by DG (CA&E), Karachi

COTTON EXPORT CORPORATION OF PAKISTAN

4. i) **Para-2.1 AR-1997-98 (TDAP, EMDF).**

LOSS OF RS.666, 282 DUE TO ESTABLISHMENT OF A TEXTILE SHOP.

Audit pointed out that Pakistan Design Institute (PDI), Karachi established a textile shop in 1982 which sustained a loss of Rs.666, 282 upto June 1997. Rs. 46,108 was also outstanding as recoverable as per balance sheet produced to Audit. Despite written and verbal requests, the record of the shop was not produced to Audit, which was irregular. Audit was unable to ascertain if the shop had ever achieved its objectives and whether any study for continuing such shop was conducted during seventeen years of its existence.

PAC DIRECTIVE (14-10-2010)

The Committee referred the issue to the EMDF Board to scrutinize and decide in accordance with the rules on the subject, para was deferred.

ii) **Para-2.4 (Page-20 AR)**

UN-AUTHORIZED IRREGULAR EXPENDITURE OF RS.24.537 MILLION WITHOUT APPROVED SERVICE AND FINANCE RULES.

Audit pointed out that Pakistan Packaging Institute (PPI), Karachi spent Rs.24,536,907 since its inception on June 6, 1984 to June 30, 1997 without formulating its service and financial rules and getting their approval from competent authority., thus the expenditure was held as irregular.

PAC DIRECTIVE (14-10-2010)

The Committee referred the issue to the EMDF Board to scrutinize and decided in accordance with the rules on the subject para was deferred.

iii) **Para-3.15 (Page-33) AR-1997-98**

PURCHASE FOR RS.5.825 MILLION WITHOUT CALLING TENDERS.

Audit pointed that Pakistan Design Institute (PDI), Karachi spent Rs. 5,825,497/-, during July 1991 to February 1997, on purchase of furniture, machinery, equipment and miscellaneous items without inviting open tenders, which was irregular.

PAC DIRECTIVE (14-10-2010)

The Committee referred the issue to the EMDF Board to scrutinize and decide in accordance with the rules on the subject, para was deferred.

iv) **Para-3.16 (Page-33) AR-1997-98**

IRREGULAR EXPENDITURE OF RS.1.78 MILLION ON CIVIL WORKS.

Audit pointed that Export Promotion Bureau (EPB), Lahore irregularly spent Rs. 1.78 million, during 1993-94 to March 1999, on the renovation of office building and other civil works out of EMDF, without fulfilling codal requirements.

PAC DIRECTIVE (14-10-2010)

The Committee referred back the issue to the EMDF Board to scrutinize and decide in accordance with the rules on the subject and expenditure may get regularized by the Finance Division, para was deferred.

v) **Para-4.2 (Page-37) AR-1997-98.**

UNAUTHORIZED AND IRREGULAR EXPENDITURE OF RS. 3.455 MILLION ON PURCHASES AND REPAIRS.

Audit pointed that Export Promotion Bureau (EPB), Karachi, spent Rs. 2.596 million out of Export Market Development Fund (EMDF), to purchase furniture, carpet and vehicles for certain missions and to repair a house of Commercial Counselor at Nairobi, during September 1995 to June 1996. Also Rs. 859,000/- were spent on purchase of photocopier, fax machine, typewriters, Gestetner machines etc. for EPB office at Mirpur, Azad Kashmir on 27 December 1994. EPB was not authorized to utilize the EMDF for these purposes and such expenditure was required to be met out of the regular budget provided by Finance Division to the mission offices. Also EPB should have purchased equipment for its office at Mirpur from its regular budget.

PAC DIRECTIVE (14-10-2010)

The Committee referred the issue to the EMDF Board to scrutinize and decide in accordance with the rules on the subject and expenditure may be regularized by the Finance Division, para was deferred.

vi) **Para-4.3 (Page-38) AR-1997-98.**

IRREGULAR DRAWL OF RS. 6.923 MILLION FROM CONTRIBUTORY PROVIDENT FUND ACCOUNT OF THE EMPLOYEES.

Audit pointed out that Pakistan Design Institute (PDI), Karachi drew Rs 3,904,500/- upto June 30th, 1997 from employees Contributory Provident Fund (CPF) account to meet the official expenditures. The utilization of this irregular drawal was not made known to Audit. CPF consisted of the contributions of the employees therefore expenditure from this fund was irregular and against financial discipline. According to bank reconciliation statement Rs. 3,018,758/- accrued as interest on the amount up to 30th June 1997.

PAC DIRECTIVE (14-10-2010)

The Committee deferred the para and directed that the record should be provided to the Audit before next meeting.

The PAO stated that the relevant record was available at TDAP for verification by the Audit. The Audit office, Karachi has been requested to verify these records.

PAC DIRECTIVE (09-02-2011)

The Committee settled the para subject to verification of record by the Audit. The Committee also directed to reimburse the claims of the affected employees.

vii) **Para-4.5 (Page-39) AR-1997-98.**

IRREGULAR EXPENDITURE OF RS.2.434 MILLION ON PAY AND ALLOWANCES FROM EXPORT MARKET DEVELOPMENT FUND.

Audit pointed out that Export Promotion Bureau (EPB), Islamabad had a staff of twenty, whose pay and allowances were irregularly paid out of Export Market Development Fund. Rs.2.434 million were so paid up to June 1998.

PAC DIRECTIVE (14-10-2010)

The Committee referred back the issue to EMDF Board, to scrutinize and decide in accordance with the rules on the subject and para was deferred.

viii) **Para-4.8 (Page-41) AR-1997-98**

IRREGULAR EXPENDITURE OF RS.4, 465,718/- OUT OF EXPORT MARKET DEVELOPMENT FUND (EMDF)

Audit pointed out that Export Promotion Bureau (EPB), Abbottabad spent Rs4,848,200/- out of Export Market Development Fund (EMDF), during February 1993 to June 1998. Out of this Rs.4,444,500/- were spent on pay and allowances, rent and other allied office expenditure, which was not a proper charge on the EMDF. The expenditure so incurred was 92% of the total expenditure out of EMDF during February 1993 to June 1998.

PAC DIRECTIVE (14-10-2010)

The Committee refer back the issue to EMDF Board to scrutinize and decide in accordance with the rules on the subject and deferred the para.

ix) **Para-2.11 (Page-24) AR-1997-98.**

Suspected loss/blockade of Rs.68.199 million.

Audit pointed out that Export Promotion Bureau provided Rs.68.199 million from Export Development Fund to Synthetic Fibre Development and Application Center (SFDAC) for establishment of Eco-Testing laboratory at Karachi during January 1996 to June 1997.

PAC DIRECTIVE (14-10-2010)

The Committee referred the issue to EMDF Board to scrutinize and decide in accordance with the rules on the subject para was deferred.

PAC DIRECTIVE (09-02-2011)

The Committee clubbed the above nine paras, on the recommendation of Audit. The Committee also showed displeasure on not initiating proper action after the 1st meeting directions, held on 14th October, 2010. The above paras were deferred again.

The PAO informed that cases were sent to the Honorable Minister for regularization and were under process.

PAC DIRECTIVE (20-04-2011)

After detailed discussion, the Committee settled the above nine paras and directed that record should be verified by the Audit.

5. i) **Para-2.5 (Page-21) AR-1997-98.**

LOSS OF RS.17.668 MILLION TO GOVERNMENT PROPERTY DUE TO FIRE.

Audit pointed out that Export Promotion Bureau (EPB), Karachi, experienced an incident of fire during September 1991 in which miscellaneous items for Rs.17.688 million were reported as destroyed. It was observed that costly items like furniture, gold silver medals worth Rs.6.886 million were also shown as destroyed. The documents produced did not mention any reason for breaking of fire. The auditable record from 1st July 1990 to 18th September 1991 was also not produced on the pretext.

PAC DIRECTIVE (14-10-2010)

The Committee directed the PAO to obtain ex-post-facto approval and para was settled subject to verification by the Audit.

The PAO stated that case has been forwarded to MoC, for ex-post-facto approval, which is still awaited.

Audit informed that Finance Division, but the same was returned with some queries. Necessary action has been taken in this regard and the matter was referred back to Finance Division for its approval as directed by the PAC.

PAC DIRECTIVE (09-02-2011)

The Committee settled the para with the directions to expedite the case with Finance Division and get ex-post-facto approval.

ii)

Para-4.6 (Page-40) AR-1997-98.

INFRACTUOUS EXPENDITURE OF RS.224,636/- INCURRED ON TOUR OF JOINT SECRETARY (ADMIN).

Audit pointed out that Ministry of Commerce spent Rs. 224,636/- from Export Market Development Fund on TA and DA of Joint Secretary (Admin) for his tour to Washington, New York, Paris, Bonn, Brussels and London etc for internal Audit of trade offices from 27th October 1994 to 28 November, 1994. No outcome of the tour was intimated to Audit, further no internal audit report was produced in violation of Para-13 of GFR Vol-I. In addition to this, the expenditure was charged to EMDF, violating the rules on the subject.

PAC DIRECTIVE (14-10-2010)

The Committee endorsed the decision of the DAC and recommended the para for settlement subject to approval of Finance Division, within one month.

The PAO informed the Committee that case has been forwarded to MoC for ex-post-facto approval.

Audit stated that the case for ex-post-facto approval was sent to Finance Division on 24th January 2011, but the same was returned with some queries. Necessary action has already been taken in this regard and the matter was referred back to Finance Division of its approval as directed by the PAC in its 1st meeting.

PAC DIRECTIVE (09-02-2011)

The Committee granted one month's time to get ex-post-facto approval from Finance Division.

The PAO informed that in the light of PAC directive, matter was referred to Finance Division for regularization and ex-post-facto approval and the case is still in process.

iii) **Para-4.7 (Page-40) AR-1997-98.**

IRREGULAR AND UNAUTHORIZED PURCHASE AND USE OF GOVERNMENT VEHICLES FOR RS.1,816,200/-.

Audit pointed out that the Ministry of Commerce, during 1996, purchased five cars for Rs.1,816,200/- but neither the expenditure was sanctioned by the Finance Division nor NOC from the Cabinet Division was obtained in violation of rules.

PAC DIRECTIVE (14-10-2010)

The Committee endorsed the decision of the DAC and recommended the para for settlement, subject to approval of Finance Division within one month.

The PAO informed the Committee that case has been forwarded to MoC for ex-post-facto approval.

Audit stated that the case for ex-post-facto approval was sent to Finance Division on 24th January 2011, but the same was returned with some queries. Necessary action has already been taken in this regard and the matter was referred back to Finance Division of its approval as directed by the PAC in its 1st meeting.

PAC DIRECTIVE (09-02-2011)

The Committee granted one month's time to get ex-post-facto approval from Finance Division.

The PAO informed that in the light of PAC directive, matter was referred to Finance Division for regularization and ex-post-facto approval and the case is still in process.

iv) **Para-4.12 (Page-42) AR-1997-98.**

IMPROPER EXPENDITURE OF RS.63,534 MILLION OUT OF EXPORT MARKET DEVELOPMENT FUND.

Audit pointed out that the Export Promotion Bureau (EPB), Lahore spent Rs.91.416 million out of Export Market Development Fund (EMDF) during 1992-98. These funds were provided to increase exports from Pakistan. While analyzing the expenditure it was observed that Rs.52,959,702/- were spent on pay and allowances, utility bills and rent etc. further Rs.10,574,251/- were also spent on payments having no relation to the purposes on which EMDF could be spent. Therefore in total Rs.63.534 million out of Rs.91.416 million (69.43%) were spent on purposes having no relation with the measures, to boost Pakistani exports.

PAC DIRECTIVE (14-10-2010)

The Committee directed the PAO to conduct an inquiry, fix responsibility and refer the issue to EMDF Board for approval, para was deferred.

The PAO informed that the case has been forwarded to MoC for ex-post-facto approval. He nominated the Director General, TDAP Lahore, to conduct inquiry. However the inquiry report was submitted before the DAC, it was highlighted that practice to incur expenditure from the EMDF for administrative purpose was in place for last 30 years, but in the light of the audit observations this practice gradually declined and now the same has been stopped.

PAC DIRECTIVE (09-02-2011)

The Committee granted one month's time to get ex-post-facto approval from Finance Division.

The PAO informed that in the light of the PAC's previous direction, the matters of ex-post-facto approval were deferred to the Finance Division and cases were still in pending.

PAC DIRECTIVE (20-04-2011)

The Committee clubbed the above four paras and granted ten days to get the cases regularized from the Finance Division and settled the para subject to approval from Finance. The Committee referred the Para to Monitoring and Implementation Committee for further follow up because the concerned Ministry could not complete the task or action which was directed during the series of PAC-III meetings.

6. **Para-3.1 (Page-26) AR-1997-98.**
UN-ECONOMICAL EXPENDITURE OF RS.9.909 MILLION ON PURCHASE OF MISCELLANEOUS ITEMS.

Audit pointed out that Pakistan School of Fashion Design Lahore, spent Rs. 9.909 million during the years 1994-98 on account of purchase of miscellaneous items without calling open tenders in contravention of rules.

PAC DIRECTIVE (14-10-2010)

The Committee referred the issue to EMDF Board to scrutinize and decide in accordance with the rules on the subject and expenditure may be got regularized by the Finance Division, para was deferred.

The PAO stated that the para was included in the agenda of the EDF Board meeting for regularization of the expenditure of Rs.9.909 million.

PAC DIRECTIVE (09-02-2011)

The Committee granted one months time to get approval. The para was deferred.

The PAO informed that case of regularization is in process.

PAC DIRECTIVE (20-04-2011)

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

7. **Para-4.10 (Page-42) AR-1997-98.**
UNAUTHORIZED AND IN FRUCTUOUS EXPENDITURE OF RS.148, 464 ON ACCOUNT OF TA/DA.

Audit pointed that the Pakistan School of Fashion Design, Lahore, paid Rs. 148,464/- for hotel and air ticket to the husband of visiting female faculty member, unauthorizedly. The expenditure was held as infructuous and unauthorized.

PAC DIRECTIVE (14-10-2010)

The Committee directed the PAO to conduct an Inquiry, fix responsibility and recovery may be made from the person concerned, para was deferred.

The PAO informed that TDAP, Lahore and PSFD (now PIFD) both have been requested to furnish the documents to the Ministry to ascertain approval of expenditure. As it was a very

old case, both the offices are making efforts to locate the documents. PAO also informed that the lady was a foreigner and it will be difficult to trace her. He requested to settle the para.

PAC DIRECTIVE (09-02-2011)

After detailed discussion of the Members, the Audit and PAO, para was settled.

8. **Para-4.17 (Page-45) AR-1997-98.**
IRREGULAR UNAUTHORIZED EXPENDITURE OF RS.9.449 MILLION ON PURCHASE OF VEHICLES.

Audit pointed out that Export Promotion Bureau (EPB) spent Rs.9.449 million from EMDF for purchase of 21 vehicles. EMDF, as per its rules can not be utilized for purchase of vehicles. No open tenders were called for in violation of rules. Further neither NOC from the Cabinet Division nor from the Department of Supplies was obtained. The vehicles purchased were also not taken on stock, the record pertaining to their movement etc. was not shown to Audit.

PAC DIRECTIVE (14-10-2010)

The Committee deferred the para for next meeting.

The PAO stated that record was produced to Audit for verification. All codal formalities i.e. approval of the EMDF board, quotations, approval from the FA Organization (EPB), preparation of stock, movement register had been fulfilled; however NOC as required from the Cabinet Division for the procurement of vehicles were not obtained.

PAC DIRECTIVE (09-02-2011)

The Committee granted one month for obtaining NOC from Cabinet Division.

PAC DIRECTIVE (20-04-2011)

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

9. **Para-4.21 (Page-47) AR-1997-98.**
IRREGULAR AND UNAUTHORIZED EXPENDITURE OF RS.7.484 MILLION ON EPB GUEST HOUSE.

Audit pointed out that export Promotion Bureau (EPB) hired a furnished private house as EPB guest house during 1993-94, and paid Rs.42, 000/- per month, as rent out of Export Market Development Fund (EMDF). In addition, expenditure was incurred on payment of utility bills, purchase of furniture/fixture, electronic equipment and re-designing of kitchen of the guest house during 1993-94 to March 1997. Thus irregular expenditure to the tune of Rs.7.484 million was incurred from EMDF.

PAC DIRECTIVE (14-10-2010)

The Committee directed the PAO to inquire the matter personally and report to PAC within one month. The para will be discussed in main PAC.

The PAO stated that the case has been forwarded to MoC on January, 2011, for ex-post-facto approval.

PAC DIRECTIVE (09-02-2011)

The Committee settled the para.

10. **Para-5.1 (Page-48) AR-1997-98.**

FAILURE IN RECOVERY OF RS. 3.084 MILLION.

Audit pointed out that the Pakistan Design Institute failed to recover Rs. 3,083,761/- due for different interior decoration works executed by it during 1983 to 1998. As the amount continues to be outstanding, till January 1999, it may end up as a loss.

PAC DIRECTIVE (14-10-2010)

The Committee directed the PAO to inquire the matter and report to PAC within one month. Para was deferred.

The PAO stated that the PDI was an Autonomous Organization, and the authorities had failed to recover the outstanding dues of Rs.3.08 million, for different interior decoration works, executed by it during 1983-1998.

Audit pointed out that the TDAP management should approach the parties mentioned in the list, for recovery.

PAC DIRECTIVE (09-02-2011)

The Committee deferred the para for one month.

Audit requested the Committee to direct the PAO to update the efforts made for recovery of the outstanding amount.

PAC DIRECTIVE (20-04-2011)

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

11. **Para-5.3 (Page-48) AR-1997-98.**

Non-deduction of Rs.696.6479/- as income tax.

Audit pointed out the Pakistan Knitwear Training Institute (PKTI), Karachi made purchases during 1995-97 for Rs.19,905,143/-. They were required to deduct income tax @ 3.5% from the bills of supplier and contractors but the same was not done. This resulted into a loss of Rs.696,679 to the Government.

PAC DIRECTIVE (14-10-2010)

The Committee directed the PAO to inquire the matter and report to PAC within one month. Para was deferred.

The PAO stated that Pakistan Knitwear Training Institute, Karachi, made purchase during 1995-97, for Rs.4,905,143/-. They paid Rs.483,333/-, in the Government Treasury as income tax. The Federal Audit has miscalculated the Income Tax deduction, and the correct calculated challans have being provided to the Audit.

Audit recommended the para for settlement.

PAC DIRECTIVE (09-02-2011)

The Committee settled the para, after detailed discussion on the recommendations of the Audit.

12. **Para-32 1997-98 (CEC).**

LOSS OF RS.64.611 MILLION DUE TO SALE OF IMPORTED COTTON BELOW THE IMPORTED PRICE.

Audit pointed out that the Cotton Export Corporation imported 598,200 mounds of raw cotton from Turkmenistan in two consignments in 1994-95, as per Government directives. The idea was to provide relief to the local buyers, as there was serious raw cotton crisis in the market.

The PAO stated that there was crises in the country during the year 1994-95, because of consecutive crop failure for 3 years and soaring process due to shortage of cotton. To help the local textile industry, Government decided that one million bales of cotton be imported from CIS countries. In pursuance of the decision of the Government dated 08-11-1994 a delegation comprising Chairman CEC, joint Secretary Ministry of Commerce and Chairman APTMA visited Turkmenistan and concluded contract for purchase of 31,000 Metric tons of cotton on 02-12-1994.

PAC DIRECTIVE (14-10-2010)

The Committee deferred the para and directed the Secretary Commerce to probe into the matter and report within one month to PAC-III. Para was deferred.

PAC DIRECTIVE (09-02-2011)

On the presentation of above para, the Committee showed displeasure that report on these paras could not be submitted to PAC after the lapse of three months. The Committee stated that it shows that the directive of PAC is not being taken seriously. The Committee directed

the PAO to probe the matter and submit report report to Sub-Committee PAC-III, before 20th March, 2011, non-compliance will be considered as contempt of Public Accounts Committee. The inquiry officer briefed the updated position and recommended that import of cotton bales, and its sale in the local market, was done on the directive of the Government to stabilize local price and the export of left over bales of imported cotton was also done on the directives of the Government, to save expected loss. He further informed that it did not cause any loss to the Government and Rs.6.953 million was trading profit instead of loss.

PAC DIRECTIVE (20-04-2011)

After detailed discussion of the Members, the Audit and PAO, para was settled.

13.

Para-33 1997-98 (CEC).

INFRACTUOUS EXPENDITURE OF RS.24.07 MILLION ON APPOINTMENT OF COMMISSION AGENT.

Audit pointed out that the Cotton Export Corporation appointment M/s Keywin Trading Ltd as a commission agent in 1994-95, for setting up of CEC office in Ashqabad and Tashkent and to arrange delivery of 31,000 M. tons Cotton purchased from Turkmenistan. M/s Keywin were the CEC's associates in Hong Kong fro 18 years. CEC signed an agreement with them in December, 1994, and agreed to pay commission @ 2.25% of the FOB value of cotton. 75% of commission was payable on signing of agreement while balance was payable according to the quantity loaded in trucks. Accordingly an amount of Rs.24.07 million was paid to them as commission during 1994-95, and 1995-96. It was observed by Audit that as per opinion of the legal adviser, the agreement executed was detrimental to the interest of CEC. The Commission agent was appointed on pick and choose basis and no competitive rates were obtained before entering in to an agreement with them which resulted in infructuous and avoidable expenditure of Rs.24.07 million.

The PAO stated that the Ministry intimated need for appointment of commission agent on the grounds that there existed difficulties and complicated system in CIS countries. Example of Pakistani textile mills was quoted which were stated to be unable to get cotton even after making advance payment. The difficulties involved were however not elaborated. Secondly the contract for purchase of cotton was made with Turkmenistan by a high level Pakistani delegation comprising, Chairman CEC Chairman, APTMA and others.

PAC DIRECTIVE (14-10-2010)

The Committee deferred the para and Secretary Commerce was directed to look into the mater and report to PAC. Para was deferred.

PAC DIRECTIVE (09-02-2011)

On the presentation of above para, the Committee showed displeasure that report on these paras could not be submitted to PAC after the lapse of three months. The Committee stated that it shows that the directives of PAC are not being taken seriously. The Committee directed the PAO to probe the matter and submit report to Sub-Committee PAC-III, before 20th March, 2011, non-compliance will be considered as contempt of Public Accounts Committee.

The inquiry officer briefed the Committee that the firm had tremendous local experience and business with CEC since 1975, and inquiry did not find any cause for action against the concerned officers. The PAO informed that it was a procedural misappropriation and mismanagement.

PAC DIRECTIVE (20-04-2011)

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

14.

Para-35 1997-98 (CEC).

IRREGULAR ADVANCE PAYMENT OF RS.1.730 MILLION, LOSS OF RS.560,000/-.

Audit pointed out that the CEC placed a purchase order dated December 6, 1993, on M/s Kampala Motors, Karachi being the lowest bidder in tendering for supply of 3 vehicles. 100% advance payment of Rs.1.730 million was also made with the purchase order. The supplier delivered only 2 vehicles valuing Rs.1.170 million. When pressed by the management for supply of the third vehicle the supplier sent the CEC a crossed cheque dated February, 8 1994, for the balance amount of Rs.0.560 million. The cheque was however dishonored by the Bank. The amount could not be recovered so far.

The PAO informed that the matter for recovery was pending before the Judicial Magistrate, Karachi. The show room was closed and the owner of M/s. Kampala Motors was not available at the residential address mentioned in the record. Court has issued several notices which could not be served. Having no result, the Court declared the accused absconder and closed the file..

PAC DIRECTIVE (14-10-2010)

The Committee directed that responsibility should be fixed. PAO was directed to fix the responsibility and identify the person. Para was deferred.

PAC DIRECTIVE (09-02-2011)

On the presentation of above three paras, the Committee showed displeasure that report on these paras could not be submitted to PAC even after the lapse of three months. The Committee stated that it shows that the directives of PAC are not being taken seriously. The Committee directed the PAO to probe the matter and submit report to Sub-Committee PAC-III, before 20th March, 2011, non-compliance will be considered as contempt of Public Accounts Committee.

The inquiry officer briefed that details of inquiry report and informed that practice of advance payment for purchase of car is still in vogue, hence there had been no irregularity as far as advance payment is concerned and negligence had been proved at the stage of the then senior Transport Officer, he further informed that ,the case was filed in Court after three years, resulting in declaring the car dealer as absconder.

PAC DIRECTIVE (20-04-2011)

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

15. **Para-34 1997-98 (CEC).**

EXPECTED LOSS OF RS.2.781 MILLION DUE TO NON-REALIZATION OF CLAIM.

Audit pointed out that the Cotton Export Corporation (CEC) lodged a claim of Rs.2.781million with the National Insurance Corporation (NIC) in June, 1992, on account of loss sustained by CEC due to burning of 700 bales. The Claim could not be realized by CEC to dated as the final police investigation report could not be provided to the NIC.

The PAO informed that the matter is in the Court.

PAC DIRECTIVE (14-10-2010)

After detailed discussions, the Committee directed that case should be perused vigorously. Para was deferred.

The PAO intimated that police may issue Final Investigation Report, depending on the Court decision.

PAC DIRECTIVE (09-02-2011)

The Committee directed that the Ministry of Law and Justice should be approached for issuance of necessary directives to the Attorney General to pursue the case for early hearing and submit report to the PAC-III Secretariat.

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. The Court Cases were referred to the Monitoring and Implementation Committee.

16. **Para-37 1997-98 (CEC).**

INFRACTUOUS EXPENDITURE OF US\$ 286,000 INCURRED ON LEGAL PROCEEDINGS AGAINST M/S. RALLI BROTHERS.

Audit pointed out that the Cotton Export Corporation entered into a contract for export of 147,806 bales with M/s. Ralli Brothers, London and received advance payment of US\$ 33.969 million in June 1990. The advance payment was received based on weight of 374.52 lbs per bale while actual invoice / shipment weight was 366.16 lbs per bale. Thus CEC got extra payment of US\$ 737,346.

PAC DIRECTIVE (14-10-2010)

The Committee deferred the para and PAO was directed to look into the matter and report.

The PAO informed that the matter for recovery is pending with the Judicial Magistrate, Karachi.

PAC DIRECTIVE (09-02-2011)

The Committee clubbed the above para and took serious note of delay. The Committee directed the PAO to inquire the matter to fix the responsibility without any delay. Para were deferred to next meeting of PAC-III.

The inquiry officer informed that inquiry is still in process.

PAC DIRECTIVE (20-04-2011)

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

17. **(Para – 36, Page 36-ARPSE-97-98)**

NON UTILIZATION OF ASIAN DEVELOPMENT BANK LOAN WASTEFUL EXPENDITURE OF USD 0.648 MILLION

Audit pointed out that CEC utilized US\$ 0.648 million in 1993-94 on survey and consultancy work relating to establishment of Institute of Ginning against the ADB loan of US\$ 8.248 million granted for the purpose. In August 1994, the Ministry of Commerce abandoned the

project being "neither feasible nor financially viable". It was also decided that CEC would formulate a financially viable and profitable project keeping in view the local conditions and training needs of the present ginning structure in Pakistan. Later on no such project was formulated, the expenditure of US \$ 0.648 million thus proved to be wasteful.

The PAO stated that required documents have been provided to the Audit and already verified.

PAC DIRECTIVE

The Committee settled the para.

18. **Para-3.2 (Page-26) AR-1997-98.**
UN-ECONOMICAL AND UN-AUTHORIZED PURCHASE OF TRACTORS ALONGWITH TROLLEYS AND TWO SUZUKI JEEPS FOR RS.3.599 MILLION.

Audit pointed out the combined Effluent Treatment Plant and pollution Control for Korangi spent Rs.3.599 million on purchase of tractors along with trolleys and two Suzuki Jeeps without calling open tenders through press in violation of rules. No provision of such vehicles existed even in the feasibility report of the project.

The irregularity was brought to the notice of local office on 20-9-98 but no action was reported to Audit till April, 1999.

The PAO replied that the project was funded by EDF, Sindh Government, Local Government and the Danish Embassy in Pakistan. The project was successfully completed and inaugurated by the President of Pakistan on 19th May, 2007 and its now in full operation.

PAC DIRECTIVE

The Committee settled the Para.

19. **Para-3.3 (Page-26) AR-1997-98.**
IRREGULAR/UN-AUTHORIZED PAYMENT OF RS.13.653 MILLION ON ACCOUNT OF HIRING OF OFFICE BUILDING AND LOSS OF RS.8.972 MILLION THEREON.

Audit pointed out that the Export Promotion Bureau (EPB), Islamabad, paid Rs.13.653 million as rent of its office, hired in Blue Area Islamabad, out of Export Market Development Fund (EMDF), during 1986 to 1998 which was irregular because EMDF rules do not provide for such expenditure. Further rate at which, rent was paid was higher than the rates fixed by the Works Division for hiring office buildings resulting in a net loss of Rs.8.972/- million.

The PAO replied that the regulation Wing, Finance Division has accorded approval for expenditure of rent.

PAC DIRECTIVE

The Committee settled the para.

20. **Para-3.4 (Page-27) AR-1997-98.**
IRREGULAR EXPENDITURE OF RS.270,893 ON ACCOUNT OF MISCELLANEOUS PURCHASES.

Audit pointed out that the Kasur Tanneries Pollution Control Project spent Rs.270,893/- during October 1996 to August 1997, to purchase air conditioner, deep-freezer, fax machine, motorcycle and computer. There was no provision for purchase of the above items in approved PC-I of the project.

Further no open tenders were called for this project authorities in June 1998 and was intimated to the Ministry in September 1998 but no reply was received till April 1999.

The PAO explained that there was no irregular expenditure incurred.

PAC DIRECTIVE

The Committee settled the Para.

21. **Para-3.5 (Page-27) AR-1997-98.**
UN-AUTHORIZED EXPENDITURE OF RS.839,959 ON ACCOUNT OF INSURANCE OF EXHIBITION MATERIAL.

Audit pointed out that the Export Promotion Bureau (EPB) Karachi, violating orders of its own Ministry, insured the exhibition material of private entities spending Rs 839,959/-, out of Export Marketing Development Fund (EMDF), during November 1992 to June 1998. In addition to this while making expenditure on insurance of these privately owned exhibits from public exchequer, the provisions of National Insurance Corporation (NIC) Act were also not kept in view and insurance was made from companies like M/s Adamjee Insurance and M/s Reliance Insurance, instead of M/s, NIC.

PAC DIRECTIVE.

After detailed discussion, the Committee settled the Para.

22. **Para-3.6 (Page-28) AR-1997-98.**
IRREGULAR EXPENDITURE OF RS.40.762 MILLION ON PURCHASE OF VARIOUS ITEMS AND REPAIR OF VEHICLES.

Audit pointed out that the Export Promotion Bureau (EPB), Karachi, spent Rs.40,762 million, during July 1994 to June 1998, out of Export Market Development Fund (EMDF), to purchase durable goods, miscellaneous items, repair of vehicles and furniture-fixture without calling open tenders which was a violation of rules. The expenditure was therefore held as irregular.

The PAO replied that as advised by Audit EMDF Board in its 5th meeting of 2006, held on 6th October, 2006 has regularized the expenditure.

PAC DIRECTIVE

The Committee endorsed the decision of the Audit that the expenditure may be got regularized from the Finance Division and settled the Para.

23. **Para-3.7 (Page-29) AR-1997-98.**

IRREGULAR EXPENDITURE OF RS.2.425 MILLION PAID AS RENT OF HALL HIRED FOR DISPLAY CENTER LOSS OF RS.1,242,500 THEREON.

Audit pointed out that Director General Export Promotion (EPB), Peshawar irregularly sanctioned Rs.2.425 million as rent of a hall hired to establish the Export Display Centre at Peshawar for the period, December 1, 1990 to December 31, 1998. The hall was hired at a rate of Rs. 25000/- per month and had a covered area of 2500 sft, that rate was higher than the rates allowed under the rules. This resulted in a loss of Rs1, 242,500/- to the Government. EMDF rules do not provide for such expenditure.

The PAO replied that EMDF Board, in its 5th meeting of the year held on 6th October, 2006 ,has regularized the expenditure.

PAC DIRECTIVE

The Committee settled the para.

MINISTRY OF COMMUNICATION
1997-98

5. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Communication were examined by the Sub-Committee PAC-III during four series of meetings were held on 25th and 26th November, 2010, 9th March, 2011 and subsequently on 5th April, 2010. 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.

- 5.1 3grants and 55 paras were reported by the AGPR and Audit.
- 5.2 The Committee settled 3 grants and 29 paras After detailed discussion of the Members, the Audit and PAO.
- 5.3 The Committee concluded its recommendations after considering Audit's point of view and justification given by the Principal Accounting Officer (PAO), after three rounds of meetings on different dates. The Committee showed displeasure on the removal of trees during completion of a recovery of a project, some recovery was made during the series of meetings, regularizations were recommended from Finance Division, the PAO was directed to personally look into the matter and remaining recoveries and inquiry reports were referred to the Monitoring and Implementation Committee, as Ministry could not complete its actions, even after the three rounds of PAC-III meetings.

MINISTRY OF COMMUNICATION
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of Sub-Committee PAC-III held on 25th and 26th November, 2010, 9th March, 2011 and 5th April, 2011, regarding Appropriation Accounts and Audit Reports for the year 1997-98 of Ministry of Communication, are summarized below:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. **Grant No 17 - Communications Division**
(Total Grant - Rs.39,239,000) (Saving - Rs.5,314,961)

The AGRR pointed out that the grant closed with a saving of Rs.5,314,961/- which worked out to 13.54% of the total grant. An amount of Rs.5,108,220 (13.01%) was surrendered leaving net saving of Rs.206,741.

The PAO explained that saving was minor under different heads, therefore it may be settled.

PAC DIRECTIVE

The Committee settled the grant.

2. **Grant No 20 – Other Expenditure of Communications Division**
(Total Grant - Rs.1,168,938,000) (Excess - Rs.35,880,637)

The AGRR pointed out that the grant closed with a saving of Rs.35,880,637/- which worked out to 3.06% of the total grant. An amount of Rs.41,016,045 (3.50%) was surrendered increasing net excess to Rs.76,896,682 (6.57%).

The PAO informed that excess pertained to Pakistan Motorway Police, and Ministry of Information Technology. Excess occurred due to expenditures of Pakistan Motorway Police, which was not utilized.

PAC DIRECTIVE (25-11-2011)

The Committee deferred the above-mentioned grant and directed the PAO to hold Joint DAC along with Ministry of Information Technology, Ministry of Communication, Ministry of Ports & Shipping and submit report to PAC within one month

PAC DIRECTIVE (09-03-2011)

The Committee settled the grant with the observations that there should be zero saving and zero excess in future.

3. **Grant No 130 – Development Expenditure of Communications Division**

(Total Grant - Rs.475,918,000) (Saving - Rs.463,662,970)

The AGRR pointed out that the grant closed with a saving of Rs.463,662,970/- which worked out to 94.42% of the total grant. An amount of Rs.44,663,000 (9.38%) was surrendered leaving net saving of Rs.418,999,970 (88.04%).

The PAO explained that the saving pertained to foreign aid allocation and the same had not been released upto 30th June, 1998.

PAC DIRECTIVE (25-11-2010)

The Committee deferred the above-mentioned two grants and directed the PAO to hold Joint DAC alongwith Ministry of Information Technology, Ministry of Communication, Ministry of Ports & Shipping and submit report to PAC within one month.

PAC DIRECTIVE (09-03-2011)

The Committee settled the grant.

MINISTRY OF COMMUNICATIONS FOR THE YEAR (1997-98)

Prepared by DG (Federal Audit) Islamabad

4. i) **(Para – 1.1, Page 11-AR -97-98)**

MISAPPROPRIATION OF Rs 2,287,051/- OUT OF CONSULTANCY FUNDS.

Audit pointed out that the officers of the National Transport Research Centre (NRTC) Islamabad had been undertaking consultancy services for different Government departments and agencies. The consultancy assignments were completed but large amounts were received as advances left unspent were misappropriated by officers of the NRTC instead of surrendering the Government money. To prevent a thorough scrutiny of this account, complete records of receipts , advances and expenditure was not provided to audit. Only the cash book of overheads, revealed that an amount of Rs. 2,287,051/- was un-authorizedly retained.

Audit stated that all the records of such receipts may be provided to audit. The unspent balances should have been deposited in the Government Treasury.

The PAO replied that he has already initiated enquiry to investigate the issue and fix the responsibility. He request for one month time to conclude the issue.

The PAO informed that consultancy record was not available. He requested for time limit to submit report.

PAC DIRECTIVE (25-11-2010)

The Committee clubbed the above mentioned two paras and directed the PAO to complete enquiry, fix responsibility, take action and submit report to PAC within one month.

ii) **(Para – 4.1, Page 13-AR -97-98)**

LESS DEPOSIT OF CONSULTANCY CHARGES Rs19.468 MILLION IN GOVERNMENT ACCOUNT.

National Transport Research Centre (NTRC) received consultancy charges of Rs. 20 million for 48 consultancies during 1981-97 from different organizations, out of which only Rs. 0.532 million were deposited in Government Account as one third of the total amount received which itself is not true as one third of the total amount comes to Rs. 6.66 million. Actually the whole amount of Rs. 20 million should have been deposited in to Government Treasury. The balance amount of Rs. 19.468 million was not deposited in the Govt. account on the plea that the consultancy charges received were fees of individuals earned in their private capacity under rules (SR-12).

The PAO replied that the matter pertaining to consultancy work was challenged in the Lahore High Court Rawalpindi Bench. Subsequently it remained under investigation by the NAB. The NAB have acquitted the accused of the charge.

The PAO read the order of the Lahore High Court, Rawalpindi Bench which was as under:

"I do find that whether the matter is covered by F.R.46 (a) or F.R.48 (e), as also the said S.R.11, it can be assumed that the petitioners had been receiving the said fee with consent or permission of the competent authority as expressed in the decisions taken in the said Inter-Ministerial committee meetings. The Auditor General has ruled that amounts were received in good faith. There is no allegation that the consultancy work was not performed in accordance with the agreements entered into between the NTRC and the various Governments, Semi-Governments Public and private bodies."

PAC DIRECTIVE (25-11-2010)

The Committee clubbed the above mentioned two paras and directed the PAO to hold enquiry, fix responsibility, take action and submit report to PAC within one month.

PAC DIRECTIVE (09-03-2011)

The Committee settled the above two paras subject to verification by the Audit.

The PAO informed that amount pertained to consultancy study for the period of 16 years. 20 millions were total amount specific for complete study whereas (07 Million) were individual payment. He informed the Committee that amount was wrongly calculated by the Audit.

PAC DIRECTIVE (05-04-2011)

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

5. **(Para – 2.1, Page 11-AR-1997-98)**

NON-ADJUSTMENT OF GRANT-IN-AID RS.113,000,000/- TO NATIONAL HIGHWAY AUTHORITY.

Audit pointed out that the Ministry of Communications released Rs.113,000,000/- in June, 1995, to the National Highway Authority for maintenance of national highways. Neither the Ministry obtained its adjustment nor audit report was shown to audit inspite of the fact that the irregularity had been pointed out in 10/95. It reflected that the Ministry did not had any monitoring and evaluation system to ensure proper and timely adjustments. The Department promised to reply by March, 1997, but no reply was provided till March, 1999. The latest reminder was issued on 17th November, 1998.

The PAO stated that record was available and will be verified by the Audit.

PAC DIRECTIVE (25-11-2010)

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

PAC DIRECTIVE (09-03-2011)

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

PAC DIRECTIVE (05-04-2011)

After detailed discussion the Committee settled the para.

6. **Para 4.2 (Page-14) AR-1997-98**

IRREGULAR PAYMENT OF RS 734,700/- ON ACCOUNT OF DESIGN ALLOWANCE.

Audit pointed out that the officers of NTRC were paid Rs. 734,700/- as design allowance which was not admissible to them. Under the Finance Division's UO No.1(90) R.3/85 dated 03-02-1986 Design Allowance were only admissible to those Graduate Engineers who were working in technical sections of the planning division and were engaged on full time basis on Design work. Finance Division, vide letter No.F.23(I)R5/92-341 dated 14-04-1993 had intimated the NTRC management that since no design office was established in the NTRC, therefore, payment of the said allowance was not admissible to their officers. The Finance Division ,vide UO No. 23(1)-5/92 date 15-08-1993, instructed the NTRC management that after the transfer of its administrative control from planning division to the Ministry of Communications in September, 1992, the case should have been referred to the Finance

Division through controlling ministry for verification of facts regarding establishment of Design Office in the NTRC, but the management did not take any action.

The PAO replied that the Design allowance was sanctioned by the Finance Division (Regulation Wing) to the Graduate Engineers working in all technical sections of the Planning and Development Division, including NTRC. The payment was made by AGPR after verification and fulfillment of the audit requirements. The PAO further stated that discontinuation of Design Allowance at this stage will be discriminatory for NTRC Engineers. Fresh reference will be presented to Finance Division for clarification.

PAC DIRECTIVE (25-11-2010)

The Committee directed the PAO to consult the Finance Division for clarification and submit report within seven days.

Audit pointed out that the matter has been taken up by the Ministry with the Finance Division for clarification of recovery.

PAC DIRECTIVE (09-03-2011)

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

Audit recommended the para for settlement.

PAC DIRECTIVE (05-04-2011)

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

7. **(Para – 5, Page 34-97-98)**

LOSS OF RS. 1.719 MILLION

Audit pointed out that two cheques, for Rs. 20.00 million were drawn in favor of Land Acquisition Collector, Sargodha. The amount was irregularly deposited in Mehran Bank by the Director, Land Management instead of handing over the cheques to concerned office for deposit into Government treasury. The profit accrued was also not credited to the account of the Authority as was done in the case of account No. 14320 in the same bank. Un-authorized deposit made in the Mehran Bank and non-account of profit subsequently resulted in a loss of Rs. 1,718,974.

The PAO explained that the original Committee did not finalize the inquiry. Therefore, another Committee was constituted, which finalized the report and forwarded to MOC, vide letter dated 05.04.2010, which fixed responsibility and contained recommendations regarding

a fool-proof system to avoid and minimize the risk of loss in future and placement of Land Acquisition Funds at treasury and sub treasury in future.

PAC DIRECTIVE

The Committee settled the Para with the direction to be careful in future and to follow the rules in letter and spirit. Further directed that the government money should be kept in Treasury/scheduled banks.

8. **(Para – 24, Page 43-97-98)**

LOSS OF RS. 97.400 MILLION

Audit pointed out that Vehicles costing Rs. 97,400,000 purchased from development funds of a project were not accounted for as required under the rules. Non-accountal of vehicles resulted in loss of Rs. 97,400,000.

The PAO explained that vehicles purchased under those contracts were BOQ items. The contractors purchased those vehicles, claimed their cost through MBs of the relevant contracts and handed them over to NHA. These vehicles were allocated to the Engineers and NHA personnel for execution of the project after proper handing and taking over requirements. Some vehicles were purchased through Variation Orders as per demand of the project from time to time, which had been covered in the revised PC-1 of the project. All those vehicles were properly accounted for. After completion of the project, NHA took over these vehicles from the Project Engineers, which were properly accounted for and brought at the Head Office pool. According to the certificates of the Project Directors, there had been no shortage of vehicles in respect of any IHP contract. In view of the above position, the PAO requested for settlement of the para.

PAC DIRECTIVE (25-11-2010)

The Committee deferred the Para for reconciliation with the Audit within fifteen days at the request of PAO.

The PAO requested for further time limit to provide status of the remaining vehicles.

PAC DIRECTIVE (09-03-2011)

The Committee granted fifteens days to provide the status of the remaining vehicles and directed the PAO to fix the responsibility and hold inquiry.

The PAO informed that vehicles record was produced to Audit.

Audit pointed out that three vehicles were stolen and no details were provided to the Audit.

PAC DIRECTIVE (05-04-2011)

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

9. **(Para – 26, Page 44-97-98)**

LOSS OF RS. 11.219 MILLION

Audit pointed out that a formation awarded the work to a contractor during December, 1991. The contractor removed 22,229 trees of different girths. But neither their accountal nor recovery of Rs. 11,219,500 was made after auction of the same from the concerned despite lapse of a period of more than six years. Non-accountal and recovery resulted in loss of Rs. 11,219,500.

The PAO explained that there was political pressure at that time for completion of Project.

PAC DIRECTIVE

The Committee settled the para ,with displeasure ,because at this stage nothing could be done and directed that such practice should be stopped in future.

10. **(Para – 37, Page 47-48-97-98)**

OVERPAYMENT OF RS.452.870 MILLION

Audit pointed out that higher rates on account of bill of quantity and schedule items were paid to the contractor. Payment on higher rates resulted in overpayment of Rs.452,870,300 to the contractor.

The PAO replied that the observation was based on the rates of the items, which were introduced as extra items in the contract which was necessary for proper execution of work. These were duly recommended by the Consultants, with provision of necessary rate analysis and verification, scrutinized by NHA and were approved by the Competent Authority. The CSR of 1991 was not part of the contract, therefore, was not relevant contractually. The rate analysis of extra items ,with justification and approval of the competent authority, was shown to the audit. Similarly, justification and details of excess quantities of BOQ items and subsequent approval of the Competent Authority of NHA was also produced. The extra item and excess quantities were regularized. The payment was in order and no overpayment was involved.

PAC DIRECTIVE (25-11-2010)

The Committee took serious notice of absence of concerned GM and directed that officer must be suspended till provision of record, and, if he fails to provide record within one month, FIR should be lodged against him.

The PAO informed that complete record has been provided to the Audit, whereas rate analysis were not available with them.

PAC DIRECTIVE (09-03-2011)

The Committee settled the para with the instructions that objection raised by the Audit should be looked into and in future record should be maintained.

11. **(Para – 38, Page 49-97-98)**
OVERPAYMENT OF RS. 716,025

Audit pointed out that higher rate of Rs.496 against the bill of quantity agreed rate of Rs.464 was paid to the contractor. Payment made at the higher rate than the provision of the agreement resulted in an overpayment of Rs.716,025.

The PAO replied that the case pertained to Contract Gujranwala-Lalamusa Overlay Project. The work was executed in 1989-90. The competent authority approved revision of rate for BOQ. Item No. 05. Therefore, payment made at the rate of Rs.496/- was justified. No overpayment was involved.

PAC DIRECTIVE (25-11-2010)

The Committee directed to recover the amount within one month and after recovery para will be settled.

The PAO informed that case is pending in the Court.

PAC DIRECTIVE (09-03-2011)

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

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

PAC DIRECTIVE (05-04-2011)

The Committee, after detailed discussion and due to delay in implementation of directive from the referred the Para to Monitoring and Implementation Committee for further follow up.

MINISTRY OF COMMUNICATIONS (NHA) AUDIT REPORT
FOR THE YEAR (1997-98)

Prepared by DG Audit Works (Federal), Islamabad

12. i) (Para – 47, Page 53&54-97-98)
OVERPAYMENT OF RS.7.240 MILLION
- ii) (Para – 50, Page 55-97-98)
OVERPAYMENT OF RS.2.526 MILLION
- iii) (Para – 58, Page 59-97-98)
OVERPAYMENT OF RS.182,800/-
- iv) (Para – 63, Page 61&62-97-98)
OVERPAYMENT OF RS.2.111 MILLION

- v) (Para – 78, Page 68&69-97-98)
OVERPAYMENT OF RS.79.208/-
- vi) (Para – 88, Page 73-97-98)
OVERPAYMENT OF RS.3.795 MILLION
- vii) (Para – 90, Page 74-97-98)
OVERPAYMENT OF RS.254.018/-
- viii) (Para – 125, Page 89-97-98)
EXCESS PAYMENT OF RS.3,603,100
- ix) (Para – 138, Page 95-97-98)
OVERPAYMENT OF RS.2.379 MILLION

Audit recommended these paras for settlement.

PAC DIRECTIVE (09-03-2011)

The Committee settled the above 9 paras on the recommendations of the Audit.

13. **(Para – 47, Page 53-54-1997-98)**
OVERPAYMENT OF RS. 7.240 MILLION

Audit pointed out that the enhancement in rate of Rs.525 to Rs. 22,000 per meter for an item expansion joint of bridges due to change in specification was paid to facilitate the contractor. Enhancement of abnormally high rate for Rs. 22,000 per meter without any adequate justification and without approval from the competent authority resulted in an overpayment of Rs. 7,240,082.

The PAO replied that the cost of Rs. 22,000/- per meter of imported expansion joint, quoted by the contractor ,was found acceptable as it included import of 346 LM of 2M long joint tiles (175 tiles). Together with all ancillary items – de-watering pipes, neoprene washers, galvanized anchor bolt, bedding epoxy, anchor epoxy, flexible epoxy sealant, fiber-reinforced mortar, water proofing layer, etc.

The contractor has included less than 20% overhead and profit to the items, therefore, rates quoted by the Contractor were reasonable.

Audit stated that evidence of taxes and duties, invoices, import documents, etc may be produced to Audit for verification and requested the PAC to direct the Authority to produce record.

PAC DIRECTIVE

The Committee directed that the Department will provide evidence of taxes and duties, invoices, import documents, etc to Audit for verification and submit report to PAC within fifteen days.

14. **(Para – 50, Page 55-1997-98)**

OVERPAYMENT OF RS. 2.526 MILLION

Audit pointed out that the rate of Rs. 23.50 per square meter (Rs. 9.20 per cubic meter) was accepted for earthwork excavation up to 40 cum which was enhanced to Rs. 57.56 and Rs. 107 for cubic meter for quantity upto 125% and exceeding 125% and against contract clause 52. Revision of rates in violation of contract clause 52 resulted in an overpayment of Rs. 2,525,985.

The PAO replied that the rate for item No. 103 was Rs. 23.50 per sq. meter up to depth of 40 cum. At site the item of work was done at more depth due to slush area and weak soil so the quantity and rate was converted on prorata basis. No overpayment is involved. Accordingly payment was made to the contractor up to 125% of available BOQ quantity in accordance with contract documents. Quantities exceeding 125% of BOQ was paid at new rate, i.e. Rs. 107/ cubic meter as evident from MB referred above. The same has been covered in revised PC-I.

PAC DIRECTIVE

The Committee directed the Audit to prepare summary of all Audit paras in which record was not being produced and submit to Ministry and PAC. The Ministry should depute a Focal Person from the Ministry who will also be responsible for collection of record from Ministry and Attached Departments and submission to Audit and will be in contact with concerned departments regarding PAC and Audit matters .If record is not provided, recovery may be made from defaulters, within one month.

15. **(Para – 54, Page 57-1997-98)**

LOSS OF RS. 277.074 MILLION

Audit pointed out that as per Finance Act of 1995 (Income Tax), the recovery of income tax at source was required to be made at the rate of 6% from contractor's payments. However, the National Highway Authority decided in September 1997 to deduct the income tax at the rate of 3% from contractor's payment bearing the remaining amount from their sources on the contracts executed up to enactment of Finance Act of 1995. This action was in violation of Finance Act and order dated June 04, 1997 of the Supreme Court of Pakistan. Incorrect decision taken by Authority resulted in loss of Rs. 277.074 million.

The PAO replied that this para included amount of Rs. 18,890,723/- which related to Indus Highway Project, which has been adjusted and recovered from the Contractor.

PAC DIRECTIVE

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

16. **(Para – 55, Page 58-1997-98)**
OVERPAYMENT OF RS. 837,100

Audit pointed out that incorrect labour escalation at low rates of Rs. 604.60 instead of admissible basic rate of Rs. 704.60 was paid. Incorrect base rate applied for working out escalation resulted in an overpayment of Rs. 837,100.

The PAO replied that the bid-opening date of contract 6b was 20th October 1988 whereas date of the base of the rate is 20th September 1988 that was 30 days pre bid. The labour rate announced by Punjab gazette notification dated 13.6.1988 was Rs. 604.6 per / month w.e.f Ist May, 1988 and was applicable 30 days prior to the bid date. Later on the labour rate was increased to Rs. 704.6 per month through Punjab gazette notification dated 13th November 1988. By that time all the bids were submitted to the NHA.

The above facts clarify that 30 days prior to the bid (20.9.1988) the labour rate available was Rs, 604.6 per month which is taken the base rate for the escalation calculation. The payment made to the contractor was according to the contract agreement.

PAC DIRECTIVE (25-11-2010)

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

The PAO assured the recovery by NHA.

Audit pointed out that no recovery was made by NHA, despite directions of DAC & PAC.

PAC DIRECTIVE (09-03-2011)

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

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

Audit informed that recovery was not made by NHA despite directions of DAC and PAC.

PAC DIRECTIVE (05-04-2011)

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

17. **(Para – 56, Page 58-1997-98)**
LOSS OF RS. 28.93 MILLION

Audit pointed out that a contract was awarded in June, 1993 for Rs. 59.4 million. The contract cost was revised to Rs. 88.330 million in December, 1993 and basic rate of material was reduced for escalation purpose through Addendum without any justification. Due to reduction in basic rates of material, escalation of Rs. 4.347 million was excess paid. Increase in cost and decrease in basic rates of material after award of work without approval of Finance Division under Rule 19 of General Financial Rules resulted in loss of Rs. 28.93 million (88.33 - 59.4) and overpayment of Rs. 4.347 million.

The PAO promised to provide record as per decision of DAC.

PAC DIRECTIVE (25-11-2010)

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

The PAO requested for time limit.

PAC DIRECTIVE (09-03-2011)

The Committee deferred the para and granted fifteen days for recovery.

The PAO initiated that the payment was justified. No over payment has been made.

Audit informed that compliance was made. Escalation of steel has been paid against MS billet G-60 but current rates are inclusive of G-60 surcharge plus 10% tax whereas basic rate of Rs.10.250 was exclusive of extra charges and tax, etc. Thus there was an overpayment of Rs.2.118 million which needs to be recovered.

PAC DIRECTIVE (05-04-2011)

The Committee directed the Ministry to recover the 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.

18. **(Para – 60, Page 59-60-1997-98)**
OVERPAYMENT OF RS. 1,592,300

Audit pointed out that escalation was paid on bill No.7 which was not a permanent work, whereas escalation was admissible on permanent work only as per Clause 70 of contract. Violation of agreement resulted in an overpayment payment of Rs. 1,592,300/- to the contractor.

The PAO replied that escalation on asphalt, labor and diesel for the seven items whose rates were enhanced in Variation Order No. 2.07 was paid as per terms of the contract clause-70 “changes in costs and legislation”. In volume-I contract document does not state anywhere

that escalation will not be paid on the above mentioned items. The escalation was paid 12 months after the date of issuance of V.O No. 2.07 which is 29th July, 1992. The payments were made and processed keeping in view the FIDIC Clause 70 Part-II of the contract and as such there was no excess payment.

The para was clubbed with PARA 61-Page 60-61, 1997-98.

PAC DIRECTIVE (09-03-2011)

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

The PAO informed that record will be produced to Audit within fifteen days.

Audit suggested that administrative course of action may be adopted if the amount could not be recovered from contractor, being expatriate.

PAC DIRECTIVE (05-04-2011)

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

19. **(Para – 61, Page 60-61-1997-98)**

OVERPAYMENT OF RS. 7.381 MILLION

Audit pointed out that escalation was paid on temporary works whereas it was payable on permanent works as clause 70(b) of contract agreement.

Payment of escalation in violation of provisions of contract agreement resulted in an overpayment of Rs. 7,380,500.

The PAO replied that the audit objection is that escalation is payable on permanent works and material not on temporary works. The audit contention for contract 13 and 12A is not correct but for contract IHP (C-12B) is correct. There was no temporary works on contract 13 and 12A. Necessary recovery from contractor escalation claim No. 3 has been made as per MB No. 1013 page No. 78 and 78A against C-12B.

PAC DIRECTIVE

The Committee clubbed the above two paras and directed the Chairman to probe the matters personally and submit a report within one month.

20. **(Para – 63, Page 61-62-1997-98)**

OVER-PAYMENT OF RS. 2.111 MILLION

Audit pointed out that bill of Quantity rates were revised under clause 52.3 of contract agreement on the prevailing rates but escalation on POL was paid from the initial date of contract. Further rebate @ 4% as per contract was not deducted from the revised rate through

Variation Orders. Payment of escalation and non-deduction of rebate in violation of provision of agreement resulted in an overpayment of Rs. 2,110,667.

The PAO denied the Audit contention, he informed that the rebate was applicable to the BOQ item rates so as to determine the contract cost. All other clauses of contract remained in full force. Rebate was neither referred subsequently nor it had any bearing on other clauses, like escalation, etc. He further stated that the payment was justified and no recovery was involved.

PAC DIRECTIVE

The Committee directed the PAO to recover the amount within twenty days and submit report to the Audit.

21. **(Para – 64, Page 62-1997-98)**
OVERPAYMENT OF RS. 18.275 MILLION

Audit pointed out that escalation on bitumen at the higher rates was paid by taking current rate per drum instead of rate quoted in Schedule-C of the agreement on the basis of bulk supply per ton. Payment of escalation at higher rates resulted in an overpayment of Rs. 18,275,100.

The PAO assured that amount will be recovered within twenty days.

PAC DIRECTIVE (25-11-2010)

The Committee again directed the PAO to recover the amount within 20 days and submit report to the Audit and PAC, NA Secretariat.

The PAO requested for further time period for record verification.

PAC DIRECTIVE (09-03-2011)

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

22. **(Para – 65, Page 63-1997-98)**
UNDUE PAYMENT OF ESCALATION OF RS. 30.198 MILLION

Audit pointed out that escalation was paid for extended period as delay was due to contractors fault as per progress report for March 1996.

Violation of agreement resulted in undue payment of escalation of Rs. 30,198,100 to the contractor.

The PAO replied that the competent authority granted extension in time, therefore, the admissible escalation under clause 70 was paid.

PAC DIRECTIVE

The Committee agreed to the audit view and directed the PAO to hold an enquiry on this issue and submit a report to PAC Monitoring and Implementation Committee on this within twenty days.

23. **(Para – 70, Page 65-1997-98)**

UNAUTHORIZED PAYMENT OF RS. 14.826 MILLION

Audit pointed out that a formation made provision in the agreement executed with the contractors of the work “Construction of Motorway Lahore-Islamabad” to refund and reimburse the amount of tax imposed by the Government of Pakistan which was paid by the contractor on account of import of machinery/plants/equipment, etc. as per list attached with agreement. The authority paid refund of Rs 14,825,615 (12,808,984 + 2,016,631) under the claim No. 2.2.2 and 2.3 on account of Flood Relief Fund @ 1%. But comparison of items of plants machinery/equipment and spare parts paid show variation/difference, which was attached with the agreement. Refund and reimbursement of the tax in contravention of the items of the agreement resulted in unauthorized payment of Rs. 14,825,615.

The PAO replied that Audit correctly pointed out that Flood Relief Surcharge was ordered to be deducted on all goods by the Government (CBR) in September, 1992. However, Contract Clause 70.2, requires that NHA shall compensate the Contractor for any increase in costs due to changes in legislation in Pakistan that occur “after the date 30-days prior to the latest date for submission of bids for the Contract”, i.e. 1st October, 1991 as per Clause A-6 (e) of Instruction to Bidders. The list was scrutinized and compared. No recovery was due as anticipated by Audit.

PAC DIRECTIVE

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

24. **(Para – 73, Page 66-67-1997-98)**

DOUBLE PAYMENT OF RS. 786,600/-

Audit pointed out that payment for an item “Formation of Embankment in common Material” was made to a contractor on the same RD, which was also paid under another item “Embankment from Rock”. Double measurement resulted in double payment of Rs. 786,600. The PAO informed the Committee that recovery has been made and will be verified from Audit.

PAC DIRECTIVE

The Committee settled the para subject to verification of record of recovery by the Audit within one month.

25. **(Para – 79, Page 69-1997-98)**

OVERPAYMENT OF RS. 698,530

Audit pointed out that payment of an item “dense graded bitmac” in the particular reaches and again in the same reaches for item “open graded bitmac” was paid to the contractor. Both the items were finishing items and could not be paid in the same area. Payment of the same items in the same area resulted in an overpayment of Rs.698,530.

The PAO promised to effect recovery within 20 days.

PAC DIRECTIVE (25-11-2010)

The Committee directed to show record of recovery to audit, for verification, within two weeks. The Committee further directed the PAO to make balance recovery within twenty days.

Audit informed that Rs.232,247 has been adjusted, process of write off of the remaining amount has been initiated.

PAC DIRECTIVE (09-03-2011)

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

The PAO informed that matter will be solved in their Board meeting.

Audit informed that Rs.232,247 has been adjusted from the retention money. Process of write off of remaining amount of Rs.326,283 has been initiated due to death of the contractor.

PAC DIRECTIVE (05-04-2011)

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

26. **(Para – 82, Page 70-1997-98)**

OVERPAYMENT OF RS. 1.045 MILLION

Audit pointed out that in a formation, payment for stripping (item No. 103) in addition to removal of unsuitable material (Item No. 106) was made for the same area. The payment of unsuitable material was only admissible instead of payment of stripping, since no stripping was involved. Payment at the rate of Rs. 60 per cubic meter for stripping instead @ Rs. 30 per cubic meter for removal of unsuitable material was made to the contractor. Payment at higher rates resulted in an overpayment of Rs. 1,044,913.

PAC DIRECTIVE (09-03-2011)

The Committee deferred the para and directed the PAO to personally look into the matter and take departmental actions.

Audit informed that the issue was re-examined on 01-04-2011 by the Director General Audit Works (Federal) and the General Manager (Punjab-South), NHA, Multan. It was observed that a quantity of 66,881 cubic meters was paid by NHA under the item “Stripping” @ Rs.60 per cubic meter wrongly instead of payable rate of Rs.30 per cubic meter under item “Excavation of unsuitable material”. An overpayment 2.006 million was establishment and agreed.

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

PAC DIRECTIVE (05-04-2011)

The Committee directed the Ministry to recover the 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.

27. **(Para – 88, Page 73-1997-98)**

OVERPAYMENT OF RS. 3.795 MILLION

Audit pointed out that in a formation deduction of stone obtained as a result of execution of the item “excavate any other material in embankment shoulder or carriageway for dismantling wall damaged by flood” was not made from the item “Provide, place and bond 1:3 mortar selected cut and addressed stone to repair structure”.

Non-deduction of available quantity of dismantled material resulted in an overpayment of Rs. 3,794,667.

The PAO replied that para pertained to Flood Damages Restoration Contracts on N-35. The country experienced severe floods in 1992 where public infrastructure faced heavy damages. N-35 was critically damaged and in certain locations, roads, shoulders and embankments were completely washed away. In these circumstances, no material of the existing structures was left for retrieval during reconstruction. Keeping in view the importance of N-35, NHA initiated rehabilitation project with the assistance of the World Bank. In this particular location, new retaining structure was proposed therefore question of retrieval of old material did not arise. Moreover, as was visible from the enclosed approved cross-section, the retaining wall was constructed alongside the hill to safeguard from the soft material if any and not a retaining wall for shoulders. In view of these facts the para may be settled.

PAC DIRECTIVE

The Committee deferred the Para to DAC and directed all concerned to attend the DAC alongwith necessary record. Absence of any responsible officer or non provision of record will be considered as contempt of PAC and action will be taken against him as per rules. DAC must be held within two weeks and Report may be sent to PAC Monitoring and Implementation Committee.

28. **(Para – 89, Page 73-74-1997-98)**
OVERPAYMENT OF RS. 2.801 MILLION

Audit pointed out that a formation made payment for earthwork formation of road embankment brought from outside sources without the deduction of excavated earth quantity available at site.

Non-deduction of excavated earth from the paid quantity of earthwork from outside source resulted in an overpayment payment of Rs. 2,800,980.

The PAO replied that the area consists of very fine clay, which was unsuitable for use in Embankment. Engineer certificate and laboratory test report declared the material as unsuitable. Therefore, no overpayment was involved.

PAC DIRECTIVE

After detailed discussion of the Members, the Audit and Chairman, para was settled.

29. **(Para – 125, Page 89-1997-98)**
EXCESS PAYMENT OF RS. 3,603,100

Audit pointed out that a formation measured and paid width of embankment as 15 to 20 meters and thickness of wearing course as 25 & 50 cubic meters against the specified maximum width of 10 meter & thickness of 0.060 M3 respectively provided in the specification. Measurement of excessive width and thickness resulted in excess payment of Rs. 3,603,100.

The PAO stated that Audit has taken the observation from IPC.No.5 recorded on Page 12 to 25 MB No. 1036. But the fact is that this amount was cancelled and was never paid as per record of IPC No. 3. As the quantities put under objection by audit were never paid, therefore, the excess payment was not involved.

PAC DIRECTIVE

The Committee directed to provide record to the audit for verification, within two weeks.

30. **(Para – 138, Page 95-1997-98)**
OVERPAYMENT FOR RS. 2.379 MILLION

Audit pointed out that a formation paid the excessive width for the item of work No. 305-b “asphalt wearing course” than the actual width to be paid and as such the overpayment was made. Incorrect record entries resulted in an overpayment for Rs.2,379,044.

The PAO replied that Audit’s observation in respect of comparing the asphalt wearing course and the tack coat width was not correct. As per specifications, tack coat was only to be applied to the previously laid bituminous binder course. However, the wearing course was extended across the aggregate base layer where tack coat was not required. Instead a prime coat was required as specified in Clause 302.3.2 of Specifications.

Originally, as shown on drawing RT 3-101, the edge of the asphalt wearing course was 1.7 - 0.25 = 1.45 meters away from the median barrier which rested on the median surface. The median surface was aggregate base course, which was porous and would permit surface water to seep and damage the pavement causing its premature failure.

The correct design solution was adopted by extending the asphalt wearing course to the barrier and at the same time lowering the barrier 50 mm so as to be restrained literally by the wearing course.

Thus, the measured width of asphalt has been paid correctly, and there was no overpayment.

PAC DIRECTIVE

The Committee settled the para and directed the PAO to look into the matter personally and provide necessary record to audit and report within twenty days.

AUDIT BRIEF VOLUME-II MINISTRY OF COMMUNICATIONS (NHA)
FOR THE YEAR (1997-98)

31. **(Para – 180, Page 112-1997-98)**
OVERPAYMENT OF RS. 1.412 MILLION

Audit pointed out that a formation made the payment for the Temporary Work (detour) in contravention of contract.

Payment for the construction of detour was not justified and resulted in an overpayment for Rs. 1,412,345 to the contractor.

PAC DIRECTIVE (09-03-2011)

The Committee deferred the above para for DAC.

The PAO stated that work done was part of the contract, hence recovery may not be made.

Audit informed that there was no provision in BOQ for detour work. Hence, no separate payment was admissible for this temporary work.

PAC DIRECTIVE (05-04-2011)

The Committee granted fifteen days for recovery. Para was referred to Monitoring and Implementation Committee.

32. **(Para – 197, Page 119-1997-98)**

OVERPAYMENT TO THE CONTRACTOR - RS. 3.185 MILLION

Audit pointed out that a formation executed a non-Bill of Quantities (BOQ) item (108a) “formation of embankment from roadway excavation” which was paid @ Rs. 180 per cubic meter whereas the Project Director in-charge recommended the rate of Rs. 50.90 per cubic meter based on NHA CSR. This caused overpayment. Payment of incorrect and unjustified rate resulted in an overpayment for Rs. 3,184,517 to the contractor.

The PAO informed that rate analysis list has been submitted to the Audit.

Audit informed the Committee that rate analysis of Rs.218/- per cubic meter fixed by the Engineer for item 108(a) in revised BOQ was not produced by the Authority and only a copy of revised BOQ was produced by the authority on 09-12-2010 indicating a rate of Rs.218/- per cubic meter, whereas the project Director had recommended rate of Rs.50.90 per cubic meter based on NHA CSR.

PAC DIRECTIVE (09-03-2011)

The Committee deferred the above para for DAC.

PAC DIRECTIVE (05-04-2011)

The Committee settled the para.

33. **(Para – 198, Page 120-1997-98)**

FRAUDULENT PAYMENT OF RS.7.560 MILLION

Audit pointed out that the nature of land acquired for construction of road (Additional Carriageway of Sahiwal-Mianchannu Section) was changed in the Commissioner’s Office, Multan and accordingly compensation at higher rate was paid.

Tampering of record resulted in fraudulent payment of Rs. 7,560,159.

PAC DIRECTIVE (09-03-2011)

The Committee deferred the above para for DAC.

Audit informed that case is subjudice in the Court.

PAC DIRECTIVE (05-04-2011)

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

34. **(Para – 273, Page 155-1997-98)**
LOSS OF RS. 3.178 MILLION

Audit pointed that a formation made payment on account of repair of road during the maintenance period under Variation Order because of failure of Job Mix Formula of Asphalt Mix of Bituminous Pavement. This expenditure was to be borne by the Consultant and by the contractor under clause 49 and 64 of Contractor Agreement.

Payment made in violation of agreement resulted in a loss of Rs. 3,177,544 to the government.

PAC DIRECTIVE (09-03-2011)

The Committee deferred the above para for DAC.

PAC DIRECTIVE (05-04-2011)

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

35. **(Para – 295, Page 166-1997-98)**
IRREGULAR EXPENDITURE OF RS. 101.181 MILLION

Audit pointed out that a formation awarded a work for rehabilitation of road (Gujranwala-Jhelum Section of GT Road (N-5) in October, 1991. Another work at Shahdara site costing Rs. 101,180,500 was also awarded to the same contractor through Variation Order in December, 1991 instead of calling tenders for achieving most competitive and economical rates.

Award of work without calling open tenders resulted in irregular expenditure of Rs. 101,180,500.

PAC DIRECTIVE (09-03-2011)

The Committee deferred the above para for DAC.

The PAO informed that orders were verbally given therefore no written orders were available. Audit informed that the direction of the Prime Minister for awarding the work without tenders, demanded during verification of record on 21-09-2010 & 07-03-2011 was not produced and award of work without open tenders was a violation of rules.

PAC DIRECTIVE (05-04-2011)

The Committee settled the para with the instructions that proper rules and procedures should be followed with letter and spirit.

36. **(Para – 311, Page 173&174-1997-98)**
LOSS OF RS. 15,608,365/-

Audit pointed out that a formation awarded the work of tree plantation to four contractors with specific names and height of trees at the time of plantation. The formation did not record the detail in measurement books nature, Variety and height of trees at the time of plantation and in subsequent bills of payment paid to the contractors.

PAC DIRECTIVE

The Committee referred the para to Monitoring and Implementation Committee.

37. **(Para – 344, Page 344-1997-98)**
EXCESS PAYMENT OF RS. 283,000/-

Audit pointed out that a formation paid entertainment allowance in excess of the admissible limit fixed by the Government. Inadmissible payment of Entertainment Allowance resulted in an excess payment of Rs. 283,000.

The PAO replied that authority had power to settle the employees terms and conditions, as deemed fit and accordingly NHA Board approved limit of Entertainment Allowance.

Audit informed that NHA Board was not competent to determine pay and allowances without concurrence of Finance Division and requested the Committee to direct the PAO to recover the amount.

PAC DIRECTIVE

The Committee directed the PAO to send their case to Finance Division for approval.

38. **(Para – 365, Page 198-1997-98)**
UNAUTHORIED PAYMENT OF R. 498,500/-

Audit pointed out that a formation purchased tools and plants for the use on work by the contractor against the contract agreement clauses and thus provided not only undue benefit to the contract but also unauthorized expenditure was incurred.

The PAO admitted to recover the balance amount.

PAC DIRECTIVE

The Committee directed the Ministry to recover the 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.

39. **(Para – 375, Page 203-1997-98)**
OVERPAYMENT OF RS. 354,635/-

Audit pointed out that a formation purchased certain items out of government money and then asked the contractor reimburse the same. The contractor claimed 8% mark up in that

amount according to the contract agreement which was paid. The markup of 8% was not payable in this case because the money spent was government money and contractor had not done any thing in this respect.

The PAO informed that record of recovery in this respect will be verified from the Audit.

PAC DIRECTIVE

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

40. **(Para – 396, Page 212&213-1997-98)**
NON-RECOVERY OF RS. 718,245/-

Audit pointed out that the Mobilization Advance amounting to Rs. 718,245 was not recovered from the contractor after a lapse of 15 months whereas he failed to execute the works per agreement and was declared defaulter under clause 46.1, 63 .1 and 75.1 of contract. The PAO informed that recovery has been made and will be verified by the Audit.

PAC DIRECTIVE

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

41. **(Para – 406, Page 218-1997-98)**
OVERPAYMENT OF RS. 4,658,770/-

Audit pointed out that a formation deducted income tax @ 3% from the amount obtained after adjustment of interest amount of R. 1,55,292,333 as penalty due to less recovery of installment of mobilization advance, instead of required amount of value of work done.

The PAO stated that case has been referred to Finance Division.

Audit informed that recovery has not yet made.

PAC DIRECTIVE

The Committee granted fifteen days for recovery.

42. **(Para – 418, Page -1997-98)**
NON-RECOVERY OF RS. 240,000/-

Audit pointed out that a formation failed to recover the balance amount of house hiring advance from the officer repatriated to his parent department @ Rs. 10,000 per month from September, 1996 to August, 1998.

The PAO stated that efforts for recovery are being made.

PAC DIRECTIVE

After detailed discussion, the Committee settled the para and directed that record should be verified by the Audit and if audit decided otherwise, the Committee directed the Ministry to

recover the amount within one month 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.

43. **(Para – 427, Page -1997-98)**
NON-RECOVERY OF RS. 28,075,050/-

Audit pointed out that A formation awarded four works of tree plantation to four contractors for Rs. 187,167,000 during December, 1993 to be completed up to December, 1995. The contractors failed to execute the work as per agreement as only 372,543 against the target 1,340,000 trees (27.80%) were shown as planted up to June, 1998 of which the final position of dead /alive was also not got verified. Non-imposition of 15% penalty resulted in non-recovery of Rs. 28,075,050.

The PAO informed that the matter was under inquiry by NAB.

PAC DIRECTIVE

The Committee directed the Ministry to recover the 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.

44. **(Para – 436, Page -1997-98)**
NON-RECOVERY OF RS. 48,134,000/-

Audit pointed out that a formation made payment advances to various departments but adjustment or recovery was not made.

The PAO informed that this amount is pending with the Government departments and efforts are being made to recover the balance amount.

PAC DIRECTIVE

The Committee directed the Ministry to recover the 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.

45. **(Para – 457, Page -1997-98)**
MISAPPROPRIATION OF RS. 23.615 MILLION

A formation made payment of Rs. 614,976 to Communication & Works Department for clearance of snow in winter seasons from 17.12.1995 to 15.03.1996 and Rs. 23 million up to 1994 but no vouched account or measurement books were collected in support of payments.

The PAO informed the Committee that General Manager NHA, Balochistan has been directed to recover the amount from the concerned defaulters. The General Manager promised to recover the balance amount as soon as possible.

PAC DIRECTIVE

The Committee directed to submit report within fifteen days after recovering the amount and referred the Para to Monitoring and Implementation Committee for further follow up because the concerned Ministry could not complete the task or action which was directed during the series of PAC-III meetings.

46. i) **(Para – 189, Page 116-1997-98)**

OVERPAYMENT OF RS. 3.155 MILLION

Audit pointed out that a formation paid a rate of non-Bill of Quantities (BOQ) item “Earthwork in vicinity of abutment” on the basis of rate analysis but the rate for the hire charges of machinery was higher than the rates given in the bill of the same contractor for the machinery that remained idle due to non-handing over the site. The same rates as claimed should have been shown in the analysis of rates but higher rates were provided in the break up and thus higher rate was approved and paid. Provision of higher rate of hire charges of machinery in the analysis of rates resulted in an overpayment of Rs. 3,154,531 to the contractor.

ii) **(Para – 292, Page 165-1997-98)**

UNJUSTIFIED PAYMENT OF RS. 220.550 MILLION

Audit pointed out that a formation made payment to a contractor without floating tenders and without executing any contract agreement.

Payment without observing any codal requirements resulted in an overpayment of Rs. 220,549,762 to the contractor.

PAC DIRECTIVE (09-03-2011)

The Committee deferred the above 7 paras for DAC.

Audit recommended above two paras for settlement.

PAC DIRECTIVE (05-04-2011)

After detailed discussion of the Members, the Audit and PAO, settled the above mentioned two paras.

47. i) **(Para – 295, Page 166-1997-98)**

IRREGULAR EXPENDITURE OF RS. 101.181 MILLION

Audit pointed out that a formation awarded a work for rehabilitation of road (Gujranwala-Jhelum Section of GT Road (N-5) in October, 1991. Another work at Shahdara site costing Rs. 101,180,500 was also awarded to the same contractor through Variation Order in December, 1991 instead of calling tenders for achieving most competitive and economical

rates. Award of work without calling open tenders resulted in irregular expenditure of Rs. 101,180,500.

ii) **(Para – 180, Page 113&114-1997-98)**
OVERPAYMENT OF RS.27.652 MILLION

Audit pointed out that a formation paid a non-BOQ item “Providing anti-theft clamps” to various contractors, the cost of which was included in unit rate as per Contract Agreement. Separate payment of the item, the cost of which included in the unit rate, resulted in overpayment of Rs. 27,652,244 to the contractor.

PAC DIRECTIVE

The Committee deferred the above 7 paras for DAC.

The above two paras were not highlighted in the next meeting.

PAC HELD ON 09.03.2011
NATIONAL HIGHWAY AUTHORITY (MINISTRY OF COMMUNICATIONS)

PARAS RECOMMENDED FOR SETTLEMENT

48. (Para – 139, Page-95 -1997-98)
EXCESS PAYMENT OF RS. 507,068
49. (Para – 141, Page-95 & 96 -1997-98)
OVERPAYMENT OF RS. 1,157,808/-
50. (Para – 142, Page-95 & 96 -1997-98)
OVERPAYMENT OF RS. 1,332,766 TO THE CONTRACTOR
51. (Para – 143, Page-96 & 97 -1997-98)
OVERPAYMENT OF RS. 4,181,205/- TO THE CONTRACTOR
52. (Para – 148, Page-99 -1997-98)
OVERPAYMENT OF RS. 266,281/-
53. (Para – 149, Page-99 -1997-98)
EXCESS PAYMENT OF RS. 2.651 MILLION
54. (Para – 150, Page-100 -1997-98)
EXCESS PAYMENT OF RS. 8,553,393/-
55. (Para – 151, Page-101 -1997-98)
EXCESS PAYMENT OF RS. 9,630,168/-
56. (Para – 152, Page-101-102 -1997-98)
EXCESS PAYMENT OF RS. 6,532,166/-
57. (Para – 153, Page-101 -1997-98)
EXCESS PAYMENT OF RS. 18,016,176/-
58. (Para – 154, Page-101 -1997-98)
OVER PAYMENT FOR RS.319,755/- TO THE CONTRACTOR
59. (Para – 155, Page-101-102 -1997-98)
OVER PAYMENT FOR RS. 273,134/- TO THE CONTRACTOR

60. (Para – 156, Page-102 -1997-98)
OVER PAYMENT FOR RS. 155,824/- TO THE CONTRACTOR
61. (Para – 157, Page-102 -1997-98)
EXCESS PAYMENT OF RS. 1,097,707/-
62. (Para – 159, Page-103 -1997-98)
EXCESS PAYMENT OF RS. 333,424/-
63. (Para – 160, Page-103 -1997-98)
OVER PAYMENT FOR RS. 460,000/- TO THE CONTRACTOR
64. (Para – 161, Page-104 -1997-98)
OVER PAYMENT FOR RS. 381,106/- TO THE CONTRACTOR
65. (Para – 162, Page-104 -1997-98)
OVER PAYMENT OF RS. 214,531/- TO THE CONTRACTOR
66. (Para – 163, Page-104 -1997-98)
OVER PAYMENT OF RS. 141,033/-
67. (Para – 164, Page-104 -1997-98)
OVER PAYMENT OF RS. 2,642,021/-
68. (Para – 165, Page-105 -1997-98)
OVER PAYMENT OF RS. 135,980/-
69. (Para – 166, Page-106 -1997-98)
EXCESS PAYMENT OF RS. 245,420/-
70. (Para – 167, Page-107 -1997-98)
FICTITIOUS PAYMENT OF RS. 320,160/- TO THE CONTRACTOR
71. (Para – 168, Page-107 -1997-98)
EXCESS PAYMENT OF RS. 550,872/-
72. (Para – 169, Page-107 -1997-98)
EXCESS PAYMENT OF RS. 1,774,135/-IN JUNE 1996
73. (Para – 170, Page-108 -1997-98)
OVER PAYMENT OF RS. 456,012/-
74. (Para – 171, Page-108 -1997-98)
EXCESS PAYMENT OF RS. 8,715,380/-
75. (Para – 173, Page-109 -1997-98)
EXCESS PAYMENT OF RS. 52,039, 880/-
76. (Para – 175, Page-110 -1997-98)
UNAUTHORIZED PAYMENT OF RS. 716,400/-
77. (Para – 176, Page-111 -1997-98)
OVER PAYMENT OF RS. 61,413/-
78. (Para – 184, Page-114 -1997-98)
OVER PAYMENT OF RS. 90,044/-
79. (Para – 185, Page-114 -1997-98)
NON RECOVERY OF RS. 501,605/-

80. (Para – 186, Page-114-115 -1997-98)
OVER PAYMENT OF RS. 430,600/-
81. (Para – 187, Page-115 -1997-98)
OVER PAYMENT OF RS. 31,237,380/-
82. (Para – 188, Page-115 & 116 -1997-98)
OVER PAYMENT OF RS. 46.140 MILLION
83. (Para – 193, Page-118 -1997-98)
EXCESS PAYMENT OF RS. 65,195/-
84. (Para – 195, Page-118 & 119 -1997-98)
OVER PAYMENT OF RS. 28,116,726
85. (Para – 203, Page-122 -1997-98)
OVER PAYMENT OF RS. 80,000
86. (Para – 205, Page-123 -1997-98)
IRREGULAR PAYMENT OF RS. 97,414/-
87. (Para – 207, Page-124 -1997-98)
EXCESS PAYMENT OF RS. 100,000
88. (Para – 209, Page-124 & 125 -1997-98)
OVER PAYMENT OF RS. 132,000
89. (Para – 210, Page-125 -1997-98)
OVER PAYMENT OF RS. 55,000
90. (Para – 211, Page-125 & 126 -1997-98)
OVER PAYMENT OF RS. 849,300
91. (Para – 212, Page-126 -1997-98)
OVER PAYMENT OF RS. 1,176,800
92. (Para – 213, Page-126 & 127 -1997-98)
OVER PAYMENT OF RS. 930,000
93. (Para – 214, Page-127 -1997-98)
OVER PAYMENT OF RS. 867,615
94. (Para – 215, Page-127 & 128 -1997-98)
EXPENDITURE OF RS. 268,500
95. (Para – 216, Page-128 -1997-98)
OVER PAYMENT OF RS. 1,436,390/- TO THE CONTRACTOR
96. (Para – 217, Page-129 -1997-98)
EXCESS PAYMENT OF RS. 6,756,457
97. (Para – 218, Page-129 -1997-98)
OVER PAYMENT OF RS. 407,000/-
98. (Para – 219, Page-130 & 116 -1997-98)
UNJUSTIFIED PAYMENT OF RS. 24,360/-
99. (Para – 220, Page-130 -1997-98)
OVER PAYMENT OF RS. 6,270,300/-
100. (Para – 221, Page-131 -1997-98)
OVER PAYMENT OF RS. 6,276,679/-

101. (Para – 222, Page-131 & 132 -1997-98)
OVER PAYMENT OF RS. 23,816,989/-
102. (Para – 223, Page-132 -1997-98)
OVER PAYMENT OF RS. 300,000/-
103. (Para – 225, Page-133 -1997-98)
OVER PAYMENT OF RS. 1,666,500/-
104. (Para – 227, Page-134 -1997-98)
OVER PAYMENT OF RS. 64,800/-
105. (Para – 228, Page-134 -1997-98)
OVER PAYMENT OF RS. 494,429/-
106. (Para – 229, Page-135 -1997-98)
OVER PAYMENT OF RS. 316,800/-
107. (Para – 230, Page-135 -1997-98)
OVER PAYMENT OF RS. 106,300/-
108. (Para – 236, Page-138 -1997-98)
OVER PAYMENT OF RS. 104,967/-
109. (Para – 237, Page-138 & 139 -1997-98)
OVER PAYMENT OF RS. 87,500/-
110. (Para – 238, Page-139 -1997-98)
OVER PAYMENT OF RS. 1,28,350/-
111. (Para – 239, Page-139 & 140 -1997-98)
OVER PAYMENT OF RS. 5,839,395/-
112. (Para – 240, Page-140 -1997-98)
OVER PAYMENT OF RS. 4,053,610/-
113. (Para – 241, Page-140 & 141 -1997-98)
OVER PAYMENT OF RS. 262,932/-
114. (Para – 242, Page-141 -1997-98)
EXCESS PAYMENT OF RS. 201,000/-
115. (Para – 243, Page-141 & 142 -1997-98)
OVER PAYMENT OF RS. 2,012,290/-
116. (Para – 244, Page-142 -1997-98)
OVER PAYMENT OF RS. 1,019,802/-
117. (Para – 246, Page-143 -1997-98)
OVER PAYMENT OF RS. 698,056/-
118. (Para – 247, Page-143 & 144 -1997-98)
OVER PAYMENT OF RS. 66,250/-
119. (Para – 248, Page-144-1997-98)
OVER PAYMENT OF RS. 251,784/-
120. (Para – 249, Page-144 & 145 -1997-98)
OVER PAYMENT OF RS. 107,843/-

121. (Para – 250, Page-145 -1997-98)
OVER PAYMENT OF RS. 21,440/-
122. (Para – 251, Page-145 -1997-98)
EXCESS PAYMENT OF RS. 59,951/-
123. (Para – 252, Page-146 -1997-98)
OVER PAYMENT OF RS. 825, 000/-
124. (Para – 255, Page-147 -1997-98)
OVER PAYMENT OF RS. 70,631/-
125. (Para – 258, Page-148 -1997-98)
OVER PAYMENT OF RS. 58.363 MILLION
126. (Para – 260, Page-149 -1997-98)
AN OVER PAYMENT OF RS. 352,601/-
127. (Para – 352, Page-150 -1997-98)
EXCESS PAYMENT OF RS. 898,989/-
128. (Para – 256, Page-152 -1997-98)
UNJUSTIFIED PAYMENT EXPENDITURE OF RS. 29.850 (16.524 + 13.208) MILLION
129. (Para – 268, Page-153 -1997-98)
LOSS OF RS. 314,812/-
130. (Para – 274, Page-155 & 156-1997-98)
OVER PAYMENT OF RS. 9,812,276/-
131. (Para – 276, Page-156 & 157-1997-98)
LOSS OF RS. 957,023/-
132. (Para – 285, Page-161 & 162 156-1997-98)
IRREGULAR EXPENDITURE OF RS. 598,559/-
133. (Para – 289, Page-163-1997-98)
EXCESS PAYMENT OF RS. 840,715/-
134. (Para – 294-1997-98)
IRREGULAR EXPENDITURE OF RS. 3,038,604/-
135. (Para – 297, Page-167 & 168-1997-98)
IRREGULAR PAYMENT RS. 319,277 MILLION

Audit recommended the above mentioned eighty eight paras for settlement.

PAC DIRECTIVE

After detailed discussion of the Members, the Audit and PAO the Committee settled the above mentioned 88 paras on the recommendations of the Audit.

UN-HIGHLIGHTED PARAS (DAC LEVEL)

1. Para No. 140 page No.95-96 OVERPAYMENT OF RS. 739,625
2. Para No. 144 page No.97 OVERPAYMENT OF RS. 1,050,384/- TO THE CONTRACTOR
3. Para No. 145 page No. 97-98 OVERPAYMENT OF RS. 235,550/- TO THE CONTRACTOR
4. Para No. 146 page No.98 IRREGULAR/OVERPAYMENT OF RS. 656,250
5. Para No. 147 page No.98 OVERPAYMENT OF RS. 3,312,300
6. Para No. 158 Page No.102 EXCESS PAYMENT OF RS. 14,789,097
7. Para No. 166 Page No.106 EXCESS PAYMENT OF RS. 245, 420
8. Para No. 172 Page No. 109 UNDUE FINANCIAL AID OF RS. 246,670/- MILLION
9. Para No.174 Page No. 109-110 OVERPAYMENT OF RS. 230,908
10. Para No.178 Page No. 111-112 LOSS OF RS. 2,602,610
11. Para No.179 Page No. 112 OVERPAYMENT FOR RS. 1,267,304
12. Para No.181 Page No. 112-113 OVER PAYMENT TO THE CONTRACTOR - RS. 0.402
13. Para No.182 Page No. 113 OVERPAYMENT FOR RS. 0.477 MILLION
14. Para No.190 Page No. 116-117 OVERPAYMENT OF RS. 1.674 MILLION
15. Para No.191 Page No. 117 OVERPAYMENT FOR RS. 1,955,851
16. Para No.192 Page No. 117 OVERPAYMENT PAYMENT OF RS 1,248,270
17. Para No. 194 Page No. 118 OVERPAYMENT OF RS. 621,195
18. Para No.196 Page No. 119 OVERPAYMENT FOR RS. 461,201
19. Para No. 199 Page No. 120 EXCESS PAYMENT OF RS. 268,225
20. Para No. 200 Page No. 121 OVERPAYMENT OF RS. 249,600
21. Para No. 201 Page No. 201 OVERPAYMENT OF RS. 602,000
22. Para No.202 Page No. 122 OVERPAYMENT OF RS. 455,085
23. Para No. 204 Page No. 122-123 OVERPAYMENT OF RS. 996,870
24. Para No. 206 Page No. 123-124 OVERPAYMENT OF RS. 2,810,309
25. Para No 208 Page No. 124 OVERPAYMENT OF RS. 198,244
26. Para No. 224 Page No. 132 OVERPAYMENT OF RS. 3.484 MILLION
27. Para No. 226 Page No. 133 OVERPAYMENT OF RS. 487,500
28. Para No. 231 Page No. 135-136 OVERPAYMENT OF RS. 2.240 MILLION
29. Para No.232 Page No. 136 OVERPAYMENT OF RS. 173,800
30. Para No.233 Page No. 136-137 OVERPAYMENT OF RS. 127,650
31. Para No. 234 Page No. 137 OVER PAYMENT OF RS 76,100
32. Para No.235 Page No. 137-138 OVER PAYMENT OF RS 436,070
33. Para No. 245 Page No. 142-143 OVERPAYMENT OF RS. 385,320
34. Para No. 253 Page No. 146 OVER PAYMENT OF RS. 779,262
35. Para No. 254 Page No. 146-147 OVERPAYMENT OF RS. 105,400
36. Para No. 256 Page No. 147 EXCESS PAYMENT OF RS. 795,600
37. Para No. 257 Page No. 147-148 EXCESS PAYMENT OF RS. 295,781
38. Para No. 259 Page No. 148-149 OVERPAYMENT OF RS 2,181,251
39. Para No. 261 Page No. 149-150 OVERPAYMENT OF RS 436,120
40. Para No. 263 Page No. 150-151 EXTRA/ADDITIONAL BURDEN OF 275 MILLION
41. Para No. 264 Page No. 151 LOSS OF RS 2,384,819
42. Para No. 265 Page No. 151 LOSS OF RS 15,879,747
43. Para No. 267 Page No. 152-153 UN DUE CLAIM OF RS 5,411,951
44. Para No. 269 Page No. 153-154 OVERPAYMENT OF RS 158,602
45. Para No. 270 Page No. 154 LOSS OF RS 641,004
46. Para No. 271 Page No. 154 LOSS OF RS 50,330,968
47. Para No. 272 Page No. 155 IRREGULAR PAYMENT OF RS 1,563,391
48. Para No. 275 Page No. 156 LOSS OF RS 1,248,236
49. Para No. 277 Page No. 157 LOSS OF RS. 165,444
50. Para No.278 Page No. 158 LOSS OF RS. 2,809,181
51. Para No.279 Page No. 158-159 LOSS OF RS. 45.605 MILLION
52. Para No.280 Page No. 159 UNAUTHENTIC EXPENDITURE OF RS. 500,000
53. Para No. 281 Page No. 159 LOSS OF RS. 8,713,886
54. Para No.282 Page No. 160 LOSS OF RS. 944,600
55. Para No.283 Page No. 160-161 WASTEFUL EXPENDITURE OF RS. 2,572,349
56. Para No. 284 Page No. 161 LOSS OF RS. 2 MILLION
57. Para No.286 Page No. 162 LOSS OF RS. 79,900
58. Para No.287 Page No. 162-163 IRREGULAR PAYMENT OF RS. 133,800

59. Para No. 288 Page No. 163 INFRUCTUOUS EXPENDITURE OF RS. 800,000
60. Para No.290 Page No. 164 INADMISSIBLE PAYMENT OF RS. 1,675,183
61. Para No.291 Page No. 191 LOSS OF RS. 2.585 MILLION
62. Para No. 293 Page No. 165 LOSS OF RS. 10.425 MILLION
63. Para No. 296 Page No. 167 LOSS OF RS. 14.592 MILLION
64. Para No.298 Page No. 168 UNDUE FINANCIAL AID OF RS. 1,917,140 TO THE CONTRACTOR AND NON-RECOVERY OF INTEREST OF RS. 316,328
65. Para No.299 Page No. 168 UNDUE FINANCIAL AID OF RS. 3.834 MILLION
66. Para No. 300 Page No. 169 UNDUE FINANCIAL AID OF RS 3,870,065

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

AUDIT REPORT 1997-98
NATIONAL HIGHWAY AUTHORITY
(MINISTRY OF COMMUNICATIONS)

PARAS RECOMMENDED FOR SETTLEMENT

1. Para No. 2 Page No. 33 OVERPAYMENT OF RS. 94.973 MILLION
2. Para No. 3 Page No. 34 UNAUTHORIZED PAYMENT OF RS. 214,652
3. Para No. 4 Page No. 34 OVERPAYMENT OF RS. 126,346/-
4. Para No. 6 Page No. 35 BOGUS PAYMENT OF RS. 91,816
5. Para No. 7 Page No. 35 FRAUDULENT PAYMENT OF RS. 182,015
6. Para No. 9 Page No. 36 WASTEFUL EXPENDITURE OF RS. 27.271 MILLION
7. Para No. 10 Page No. 36 UN-DUE FINANCIAL AID OF RS. 2.162 MILLION
8. Para No. 12 Page No. 37 EXCESS PAYMENT OF RS. 67,586
9. Para No. 13 Page No. 37 OVERPAYMENT OF RS. 194,700
10. Para No. 15 Page No. 39 OVERPAYMENT OF RS. 2.919 MILLION
11. Para No. 16 Page No. 39-40 EXCESS PAYMENT OF RS. 367,253
12. Para No. 17 Page No. 40 OVERPAYMENT RS. 76.384 MILLION
13. Para No. 19 Page No. 41 FICTITIOUS PAYMENT FOR RS. 420,315
14. Para No. 20 Page No. 41 OVERPAYMENT OF RS. 158,758
15. Para No. 21 Page No. 41 OVERPAYMENT OF RS. 121,583
16. Para No. 22 Page No. 42 DOUBTFUL PAYMENT OF RS. 304,755
17. Para No. 25 Page No. 43 LOSS OF RS. 3.510 MILLION
18. Para No. 27 Page No. 44 MIS-APPROPRIATION OF RS. 1.779 MILLION
19. Para No. 28 Page No. 44 LOSS OF RS. 957,071
20. Para No. 29 Page No. 44 MIS-APPROPRIATION OF RS. 3.370 MILLION
21. Para No. 30 Page No. 45 LOSS OF RS. 2,569,582
22. Para No. 31 Page No. 46 MIS-APPROPRIATION OF RS. 1,257,500
23. Para No. 32 Page No. 46 LOSS OF RS. 213,743
24. Para No. 33 Page No. 47 UNJUSTIFIED PAYMENT OF RS. 52,600
25. Para No. 34 Page No. 47 LOSS OF RS. 73,092
26. Para No. 39 Page No. 49 OVERPAYMENT OF RS. 55.215 MILLION
27. Para No. 40 Page No. 50 OVERPAYMENT OF RS. 146,344
28. Para No. 44 Page No. 51-52 OVERPAYMENT OF RS. 492,500
29. Para No. 45 Page No. 52 OVERPAYMENT OF RS. 3.829 MILLION
30. Para No. 46 Page No. 52 OVERPAYMENT OF RS. 1.711 MILLION
31. Para No. 48 Page No. 54 LOSS OF RS. 155,541
32. Para No. 49 Page No.54-55 OVERPAYMENT OF RS. 204,980
33. Para No. 51 Page No. 56 OVERPAYMENT TO THE CONTRACTOR - RS. 512,951
34. Para No. 52 Page No. 56 OVERPAYMENT OF RS. 32.033 MILLION
35. Para No. 57 Page No. 59 OVERPAYMENT OF RS. 102,000
36. Para No. 59 Page No. 59-60 OVERPAYMENT OF RS. 339,800
37. Para No. 62 Page No. 61 OVERPAYMENT OF RS. 164,228
38. Para No. 66 Page No. 63 UNAUTHORIZED PAYMENT OF RS. 36.425 MILLION

39. Para No. 67 Page No. 63-64 OVERPAYMENT PAYMENT OF. 1.470 MILLION
40. Para No. 68 Page No.64 OVERPAYMENT OF RS. 265,700
41. Para No. 69 Page No. 64-65 LOSS OF RS. 65.556 MILLION
42. Para No. 74 Page No.67 OVERPAYMENT OF RS. 209,637
43. Para No. 75 Page No.67 DOUBLE PAYMENT OF RS. 3.150 MILLION
44. Para No. 76 Page No.68 OVERPAYMENT OF RS. 6.652 MILLION
45. Para No. 77 Page No.68 WASTEFUL EXPENDITURE OF RS. 1.746 MILLION
46. Para No. 80 Page No.69 DOUBLE PAYMENT OF RS. 462,746
47. Para No. 81 Page No.69 EXCESS PAYMENT OF RS. 1.114 MILLION
48. Para No. 83 Page No.71 EXCESS PAYMENT OF RS. 511,962
49. Para No. 84 Page No.71 EXCESS PAYMENT OF RS. 138,129
50. Para No. 86 Page No.72 DOUBTFUL PAYMENT OF RS. 2.842 MILLION
51. Para No. 87 Page No.72-73 FICTITIOUS PAYMENT OF RS. 2,858,104,925
52. Para No. 92 Page No.75 OVERPAYMENT OF RS 3.088 MILLION
53. Para No. 93 Page No.75 EXCESS PAYMENT OF RS. 96,900
54. Para No. 97 Page No.77 OVERPAYMENT OF RS. 237,720
55. Para No. 98 Page No.77-78 OVERPAYMENT OF RS. 2.773 MILLION
56. Para No. 101 Page No.79 DOUBTFUL PAYMENT TO THE CONTRACTOR FOR RS. 468,640
57. Para No. 102 Page No.79 EXCESS PAYMENT OF RS. 474,068
58. Para No. 103 page No.79 EXCESS PAYMENT OF RS.461,160
59. Para No. 105 page No.80 EXCESS PAYMENT OF RS. 425,061
60. Para No. 107 page No.81 OVERPAYMENT OF RS. 10.472 MILLION
61. Para No. 108 page No.81 OVERPAYMENT OF RS. 1.120 MILLION
62. Para No. 109 page No.82 OVERPAYMENT OF RS. 1.116 MILLION
63. Para No. 110 page No.82 OVERPAYMENT FOR RS. 1.059 MILLION
64. Para No. 111 page No.82 OVERPAYMENT OF RS. 174,426
65. Para No. 112 page No.83 OVERPAYMENT OF RS. 1.747 MILLION
66. Para No. 113 page No.83 OVERPAYMENT OF RS. 30.145 MILLION
67. Para No. 114 page No.84 FICTITIOUS PAYMENTS OF RS. 1.107 MILLION
68. Para No. 115 page No.84 DOUBLE PAYMENT OF RS. 100,000
69. Para No. 116 page No.84 EXCESS PAYMENT OF RS. 165,600 TO THE CONTRACTOR
70. Para No. 117 page No.84 EXCESS PAYMENT OF RS. 74,374
71. Para No. 118 page No.86 OVERPAYMENT PAYMENT OF RS. 316,700
72. Para No. 119 page No.86 OVERPAYMENT OF RS. 236,225
73. Para No. 120 page No.87 OVERPAYMENT PAYMENT OF RS. 136,800
74. Para No. 121 page No.87 OVERPAYMENT OF RS. 69,470
75. Para No. 123 page No.88 OVERPAYMENT OF RS. 126,500
76. Para No. 124 page No.88 EXCESS PAYMENT OF RS. 444,600
77. Para No. 127 page No.89 OVERPAYMENT OF RS. 6.144 MILLION
78. Para No. 128 page No.90 OVERPAYMENT OF RS.926,166
79. Para No. 129 page No.91 EXCESS PAYMENT OF RS. 73,375 TO THE CONTRACTOR
80. Para No. 130 page No.91 EXCESS PAYMENT OF RS. 2,584,668 TO THE CONTRACTOR
81. Para No. 132 page No.92 OVERPAYMENT OF RS. 1,454,849
82. Para No. 133 page No.92 OVERPAYMENT OF RS. 667,844
83. Para No. 134 page No.93 OVERPAYMENT OF RS. 559,247 TO THE CONTRACTOR
84. Para No. 135 page No.93-94 OVERPAYMENT OF RS. 127,985
85. Para No. 136 page No.94 OVERPAYMENT OF RS. 135,808
86. Para No. 137 page No.94 OVERPAYMENT OF RS. 693,000

Audit recommended the above mentioned 86 paras for settlement.

PAC DIRECTIVE

After detailed discussion of the Members, the Audit and PAO the Committee settled the above mentioned 86 paras on the recommendations of the Audit.

UN-HIGHLIGHTED PARAS (DAC LEVEL)

1. Para No. 1 Page No. 33 UN-AUTHORIZED PAYMENT TO THE CONTRACTOR FOR RS. 61.156 MILLION
2. Para No. 8 Page No. 36 LOSS OF RS. 911,579
3. Para No. 11 Page No. 37 OVERPAYMENT OF RS. 202,280
4. Para No. 14 Page No. 38 BOGUS PAYMENT OF RS. 408,002
5. Para No. 18 Page No. 40 OVERPAYMENT OF RS. 416,000
6. Para No. 23 Page No. 42-43 NON-ACCOUNTAL OF PURCHASE OF VEHICLES OF RS. 96.226 MILLION
7. Para No. 35 Page No. 47-48 OVERPAYMENT OF RS. 2.773 MILLION
8. Para No. 36 Page No. 47-48 OVERPAYMENT OF RS. 7.214 MILLION
9. Para No. 41 Page No. 50 OVERPAYMENT OF RS. 61.987 MILLION
10. Para No. 42 Page No. 50 OVERPAYMENT OF RS 797,400
11. Para No. 43 Page No. 51 OVERPAYMENT OF RS. 3.171 MILLION
12. Para No. 53 Page No. 56-57 OVERPAYMENT OF RS. 81.567 MILLION
13. Para No. 58 Page No. 59 OVERPAYMENT OF RS. 182,800
14. Para No. 71 Page No. 65 ESCALATION TO THE CONTRACTOR FOR RS. 124,900
15. Para No. 72 Page No. 66 OVERPAYMENT OF RS. 319,275/- TO THE CONTRACTOR
16. Para No. 78 Page No.68-69 OVERPAYMENT OF RS. 79,208
17. Para No. 85 Page No.71 FICTITIOUS PAYMENT OF RS. 3.283 MILLION
18. Para No. 90 Page No.74 OVERPAYMENT OF RS. 254,018
19. Para No. 91Page No.74-75 EXCESS PAYMENT OF RS. 194,899 TO THE CONTRACTOR
20. Para No. 94 Page No.76 OVERPAYMENT OF RS. 332, 500 TO THE CONTRACTOR
21. Para No. 95 Page No.76 OVERPAYMENT OF RS. 259,240
22. Para No. 96 Page No.76-77 LOSS OF RS. 607,256
23. Para No. 99 Page No.78 OVERPAYMENT TO THE CONTRACTOR FOR RS. 746,675
24. Para No. 100 Page No.78 OVERPAYMENT OF RS. 7.425 MILLION
25. Para No. 104 page No.80 EXCESS PAYMENT OF RS. 980,910
26. Para No. 106 page No.81 LOSS OF RS. 1.275 MILLION
27. Para No. 122 page No.87-88 OVERPAYMENT OF RS. 68,442
28. Para No. 126 page No.89 LOSS OF RS. 999,059
29. Para No. 131 page No.91-92 EXCESS PAYMENT OF RS. 2,097,554 TO THE CONTRACTOR

The above mentioned 29 paras were settled at DAC level and was brought into the knowledge of the PAC.

AUDIT REPORT 1997-98 **NATIONAL HIGHWAY AUTHORITY (MINISTRY OF COMMUNICATIONS)**

PARAS RECOMMENDED FOR SETTLEMENT

1. Para No. 64 Page No. 62 OVERPAYMENT OF RS. 18.275 MILLION
2. Para No. 65 Page No. 63 UNDUE PAYMENT OF ESCALATION OF RS. 30.198 MILLION
3. Para No. 144 page No.97 OVERPAYMENT OF RS. 1,050,384/- TO THE CONTRACTOR
4. Para No. 145 page No.97-98, OVERPAYMENT OF RS. 235,550/- TO THE CONTRACTOR
5. Para No. 147 page No.98 OVERPAYMENT OF RS. 3,312,300/-
6. Para No. 166 Page No.106 EXCESS PAYMENT OF RS. 245, 420/-
7. Para No.183 Page No. 113-114 OVERPAYMENT OF RS 27.652 MILLION
8. Para No.189 Page No. 116 OVERPAYMENT OF RS. 3.155 MILLION
9. Para No.192 Page No. 117 OVERPAYMENT PAYMENT OF RS 1,248,270/-
10. Para No.196 Page No. 119 OVERPAYMENT FOR RS. 461,201/-
11. Para No. 199 Page No. 120, EXCESS PAYMENT OF RS. 268,225/-
12. Para No. 200 Page No. 121, OVERPAYMENT OF RS. 249,600/-
13. Para No. 224 Page No. 132, OVERPAYMENT OF RS. 3.484 MILLION
14. Para No. 226 Page No. 133, OVERPAYMENT OF RS. 487,500/-
15. Para No.235 Page No. 137-138 OVER PAYMENT OF RS 436,070/-

16. Para No. 254 Page No. 146-147 OVERPAYMENT OF RS. 105,400/-
17. Para No. 256 Page No. 147, EXCESS PAYMENT OF RS. 795,600/-
18. Para No. 257 Page No. 147-148 EXCESS PAYMENT OF RS. 295,781/-
19. Para No. 261 Page No. 149-150 OVERPAYMENT OF RS 436,120/-
20. Para No. 263 Page No. 150-151 EXTRA/ADDITIONAL BURDEN OF 275 MILLION
21. Para No. 264 Page No. 151, LOSS OF RS 2,384,819/-
22. Para No. 265 Page No. 151, LOSS OF RS 15,879,747/-
23. Para No. 270 Page No. 154, LOSS OF RS 641,004/-
24. Para No. 271 Page No. 154, LOSS OF RS 50,330,968/-
25. Para No. 277 Page No. 157, LOSS OF RS. 165,444/-
26. Para No.278 Page No. 158 LOSS OF RS. 2,809,181/-
27. Para No. 281 Page No. 159, LOSS OF RS. 8,713,886/-
28. Para No.282 Page No. 160 LOSS OF RS. 944,600/-
29. Para No.283 Page No. 160-161 WASTEFUL EXPENDITURE OF RS. 2,572,349/-
30. Para No. 284 Page No. 161, LOSS OF RS. 2 MILLION
31. Para No.286 Page No. 162 LOSS OF RS. 79,900/-
32. Para No.287 Page No. 162-163 IRREGULAR PAYMENT OF RS. 133,800/-
33. Para No. 288 Page No. 163 INFRUCTUOUS EXPENDITURE OF RS. 800,000/-
34. Para No.290 Page No. 164 INADMISSIBLE PAYMENT OF RS. 1,675,183/-
35. Para No.291 Page No. 191 LOSS OF RS. 2.585 MILLION
36. Para No. 292 Page No. 165, UNJUSTIFIED PAYMENT OF RS. 220.550 (M)
37. Para No. 293 Page No. 165, LOSS OF RS. 10.425 MILLION
38. Para No. 296 Page No. 167, LOSS OF RS. 14.592 MILLION
39. Para No. 300 Page No. 169, UNDUE FINANCIAL AID OF RS. 3,870,065/-
40. Para No. 301 Page No. 169, UNDUE FINANCIAL AID OF RS. 57,228,179/-
41. Para No. 302 Page No. 170, OVER PAYMENT BUT ALSO THE WHOLE WORK DONE OF RS. 655,662/-
42. Para No.303 Page No. 170 SPECIFICATION WORK OF RS. 198,191,383/-
43. Para No.305 Page No. 171, OVER PAYMENT OF RS. 4,660,164/-
44. Para No.307 Page No. 172 UNJUSTIFIED PAYMENT OF RS. 4,103,058/-
45. Para No.308 Page No. 172 WASTEFUL/UNJUSTIFIED OF RS. 101,500/-
46. Para No. 310 Page No. 173, UNAUTHORIZED PAYMENT OF RS. 2,257,615/-
47. Para No. 312 Page No. 174, IRREGULAR EXPENDITURE OF RS. 4,892,105/-
48. Para No. 313 Page No. 174, IRREGULAR EXPENDITURE OF RS. 140,000
49. Para No. 314 Page No. 175, FICTITIOUS PAYMENT OF RS. 9,680,093
50. Para No. 315 Page No. 175, IRREGULAR PAYMENT OF RS. 5,280,716/-
51. Para No. 316. Page No. 175-176 WASTEFUL EXPENDITURE OF RS. 14,409,842/-
52. Para No. 318 Page No. 176-177 IRREGULAR EXPENDITURE OF RS. 18.750 (M)
53. Para No. 319. Page No. 177, LOSS OF RS. 2,000,000/-
54. Para No. 321. Page No. 178, NON-FORFEITURE OF SECURITY DEPOSIT AND PERFORMANCE BOND FOR RS. 242,541.
55. Para No. 322. Page No. 178-179 NON-FORFEITURE OF EARNEST MONEY AND PERFORMANCE BOND OF RS. 82,108
56. Para No. 323. Page No.179, OVERPAYMENT OF RS 458,000/-
57. Para No. 324 Page No. 179-180, NON-RECOVERY OF RS. 152,500/-
58. Para No. 325. Page No. 180, OVERPAYMENT OF RS. 2,020,155/-
59. Para No. 326. Page No. 180-181, AN OVERPAYMENT OF RS 1,692,500/-
60. Para No. 328 Page No. 181, OVERPAYMENT OF RS. 4,536,000/-
61. Para No. 329. Page No. IRREGULAR EXPENDITURE OF RS. 356,400/-
62. Para No. 330 Page No. 182, IRREGULAR EXPENDITURE OF RS. 3,663,600/-
63. Para No. 331 Page No. 182-183 MISUTILIZATION OF RS. 5,406,700/-
64. Para No. 332 Page No. 183, MISAPPROPRIATION OF FUNDS OF RS. 3.762 (M)
65. Para No. 333. Page No. 183-184, EXCESS PAYMENT OF RS. 3,412,149/-
66. Para No. 334 Page No. 184 , UNAUTHORIZED PAYMENT OF RS. 5,907,725./-
67. Para No. 335 Page No. 184-185 IRREGULAR EXPENDITURE OF RS. 218,300/-
68. Para No. 336 Page No. 185, IRREGULAR EXPENDITURE OF RS. 2,789,999/-
69. Para No. 337 Page No. 185 MISUSE OF DEVELOPMENT FUNDS OF RS. 225,471/-
70. Para No. 338. Page No. 186, IRREGULAR EXPENDITURE OF RS 8,379,789/-
71. Para No. 340. Page No. 186-187, OVERPAYMENT OF RS. RS. 67,000/-
72. Para No. 341. Page No. 187, UNAUTHORIZED PAYMENT OF RS. 506,013/-

73. Para No. 342. Page No. 187-188, EXCESS PAYMENT OF RS. 207,288/-
74. Para No. 343 Page No. 188, LOSS OF RS. 41,500/-
75. Para No. 345 Page No. 189, IRREGULAR PAYMENT OF RS. 195,400/-
76. Para No. 346 Page No. 189, BOGUS PAYMENT OF RS. 63,486/-
77. Para No. 347. Page No. 190, EXCESS EXPENDITURE RESULTED IN LOSS OF RS. 218.99 MILLION
78. Para No. 348 Page No. 190, IRREGULAR EXPENDITURE OF RS. 873,316/-
79. Para No. 350 Page No. 191, IRREGULAR EXPENDITURE OF RS. 881.890 (M)
80. Para No. 352. Page No. 192, IRREGULAR EXPENDITURE OF RS. 407.799 (M)
81. Para No. 353 Page No. 192-193, OVERPAYMENT OF RS. 856,942/
82. Para No. 354 Page No. 193, LOSS OF RS 832.171 MILLION
83. Para No. 355 Page No. 193-194 IRREGULAR EXPENDITURE OF RS. 121,424/-
84. Para No. 356. Page No. 194, IRREGULAR EXPENDITURE OF RS. 63.05 (M)
85. Para No. 357 Page No. 194-195, IRREGULAR PAYMENT OF RS. 2,197,800/-
86. Para No. 358 Page No. 195, IRREGULAR & WASTEFUL EXPENDITURE OF RS. 1,832,500
87. Para No. 359 Page No. 195, IRREGULAR PAYMENT OF RS. 146,800/-
88. Para No. 360 Page No. 196, WASTEFUL EXPENDITURE OF RS. 322,191/-
89. Para No. 361 Page No. 196, UNJUSTIFIED EXPENDITURE OF RS. 18.566 MILLION
90. Para No. 362 Page No. 197, IRREGULAR PAYMENT OF RS 3,393,329/-
91. Para No. 363 Page No. 197, IRREGULAR EXPENDITURE OF RS. 137,425/-
92. Para No.364 Page No. 197-198, IRREGULAR UNJUSTIFIED PAYMENT OF RS. 525,125/-
93. Para No. 366 Page No. 198-199, LOSS OF RS. 289,224/-
94. Para No.367 Page No. 199, IRREGULAR /UNAUTHORIZED EXPENDITURE OF RS. 367,384/-
95. Para No. 368 Page No. 199-200 EXPENDITURE OF RS 138,200/-
96. Para No. 369 Page No. 200, UNAUTHORIZED PAYMENT OF RS. 1239,083/-
97. Para No. 370 Page No. 200-201, EXPENDITURE OF RS. 525.000/-
98. Para No. 371 Page No. 201 DOUBTFUL PAYMENT OF RS. 761,180/-
99. Para No.372 Page No. 201-202 ILLEGALLY PAYMENT OF RS 168,198/-
100. Para No.373 Page No. 202 OVERPAYMENT OF RS. 242,700/-
101. Para No.374 Page No. 202-203 WASTEFUL EXPENDITURE O RS. 22,916,031/-
102. Para No. 376 Page No. 203-204 UNDUE FINANCIAL AID OF RS. 2,227,110/-
103. Para No.377 Page No. 204 LOSS OF RS. 124,969/-
104. Para No. 378 Page No. 204 LOSS OF RS 66,017,007/-
105. Para No. 379 Page No. 205 LOSS OF RS 1,598,479/-
106. Para No.380 Page No. 205 NON-RECOVERY OF RS. 3,789,057/-
107. Para No. 381 Page No. 206 NON-RECOVERY OF RS. 15,562,914/-
108. Para No.382 Page No. 206 NON-RECOVERY OF RS. 10,152,560/-
109. Para No.383 Page No. 206-207 NON-RECOVERY OF RS. 245,156/-
110. Para No.384 Page No. 207 FINANCIAL AID OF RS. 1,733,538/-
111. Para No.385 Page No. 207-208 UNDUE FINANCIAL AID OF RS. 7,359,934/-
112. Para No.386 Page No. 208 UNDUE FINANCIAL AID OF RS. 5,053,335/-
113. Para No.387 Page No. 208 UNDUE FINANCIAL AID OF RS. 3,990,000/-
114. Para No.388 Page No. 209 UNDUE FINANCIAL AID OF RS. 1,769,800/-
115. Para No.389 Page No. 209 UNDUE FINANCIAL AID OF RS. 11,062,508/-
116. Para No.390 Page No. 209-210 UNDER FINANCIAL AID OF RS. 999,000/-
117. Para No. 392 Page No. 210-211 MISUSE OF MOBILIZATION ADVANCE OF RS. 1,324,500/-
118. Para No.393 Page No. 211 UNDUE FINANCIAL AID OF RS. 566,980/-
119. Para No.394 Page No. 211-212 NON-RECOVERY OF RS. 58.363 MILLION
120. Para No.395 Page No. 212 UNDER FINANCIAL AID OF RS. 289.60 MILLION
121. Para No. 397 Page No. 213 UNDUE FINANCIAL AID OF RS. 3,543,000/-
122. Para No.399 Page No. 299 IRREGULAR PAYMENT OF RS. 37,450,080/-
123. Para No.401 Page No. 214-215 NON-RECOVERY OF RS. 461,149/-
124. Para No.402 Page No. 215 NON RECOVERY OF RS 140,823/-
125. Para No. 403 Page No. 215-216 OVERPAYMENT OF RS. 179,012/-
126. Para No.404 Page No. 216 NON-RECOVERY OF RS. 62,500/-
127. Para No.405 Page No. 216-217 LOSS OF RS. 1,149,700
128. Para No.406 Page No. 217 LESS RECOVERY OF RS. 583,012/-
129. Para No. 407 Page No. 217 EXCESS PAYMENT OF RS. 61,272/-

130. Para No.408 Page No. 218 OVERPAYMENT OF RS.111, 975/-
131. Para No.410 Page No. 219 UNDUE BENEFIT OF U.S.S 3,412,993/-
132. Para No.411 LESS RECOVERY OF RS. 83,779/-
133. Para No.412 LESS RECOVERY OF RS. 68,521/-
134. Para No. 413. NON RECOVERY OF RS. 117,000/-
135. Para No.414. NON- RECOVERY OF RS. 186,000/-
136. Para No.415. IRREGULAR PAYMENT OF RS. 161,099/-
137. Para No.416. FICTITIOUS PAYMENT OF RS. 156,000/-
138. Para No.417. NON-RECOVERY OF RS. 110,000/-
139. Para No. 419 ON-RECOVERY OF RS. 127,020/-
140. Para No. 420. UN-JUSTIFIED PAYMENT OF RS. 192,000/-
141. Para No. 421. FINANCIAL AID OF RS. 107,226/-
142. Para No. 422. NON-RECOVERY OF INSTALLMENT AND PENALTY - RS. 610,300/-
143. Para No. 423. LOSS OF RS. 1,000,000/-
144. Para No. 424. LOSS OF RS. 1,400,800/-
145. Para No. 425. NON-RECOVERY OF RS. 3,149,142/-
146. Para No. 428. NON-RECOVERY OF 10% PENALTY- RS. 9,065,075/-
147. Para No. 429. NON-RECOVERY OF RS.52,336,300/-
148. Para No. 430. NON-RECOVERY OF LIQUIDATED OF RS 165.989 (Million)
149. Para No. 431. OVERPAYMENT OF RS. 4,221,300/-
150. Para No. 432. OVERPAYMENT OF RS. 4,221,300/-
151. Para No. 440. BLOCKADE OF PUBLIC MONEY OF RS.1,414,560/-
152. Para No. 441. NON-RECOVERY OF RS. 99.739 MILLION
153. Para No. 442. NON-ADJUSTMENT OF RS. 8,957,285/-
154. Para No. 444. NON-RECOVERY OF INTEREST OF RS. 1,021,035/-
155. Para No. 445. NON-RECOVERY OF RS. 586,643/-
156. Para No. 446. LOSS OF RS. 98,500/-
157. Para No. 448. UNDUE FINANCIAL AID OF RS. 4,049,300/-
158. Para No.449. NON-RECOVERY OF RS. 9,466,400/-
159. Para No. 450. NON-RECOVERY OF RS. 5,000,000/-
160. Para No. 452. SHORT RECOVERY OF RS. 1,354,909/-
161. Para No. 454. NON-RECOVERY OF RS. 59,280/-
162. Para No. 455. UNDUE FINANCIAL AID OF RS. 283,600/-
163. Para No. 458. AUTHORISED PAYMENT OF RS. 4,947,735/-
164. Para No.459. MISAPPROPRIATION/MIS-UTILIZATION AND EMBEZZLEMENT
165. Para No.460. UNAUTHORIZED PAYMENT RS. 117,061,103/-
166. Para No.461. NON CONDUCTING OF AUDIT FOR .2,280,474,418/-
167. Para No.462. MISAPPROPRIATION OF RS. 279,313/-
168. Para No.463. FICTITIOUS PAYMENT OF RS. 172,155,210/-
169. Para No.464. OVERPAYMENT OF RS. 657,354/-
170. Para No.465. NON-REMITTANCE OF AMOUNT OF RS. 371,606/-
171. Para No.468. LOSS OF RS. 22,960,535.66

Audit recommended the above mentioned One hundred seventy one paras for settlement.

PAC DIRECTIVE

After detailed discussion of the Members, the Audit and PAO the Committee settled the above mentioned 171 paras on the recommendations of the Audit.

UNHIGHLIGHTED PARAS (DAC LEVEL)

1. Para No.304 Page No. 170-171 UNJUSTIFIED OF RS. 181,266/-
2. Para No.306 Page No. 171 LOSS OF RS. 1,232,587 TO GOVERNMENT
3. Para No.309 Page No. 173 UNAUTHORIZED PAYMENT OF RS. 891,252,486/-
4. Para No. 317 Page No. 176 LOSS OF RS. 1,525,392/-
5. Para No. 320 Page No. 177 LOSS OF RS. 233,000/-
6. Para No. 327 Page No. 181 OVER PAYMENT OF RS. 17,100,000/-

7. Para No. 349 Page No. 190-192 LOSS OF RS. 91,520,856/-
8. Para No. 351. Page No. 191-192 IRREGULAR EXPENDITURE OF RS. 200,000/-
9. Para No. 391 Page No. 210 UNDUE FINANCIAL AID OF RS. 33,120,000
10. Para No.398 Page No. 213 OVERPAYMENT OF RS. 151,938/-
11. Para No.400 Page No. 214 NON-RECOVERY OF RS.1,506,789/-
12. Para No. 426 NON-RECOVERY OF RS. 8,521,240/-
13. Para No. 433 NON-RECOVERY / NON-ADJUSTMENT OF RS. 428,300/-
14. Para No. 434 NON-SUBMISSION OF VOUCHERED ACCOUNT OF RS. 1,129,923,150
15. Para No. 435. BLOCKAGE OF GOVERNMENT MONEY OF RS. 161,807,900/-
16. Para No. 437 NON-RECOVERY OF RS. 371,996/-
17. Para No. 438. NON-RECOVERY OF RS. 782,000/-
18. Para No. 439. NON-ADJUSTMENT OF RS. 282.159 (M)
19. Para No. 443. NON-RECOVERY OF RS. 28,277,800/-
20. Para No.447. LOSS OF RS. 52,820/-
21. Para No. 451. NON-RECOVERY OF RS. 656,300/-
22. Para No. 453. NON-RECOVERY OF RS. 142,200/-
23. Para No. 456. NON-RECOVERY OF RS. 48.290 MILLION
24. Para No.466. EXCESS ACCOUNTAL OF CASH RS. 254,770/-
25. Para No.467. MISAPPROPRIATION OF RS. 600,000/-

The above mentioned 25 paras were settled at DAC level and was brought into the knowledge of the PAC.

MINISTRY OF CULTURE
1997-98

6. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Culture were examined by the Sub-Committee PAC-III during two series of meetings were held on 10th December, 2010 and subsequently on 16th March, 2011. During the 1st round of meeting the Committee issued its directions and other round of meetings was held to ensure the implementation of the PAC directive issued during the 1st round.

- 6.1 Three grants were presented by the AGPR and twenty paras and three reports were reported by the Audit.
- 6.2 After detailed discussion of the Members, the Audit and PAO settled all the grants and twenty paras.
- 6.3 The Committee directed the Ministry to recover the recoverable amount within one month and paras 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.
- 6.4 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations that zero saving and zero excess should be ensured and financial management should be improved in future.

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 1997-98 of Ministry of Culture, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-1-1997-98)

1. **Grant No. 22 – Culture Sports Tourism and Youth Affairs**
(Total Grant Rs.70,600,000) (Saving - Rs.13,457,937)

The AGPR pointed out that the grant closed with a saving of Rs.13,457,937/- which worked out to 19.06% of the total grant. An amount of Rs.8,602,578 (12.18% was surrendered which is resulted into net saving of Rs.4,855,359 (6.87%).

The PAO explained that saving occurred due to less expenditure on overtime, medical charges, exercising of economy measures and due to non approval of release of Rs.1,572,544/- by Finance Division.

PAC DIRECTIVE

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

2. **Grant No. 23 – Archaeology and Museums**
(Total Grant Rs.66,917,000) (Saving - Rs.4,916,851)

The AGPR pointed out that the grant closed with a saving of Rs.4,916,851/- which worked out to 7.34% of the total grant. An amount of Rs.4,254,900 (6.36% was surrendered which resulted into net saving of Rs.661,951 (0.98%).

The PAO explained that surrender order of Rs.670,518 was not taken into account, hence saving was occurred.

PAC DIRECTIVE

After detailed discussion of the Members, the AGPR and PAO 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.

3. **Grant No. 24 – Other Expenditure of Culture, Sports, Tourism and Youth Affairs Division**
(Total Grant Rs.181,378,000) (Saving - Rs.1,492,590)

The AGPR pointed out that the grant closed with a saving of Rs.1,492,590/- which worked out to 0.82% of the total grant. An amount of Rs.2,100 was surrendered leaving net saving of Rs.1,490,490. A supplementary grant of Rs.2,800,000 was sanctioned but was not included in supplementary schedule of authorized expenditure.

The PAO explained that the saving of Rs.1,898,000 was due to non clearance of a seal payment authority by State Bank of Pakistan Karachi. The remaining saving of Rs.541,000 was due to non approval of release by Finance Division.

PAC DIRECTIVE

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

MINISTRY OF CULTURE FOR THE YEAR (1997-98)

Prepared by DG (Federal Audit)

1. **Para – 1.1 (Page 12-AR-97-98)**

LOSS OF RS 0.278 MILLION DUE TO THEFT OF GOVERNMENT VEHICLE

Audit pointed out that the Golden Jubilee Cell purchased a vehicle for Rs.0.278 million in June 1996, without getting relaxation of ban imposed by Government. Instructions of the Cabinet Division to seek clearance from Finance Division were also violated. Some Vehicle was stolen. Though F.I.R was lodged with the police, neither any inquiry was conducted Departmentally nor loss was reported to Audit in contravention to General Financial Rules. The vehicle has not yet been recovered.

The PAO explained that para pertains to Golden Jubilee Celebration which was initially functioning under the administrative control of Cabinet Division. The vehicle was purchased before transferring of the Cell to Ministry of Culture. It was apprised to the Committee that the then PAO of Ministry of Minorities, Culture, Sports, Tourism and Youth Affairs wrote off losses due to theft of Government vehicle of Golden Jubilee Cell of Financial Control and Budgeting.

Audit requested to provide the inquiry report and record of correspondence to Audit for verification.

PAC DIRECTIVE (10-12-2010)

The Committee granted one month time to the Ministry to produce the record. Para will be considered settled subject to verification of record by the Audit.

PAC DIRECTIVE (16-03-2011)

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

2.

Para – 1.3 (Page 13-AR-97-98)

DOUBTFUL IRREGULAR EXPENDITURE OF RS.2.107 MILLION ON CONSTRUCTION OF TWO FACADES IN A MUSEUM

Audit pointed out that during 1995-97, National Institute of Folk Traditional and Heritage incurred expenditure of Rs.2.107 million from self generated funds on the construction of facades of a museum in Islamabad.

The PAO replied that Lok Virsa deviated from tender and actual measurement of work. Comprehensive proposals along-with detailed drawing were submitted in 13th meeting of Board of Governors. As per recommendations of Board of Governors, the Executive Committee of Board of Governors comprising of Secretary Culture, DFA, and Technical experts after detailed discussion approved the Project on the basis of concept designed and detail cost estimated for Rs.1.0 million especially for Anjuman-e-Mimarian. After getting satisfied with first phase, the Board of Governors in its 14th meeting approved further work to complete the front elevation for 1.2 million subject to Government procedure and rule.

PAC DIRECTIVE

The Committee settled the para with instructions that rules should be followed and record should be verified by the Audit within one month.

3.

Para – 2.3 (Page 18-AR-97-98)

NON FRAMING OF FINANCIAL RULES

Audit pointed out that the different autonomous Organizations were established through Government Resolutions, Acts of Parliament and Ordinances etc were required to formulate different rules like Financial, Health, Service Rules and Regulations etc after approval of the competent authority but such rules were not framed in violation of General Financial Rules. The Organizations completed their time period without these rules. Audit had been pointing out this irregularity in all previous reports.

The PAO replied that rules for Lok Virsa and for PNCA have been framed and approved from the Competent Forum.

PAC DIRECTIVE (10-12-2010)

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

PAC DIRECTIVE (16-03-2011)

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

4. **Para – 2.5 (Page 19-AR-97-98)**
IRREGULAR EXPENDITURE OF RS.22.018 MILLION INCURRED ON HIRING OF RESIDENTIAL AND NON RESIDENTIAL ACCOMMODATION BEYOND FINANCIAL POWERS

Audit pointed out that in Pakistan National Council of the Arts (PNCA) there was an irregular practice of hiring residential and office buildings in absence of any Housing Rules duly vetted by Housing and Finance Division. Pakistan Allocation Rules, 1973, were also not followed. Even the controlling Ministry was not competent to sanction the expenditure. No assessment of rent was made by an Assessment Board in violation of Government Instruction. It was observed that an amount of Rs.11.712 million was paid during 1987-97, on account of rent of residential buildings and Rs.10.305 million on account of hiring of non residential buildings. Audit thus held those payments as irregular.

The PAO explained that PNCA is a statutory body and lump-sum grant-in-aid is being provided by the Federal Government. According to PNCA Act 1973, its Chief Executive has been delegated full administrative and financial powers by its Board of Governors which were exercised at that time with instructions and rules of Finance Division.

A House Hiring Committee comprising of senior officers was constituted. In PNCA, the Committee hired the houses after completion of all formalities as notified by M/o Works.

The expenditures on hiring of houses for employees and office buildings has been reflected in the PNCA budget. This budget was released after approval of Finance Division. PNCA provides housing facility to its employees if the grant is available.

Audit asked to provide a copy of approval of BOG for verification.

PAC DIRECTIVE (10-12-2010)

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

PAC DIRECTIVE (16-03-2011)

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

5. **Para –3.4 (Page 23)AR-97-98)**
IRREGULAR/UNAUTHORIZED OF DEPARTMENTAL RECEIPT AMOUNTING TO RS. 40.313 MILLION TOWARDS DEPARTMENTAL EXPENDITURE/NON REFLECTON OF RECEIPT IN THE BUDGET THEREOF

Audit pointed out that Pakistan National Council of Arts (PNCA) during 1993 to 1997, received Rs.59.559 million as grant in aid and generated a receipt of Rs.40.313 million from its own resources. The Council also utilized the receipts on expenditures incurred during that period which was in contravention to General Financial Rules. These receipts were not reflected in the budge proposals during the year and no approval of Finance Division was obtained to expend it. Audit held expenditure as irregular and unauthorized.

The PAO explained that during the period 1993-97, PNCA arranged a number of cultural activities funded by National/International agencies. Funds were received, deposited into PNCA accounts and expenditures were made as per agreed schedules. He further stated that there was a provision in PNCA Act, that PNCA financial resources and contribution will be Grant In-Aid from Government, donations, contribution from individuals, local bodies, corporations etc. The PAO pointed out that a case is already under the process for getting permission from Finance Division for utilization of PNCA receipts other than Grant-In-Aid. Audit asked to provide the approval of Finance Division.

PAC DIRECTIVE (10-12-2010)

The Committee directed the PAO to get the approval from Finance Division within on month. The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

PAC DIRECTIVE (16-03-2011)

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit. Audit was asked to follow up verification and submit report to the Monitoring and Implementation Committee.

6. **Para –3.6 (Page 25)AR-97-98)**

NON SURRENDER OF SAVINGS OF RS.8.459 MILLION

Audit pointed out that Lok Virsa during 1986-94, did not surrender an amount of Rs.8.459 million from its PLA account at the close of financial year in violation of Government instructions. The matter was reported twice to the Department, it was replied that regularization would be obtained from the Executive Committee of BOG. In reply to the fresh observation it was stated that the balances were utilized to clear the liabilities in the month of July and that the amounts were released by Ministry of Finance in May or June for specific Projects.

The PAO explained that specific releases were made in the month of May and June after examining Lok Virsa requests in Ministry of Culture, Ministry of Finance and AGPR. Funds were utilized in line with the Government instructions for the specific purpose for which they were allocated within a few months after the laps of respective financial year. Audit requested to provide the record of funds which were utilized.

PAC DIRECTIVE (10-12-2010)

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

PAC DIRECTIVE (16-03-2011)

The Committee settled the para subject to verification by the Audit. Audit was asked to follow up verification and submit report to the PAC Monitoring and Implementation Committee.

7. **Para – 3.9 (Page 27-AR-97-98)**
UNAUTHORIZED EXPENDITRE OF RS.62.711 MILLION OF OVER AND ABOVE THE COST OF A SCHEME

Audit pointed out that authority for Preservation of Moenjodaro (APM) Karachi had incurred Rs.106.944 million during 1988-93, on the Ground Water Control (GWC) Scheme against an allocated budget of Rs.44.233 million. Thus an excess expenditure to the extent of Rs.62.711 million was incurred on the Project beyond the allocated funds without prior approval of Finance Division in violation of the Government orders and rules.

The PAO stated that regularization of the excess amounts from Finance Division, the WAPDA authorities proposal and demands the extra funds were appropriated to GWC scheme were being asked to prepare a self contained note justifying therein the extra expenditures, incurred on Ground Water Control works. The PAO further informed that no response as far has been received from the WAPDA authorities.

PAC DIRECTIVE (10-12-2010)

The Committee settled the para with the direction to provide record to the Audit.

PAC DIRECTIVE (16-03-2011)

The Committee settled the para subject to verification by the Audit. Audit was asked to follow up verification and submit report to the Monitoring and Implementation Committee.

8. **Para – 3.10 (Page 27-AR-97-98)**
IRREGULAR UNAUTHORIZED EXPENDITRE OF RS.1.134 MILLION ON ACCOUNT OF BONUS PAID TO EMPLOYEES OF LOK VIRSA.

Audit pointed out that National Institute of Folk Traditional and Heritage paid its employees Rs.1.134 million during 1992-98, as bonus/ honoraria violating ban imposed by the Government. Audit held these payments as irregular and unauthorized. Matter was reported to the Lok Virsa/Ministry on 21-07-1998. It was replied on 30-7-1998 that Service Rules of Lok Virsa had provision of payment of honoraria and further Chairman BOG had approved that from self generated resources for hard work shown by employees but no record was provided in this regard.

The PAO stated that since the rules have already been approved by the Ministry of Finance according to which the Chairman of BOG is the Competent Authority and all the expenditure

have been made from Self Generated Fund. Therefore, it was not considered necessary to get these expenditure regularized from Ministry of Finance.

Audit stated that approval of PAO was presented to Audit but complete list of payees was not provided to the Audit.

PAC DIRECTIVE (10-12-2010)

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

PAC DIRECTIVE (16-03-2011)

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

9. **Para – 3.13 (Page 29-AR-97-98)**

NON SUBMISSION OF DETAILED ACCOUNTS AUDITED STATEMENTS FOR RELEASE AMOUNTS TO RS.0.605 MILLION

Audit pointed out that Lok Virsa released Rs.0.605 million two National Crafts Council (NCC) Islamabad during 1987-91, for Youth Apprenticeship Programme. No details were furnished to audit about its release and subsequent utilization.

The PAO replied that amounts were released to Lok Virsa for Mela arrangements and Youth Apprenticeship programme.

PAC DIRECTIVE (10-12-2010)

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

PAC DIRECTIVE (16-03-2011)

The Committee settled the para subject to verification by Audit. Audit was asked to follow up verification and submit report to the Audit

10. **PARA-3.14 (PAGE-29) AR-1997-98**

NO-SURRENDER AND INVESTMENT OF LAPSABLE AMOUNT OF Rs 12.394 MILLION.

Audit pointed out that Lok Virsa during 1992-97, drew Rs 12.394 from Lapsable Personal Ledger Account at the end of financial years and deposited the same in different commercial banks without approval of controlling Ministry and Finance Division in contravention of Government orders. These amounts were invested in banks to avoid lapse of funds which was violation of General Financial Rules. Similarly two foreign exchange accounts were also discovered having a balance of US\$ 94,258/-. An amount of US\$ 25,700/- was mysteriously transferred to another private bank account. Audit held these investments as irregular. The total amounts received in dollars and expenditure done could not be established as no record was produced except the bank statements.

The PAO stated that with-drawl of Rs 12.394 million to avoid lapse of funds and depositing the amount in different commercial banks is incorrect.

He pointed out that entire amount was transferred to current account from where it was utilized accordingly for specific purpose.

Before international Folk Festival in 1994, several references were made through Administrative Ministry for opening of foreign account. Under emergency to deposit the receipts in foreign currency from the international delegates of the festival two foreign currency accounts were opened in Habib Bank and Muslim Commercial Bank which subsequently transferred to Lok Virsa SGF Account. Bank statements of these accounts have already been shown to Audit. So far inflated figure flexibilities of expenditure is concerned, anticipated receipts are regularly been shown in annual budget demand and budget was released to Lok Virsa on net basis which has not even been allowed 5% normal increase in the budget over last 10 years.

Audit stressed for the provision of complete record for verification.

PAC DIRECTIVE (10-12-2010)

The Committee settled the para and directed record should be verified by the Audits and granted one month time to submit the report to the Audit.

PAC DIRECTIVE (16-03-2011)

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

11. **PARA-3.17 (PAGE-31 AR-1997-98)**
UNAUTHORISED PURCHASE OF VEHICLES AMOUNTING TO RS 1.867 MILLION DURING BAN PERIOD AND IRREGULAR UTILIZATION OF SALE PROCEED.

Audit pointed out that In Lok Virsa, two vehicles were purchased for Rs 1.867 million during 1996-97, despite ban on such purchases. Expenditure was met unauthorizedly from sale proceeds account maintained in a commercial bank without approval. Audit thus held the expenditure and utilization of sale proceeds as unauthorized.

The PAO replied that Lok Virsa is maintaining Self Generated Fund Account at IDBP, Islamabad which has the approval of Ministry of Finance as well as of our administrative Ministry. This account was also being maintained in accordance with the provision of Ministry of Finance.

Purchase of two vehicles was made from Self Generated Fund after its approval

By BOG. Formal NOC for purchase of vehicle was also obtained through administrative Ministry. Record may be verified for settlement of the Para.

Audit insisted for provision of complete record for verification.

PAC DIRECTIVE (10-12-2010)

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit and granted one month time to submit the report to the Audit.

PAC DIRECTIVE (16-03-2011)

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

12. **PARA-3.21 (PAGE-35) AR-1997-98**

UNAUTHORIZED UTILIZATION OF RECEIPTS AMOUNT TO Rs 27.590 MILLION.

Audit pointed that Lok Virsa realized Rs 27.590 million during 1993-96, on account of rent of a building and sale proceeds of vehicles and other items and spent the same without the approval of Finance Division. Audit held the expenditures made out of receipts as irregular and against General Financial Rules and instructions.

The PAO replied that the correct amount realized come to Rs 2.176 million and not 27.59 million as pointed out by Audit. Audit is requested to re-examine this para in the light of revise resolution and rules notified by Administrative Ministry dully vetted by Finance and Establishment Division. Copies of Government resolution and approval of Ministry of Finance already provided to Audit.

Audit stressed that documents which show the authority for self generation and utilization of funds should be provided to Audit.

PAC DIRECTIVE (10-12-2010)

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit and granted one month time to submit the report to the Audit.

PAC DIRECTIVE (16-03-2011)

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

13. **PARA-3.27 (PAGE-39) AR-1997-98**

UN-NECESSARY / WASTEFUL EXPENDITURE OF Rs 3.074 MILLION ON PRINTING AND PUBLICATION – BLOCKAGE OF PUBLIC MONEY THERE OF.

Audit pointed out that In Pakistan National Council of Arts (PNCA), on expenditure of Rs 7.064 million was incurred during 1974-95, on account of printing/publication of books without assessment of demand in violation of General Financial Rules. Publications amounting to Rs 3.074 million were stored as stocks from 4 to 24 years resulting in the blockage of public money. Audit thus held this expenditure as wasteful.

The PAO stated that during the period 1994-97, (3 years) PNCA printed portfolios, books annual activity reports, catalogues, brochures etc. worth Rs.2.310 million. PNCA retrieved

Rs.3,037,652/- from the sale of above items and it was expected that an amount of Rs.520,910/- would be recovered by the sale of remaining items, he further stated that as regards justification for publishing these items, the Pakistan National Council of the Arts was established for patronage, promotion and development of the arts based on the cherished ideology and identity of people of Pakistan.

Audit requested the Committee that Ministry may be asked to provided record for verification.

PAC DIRECTIVE (10-12-2010)

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

PAC DIRECTIVE (16-03-2011)

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

14. **PARA-3.29 (PAGE-40) AR-1997-98**

IRREGULAR INVESTMENT OF Rs 191 MILLION IN COMMERCIAL BANKS.

Audit pointed out that Authority for Preservation of Maenjo-Daro, Karachi invested Development grants of Rs.191.002 million unauthorizedly in ten different commercial banks during 1984 to 1995 in violation of General Financial Rules. Audit held all the above investments as irregular and unauthorized.

The PAO replied that the Mohenjo-Daro preservation project was sponsored jointly by UNESCO and the Government of Pakistan. Both these agencies used to provide funds in installments.

Audit requested to provide record for verification.

PAC DIRECTIVE (10-12-2010)

The Committee settled the Para subject to provision and verification of record with audit and granted one month time to submit the report to the Audit.

PAC DIRECTIVE (16-03-2011)

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

15. **PARA- 4.4 (PAGE-45) AR-1997-98**

IRREGULAR DEPOSIT OF RECEIPTS OF Rs 9.15 MILION AND UTILIZATION OF THE SAME FOR HIRING HOUSES.

Audit pointed out that in Lok Virsa, an irregular practice of granting advance payments of rent of hired houses to the owners of houses from self generated funds, kept in private banks irregularly without approval of Finance Division. Advances were also given to the

employees from this fund without any approval from Finance Division. These advances were subsequently recovered from the pays of employees. In addition during 1992-98, a private accommodation was hired as office cum residence for a camp office and payment of Rs 0.152 million was made unauthorizedly. No formalities as prescribed in Pakistan Allocation Rules were being observed. Audit thus held as the payments of Rs 9.15 million made on rent between 1992-98, as irregular and unauthorized.

The PAO disagreed with Content of D.P. 4.4 and stated that para was drafted without verifying the facts by the audit teams and without examining the reply of the Department.

Audit requested to provide record for verification.

PAC DIRECTIVE (10-12-2010)

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

PAC DIRECTIVE (16-03-2011)

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit. Audit was asked to follow up verification and submit report to Sub Committee of PAC-III.

16. **PARA- 4.8 (PAGE-47) AR-1997-98**

IRREGULAR EXPENDITURE OF Rs 0.163 MILLION ON INSURANCE OF GOVERNMENT VEHICLES / BUILDING.

Audit pointed out that In Pakistan National Council of Arts (PNCA), an irregular expenditure of Rs.0.163 million was made during 1994-97 on insurance of Government vehicles and building contrary to the Government instructions. Expenditure was thus held as irregular.

The PAO replied that all payment of insurance charges were related to period 1994-96, and Pakistan General Insurance Company has been approached for refund of amount paid.

Audit stated that in this case ex-post-facto approval of Finance Division is required for settlement.

PAC DIRECTIVE (10-12-2010)

The committee directed the PAO to get ex-post facto approval from M/O Finance within one month. If the Ministry of Finance regularize it, the para will stand settled.

PAC DIRECTIVE (16-03-2011)

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

17. **PARA- 5.3 (PAGE-50) A-1997-98**
UNAUTHORIZED / UNENTITLED JOURNEYS OF 90,019 KMs RECOVERY OF
Rs 0.180 MILLION FROM DIFFERENT OFFICERS.

Audit pointed out that in Lok Virsa Islamabad a Toyota Pajero Jeep remained under the use of a Federal Minister during 1989-90, as an additional vehicle in violation of Staff Car Rules 1980. The Minister was entitled for only one car provided by the Cabinet Division. The vehicle covered 83780 K.Ms. Mr. Uxi Mufti former the Executive Director was also keeping two vehicles till 15-11-1997, covering a distance of 6,239 KM. He retained vehicle with him after leaving the office of the Executive Director along-with its movement register. The total recoverable amount for using the vehicles beyond entitlement comes to Rs 0.180 million at rates prescribed by Government.

The PAO replied that case for recovery from the Ex-Minister is under process.

Audit requested to provide record for verification.

PAC DIRECTIVE (10-12-2010)

The Committee directed the PAO that paras will be considered as settled subject to verification by the Audit.

PAC DIRECTIVE (16-03-2011)

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

NATIONAL FILM DEVELOPMENT CORPORATION (NAFDEC)
-LIMITED FOR THE YEAR 1997-98

Prepared By DG (Federal Audit)

PAC DIRECTIVE (10-12-2010)

The Committee deferred the above mentioned Performance Audit report for fresh DAC.

Audit recommended the above report for settlement.

PAC DIRECTIVE (16-03-2011)

The Committee settled the above mentioned report on the recommendation of the Audit.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR 1997-98

Prepared By DG (CA&E), Lahore

PAC DIRECTIVE

There was no para in the report.

SPECIAL AUDIT REPORT 19 ON PNCA ISLAMABAD (MINISTRY OF CULTURE) FOR THE YEAR 1997-98

Prepared by DG (Corporate Audit & Evaluation) Lahore

18. **PARA – 5.2-97-98)**
SUSPECTED LOSS OF RS.26,461/- DUE TO NON-RECOVERY FROM AN ARTIST

Audit pointed out that an advance of Rs.26461/- was given to an artist Zeba Bakhtiar for her performance in a musical show in Kazakhstan and Kyrgestan but she neither performed there nor money advanced to her was taken back.

The PAO elaborated that Ms. Zeba Bakhtiar was a member of the group and was paid Rs.26,461/- through cheque No.329445 dated 28.03.1996 on account of air tickets and DA. However she could not undertake the visit for personal reasons. Therefore, she was repeatedly approached for the refund of the amount paid. However, despite tremendous efforts, the issue was still outstanding.

Audit requested that recovery should be made.

PAC DIRECTIVE

The Committee directed the Ministry to recover the recoverable amount within one month 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.

19. **PARA – 7.1-97-98)**
SHORTAGE OF PAINTINGS VALUING RS.343,420

Audit pointed out that millions of rupees were spent on collection of paintings of reputed artists for display in National Art Gallery but neither proper record was available nor annual physical verification carried out to ensure availability of the paintings. Resultantly paintings worth Rs.343,420/- sent abroad for display in annual exhibitions were neither received back nor sale proceeds thereof received by PNCA.

The PAO stated that the case pertains to a Pakistani Painting Exhibition arranged in 1972 in European countries and USA. It should be noted that PNCA was created by an act of Parliament in 1973 .The said exhibition was arranged and sponsored by Ministry of Information and Broadcasting. The reported mishap was come to notice of the administration of PNCA in 1977. Therefore, relevant agencies were contacted i.e Ministry of Information and Broadcasting/Foreign Office. As a result of PNCA efforts, seventeen paintings out of forty six were brought back to Pakistan.

Audit suggested that PAC may inquire from the management about fixation of responsibility on the persons (s) at fault and recovery of the valuable painting/loss.

PAC DIRECTIVE

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

20. **PARA – 8.2-97-98)**

INDIRECT HELP TO FAVOURITE SUPPLIER

Audit pointed out that during the year 1995-96 it was decided to replace the photocopier machine. Open tenders were called for but without exact specification i.e make and model, size and capacity, country of origin etc. Six firms quoted rates for supply of Cannon NP-1215 with lowest rate of Rs.120,000/-. Seven quoted for Toshiba 2540 with lowest rate of Rs.95,000/-. M/s Mansha Brothers quoted for Panasonic Models at the rate of 275,000/-. Order for supply of machine was placed with M/s. Mansha Brothers without recording any reason for accepting their offer and rejecting others.

The PAO stated that the purchase committee after having gone through technical aspects of the machine in comparison to price and requirements of the organization selected model No.7133 of Panasonic (quoted price of Rs.225,000/-). Negotiation with firm to cut down the offered bid was carried out, as a result of which the price was reduced to Rs.225,000/- offering discount of Rs.50,000/-. The same was accepted and procurement was made.

PAC DIRECTIVE

The Committee settled the para with the instruction that in future rules should be followed.

ECONOMIC AFFAIRS DIVISION
1997-98

11. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Economic Affairs Division were examined by the Sub-Committee PAC-III on 24th September, 2010.

- 11.1 Four grants were recommended for regularization on the basis of clarifications given by the PAO.
- 11.2 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.
- 11.3 During the course of discussion, the Committee directed that budgetary system should be strengthened and in future proper rules should be followed.

ECONOMIC AFFAIRS DIVISION
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of Sub-Committee PAC-III held on 24th September, 2010, regarding Appropriation Accounts for the year 1997-98 of Economic Affairs Division, are summarized as under:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. i) **Grant No 50 – Economic Affairs Division**
(Total Grant Rs.51,308,000) (Saving of Rs.6,691,507)

The AGPR pointed out that the grant closed with a saving of Rs.6,691,507/- which worked out to 13.04% of the total grant. An amount of Rs.3,376,916 (6.58%) was surrendered leaving net saving of Rs.3,314,591 (6.46%)

The PAO explained that major saving was under the head “conference & Seminars” for holding Pakistan Development Forum (PDF) meeting. For this purpose, a Supplementary Grant of Rs.1,131,000 was obtained on 11-05-1998, besides a case was moved for re-appropriation of funds from the heads “Postage & Telegraph”, “Telephone & Trunk Calls” and “Telex activities. This Forum was held but Finance Division turned down the request for re-appropriation on 16-06-1998. However, the entire saving was surrendered on 30-06-1998.

ii) **Grant No 51- Technical Assistance Schemes**
(Total Grant Rs.281,964,000) (Saving of Rs.12,287,048)

The AGPR pointed out that the grant closed with a saving of Rs.12,287,048 which worked to 4.36% of the total grant. An amount of Rs.583,000 (0.2%) was surrendered leaving net saving of Rs.11,704,048 (4.15%).

The PAO explained saving as under:-

- a) Rs.10,000,000 Saving occurred due to non clearance of case for making payment under T.A Sector Regular Programme of UNDP which was sent to Finance Division for ways & means clearance but not cleared till the end of the financial year.
- b) Rs.1,035,000 Saving occurred due tot non payment of Annual Rent towards UNDP office in Islamabad.

iii) **Grant No 137- Development Expenditure of Economic Affairs Division**
(Total Grant Rs.95,474,000) (Excess of Rs.6,868,631)

The AGPR pointed out that the grant closed with an excess of Rs.6,868,631 which worked to 7.19% of the total grant. An amount of Rs.342,000 (0.36%) was surrendered increasing net excess to Rs.7,210,631 (7.55%).

The PAO explained that the excess was due to the reason that ADB head office Manila made payment to the consultant directly. EAD has no control over this expenditure and details of expenditure were not made known to EAD in time.

iv) **Grant No 164 - External Development Loans and Advance by the Federal Government (Charged)**

(Total Appropriation - Rs.9,089,300,000) (Saving - Rs.7,322,705,807)

The AGPR pointed out that the appropriation closed with a saving of Rs.7,322,705,807/- which worked out to 80.56% of the total appropriation.

The PAO explained that saving is due to receipt of aid less than estimation.

(Other than Charged)

(Total Grant - Rs.36,536,198,000) (Saving - Rs.15,683,114,053)

The AGPR pointed that the grant closed with a saving of Rs.15,683,114,053 which worked out to 42.92% of the total grant.

The PAO explained that saving was due to receipt of aid less than estimation.

v) **Servicing of Foreign Debt (Charged)**

(Saving of Rs.2,766,242,943)

The AGPR pointed out that the appropriation closed with a saving of Rs.2,766,242,943 which worked to 8.78% of the total appropriation. An amount of Rs.1,793,311,000 (5.7%) was surrendered increasing net saving of Rs.972,931,943 (3.08%).

vi) **Foreign Loans Re-Payment (Charged)**

(Saving of Rs.3,131,770,362)

The AGPR pointed out that the appropriation closed with a saving of Rs.3,131,770,362 which worked to 5.01% of the total appropriation. An amount of Rs.367,554,000 (0.58%) was surrendered leaving net saving of Rs.2,764,216,362 (4.26%).

vi) **Re-Payment of Short Term Foreign Credits (Charged)**

(Saving of Rs.12,180,126,177)

The AGPR pointed out that the appropriation closed with a saving of Rs.12,180,126,177 which worked to 33.08% of the total appropriation. An amount of Rs.10,146,605,000 (27.56%) was surrendered leaving net saving of Rs.2,033,521,177 (5.52%).

On the presentation of above-mentioned three appropriations, The PAO replied that the savings occurred due to booking of expenditure in next financial year. He, however, explained that the estimation regarding servicing of foreign Debts, Foreign Loan Re-Payments, of Repayment of Short Term Foreign credits, etc is a cumbersome process. It involves certain factor which could not be forecast accurately when budget and revised estimates were prepared. Such factors include exchange rate fluctuation of various currencies

viz-a-viz Pak Rupee, changes in disbursement status of loans with corresponding impact on repayment. Thus variation to some extent cannot be eliminated.

PAC DIRECTIVE

The Committee recommended regularization of savings and excesses in above mentioned grants and appropriations on the clarifications given by the PAO, 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 that such practices are avoided in future.

ELECTION COMMISSION OF PAKISTAN
1997-98

12. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 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 which was recommended for regularization.
- 12.2 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations that financial system should be smooth enough to assure zero saving and excess in future .

ELECTION COMMISSION OF PAKISTAN
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of Sub-Committee PAC -III; held on 16th July, 2010, regarding Appropriation Accounts and Audit Report for the year 1997-98 of Election Commission of Pakistan, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I- 1997-98)

1. **Election (Charged)**
(Total Appropriation Rs.301,132,000) (Saving of Rs.202,312,478)

The AGPR pointed out that the Appropriation closed with a saving of Rs.202,312,478/- which worked out to 67.18% of the total Appropriation. An amount of Rs.199,931,468 (66.39%) was surrendered leaving net saving of Rs.2,381,010 (0.79%).

The PAO explained that the saving could not be utilized due to expected expenditure of bye-elections from head 50000 "Commodities and Services" regarding transportation of election material, POL Charges, Postage, Stationary, Contingent expenditure and of re-numeration which could have been required to be paid.

PAC DIRECTIVE

The Committee settled the grant on the clarification given by the PAO, but, directed that financial system should be smooth enough to assure zero saving and excess in future, as per directions of the Chairman PAC.

ESTABLISHMENT DIVISION
1997-98

13. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98, 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 The Committee settled the grants and para on the justification given by the PAO.
- 13.3 The Committee directed the present management to further strengthen their financial systems so that there should be zero saving and excess in future.
- 13.4 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations that budgetary mechanism at that time in the Ministry was very poor and directed the present management to further strengthen their financial system so that there should be zero saving and zero excess in future.

ESTABLISHMENT DIVISION
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of Sub-Committee PAC-III held on 30th September, 2010, regarding Appropriation Accounts and Audit Reports for the year 1997-98 of Establishment Division, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I)(1997-98)

1 i) **Grant No 6 – Establishment Division**
(Saving - Rs.25,334,015)

The AGPR pointed out that the grant closed with a saving of Rs.25,334,015/- which worked out to 11.46% of the total grant. An amount of Rs.25,663,570 (11.6%) was surrendered resulting into an excess of Rs.329,555 (0.14%) A supplementary grant of Rs.809,145 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that saving occurred mainly due to reason that claims of some OSDs were not finalized due to non receipt of LPCs from previous Audit Office. Due to reason that amount was kept for anticipated telephone bills.

ii) **Grant No 7 – Federal Public Service Commission**
(Total Grant - Rs.58,435,000) (Saving - Rs.6,801,596)

The AGPR pointed out that the grant closed with a saving of Rs.6,801,596/- which worked out to 11.63% of the total grant. An amount of Rs.7,711,284 (13.19%) was surrendered resulting into an excess of Rs.909,688 (1.55%).

The PAO explained that saving occurred mainly due to these reasons that due to non receipt of LPCs from the concerned officer and Rs.1,700,000 was anticipated under sub head “59500- Publicity & Advertisement” in consultation with M/S Orient Advertiser and PID and Rs.2,300,000 were surrendered but bills for advertisement were sent by the PID in excess in the month of June, 1998.

iii) **Grant No 9 – Other Expenditure of Establishment Division**
(Saving - Rs.9,524,013)

The AGPR pointed out that the grant closed with a saving of Rs.9,524,013/- which worked out to 4.85% of the total grant. An amount of Rs.8,808,729 (4.49%) was surrendered leaving net saving of Rs.715,284 (0.36%). A supplementary grant of Rs.364,289 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that saving occurred mainly due to funds were reserved for purchase of durable goods but not utilized due to the prevailing financial stringency.

iv) **Grant No 129 - Development Expenditure of Establishment Division**
(Saving - Rs.215,690)

The AGPR pointed out that the grant closed with a saving of Rs.215,690/- which worked out to 1.87% of the total grant. An amount of Rs.215,690 (1.87%) was surrendered leaving no saving or excess.

The PAO made no comments.

PAC DIRECTIVE

The Committee settled the 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 FEDERAL GOVERNMENT ESTABLISHMENT DIVISION
FOR THE YEAR (1997-98)

Prepared by DG (Federal Audit)

2. **(Para – 16, Page 17-ARFG-94-95)**

UN-AUTHORIZED USE OF POL-NON-RECOVERY OF RS 185,092

Audit pointed out that two officers of the Management Services Wing during 1988 to 1993 use 7,823 liters of petrol over and above the entitlement fixed by the Cabinet Division. Thus the expenditure was unauthorized and recoverable at current rate of petrol i.e. Rs 23.66 per liter. The amount of recovery comes to Rs 185,092/-.

The PAO replied that Management Services Division (now Management Service Wing) being a research oriented organization remained busy in different studies including the studies assigned by the Economy Commission and Prime Minister and the Cabinet. The vehicles remained in the use of the Secretaries and Additional Secretaries of the Management Services Division. The reasons for issuance of excess POL for Ex-Secretaries were genuine in accordance with the nature of work entrusted to them in addition to their own duties i.e. Economy Commission etc. All the concerned officer have since retired from Government services. The said recoveries are not possible at this stage.

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 excess in future.



MINISTRY OF ENVIRONMENT
1997-98

14. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Environment were examined by the Sub-Committee PAC-III on 16th July, 2010.

- 14.1 Four grants were presented by the AGPR and one para was reported by the Audit.
- 14.2 The grants were recommended for regularization.
- 14.3 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer(PAO) and made its recommendations that financial management and budgetary control during the period under discussion was seemed to be very poor and directed the PAO to recover the balance amount. .

MINISTRY OF ENVIRONMENT
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of Sub-Committee PAC-III held on 16th July, 2010, regarding Appropriation Accounts and Audit Reports for the year 1997-98 of Ministry of Environment, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) VOL-I- 1997-98

i) **Grant No. 34 - Environment, Local Government and Rural Development Division**
(Total Grant Rs.85,380,000) (Saving of Rs.7,947,128)

The AGPR pointed out that the grant closed with a saving of Rs.7,947,128/- which worked out to 9.31% of the total grant. An amount of Rs.7,601,877 (0.90%) was surrendered leaving net saving of Rs.345,251 (0.40%).

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 and excess etc.

ii) **Grant No. 35 - Forest**
(Saving of Rs.500,010)

The AGPR pointed out that the grant closed with a saving of Rs.500,010/- which worked out to 1.91% of the total grant. An amount of Rs.500,000 (1.91%) was surrendered leaving saving of Rs.10/-

The PAO requested the Committee for regularization of saving in grant as it was very nominal saving.

iii) **Grant No. 36 - Zoological Survey Department**
(Saving of Rs.135,096)

The AGPR pointed out that the grant closed with a saving of Rs.135,096/- which worked out to 2.71% of the total grant. An amount of Rs.188,680 (3.79%) was surrendered resulting into an excess of Rs.53,584 (1.07%).

The PAO explained that excess was due to grant of four advance increments for higher qualifications i.e M.Phil to Mrs. Amtul Basit, Zoologist, Zoo-cum-Botanical Garden, Islamabad, approved by the Finance Division's Regulation Wing, and arrears from 01-07-1983 to 1990.

PAC DIRECTIVE

The Committee settled the above mentioned three grants, however, noted that financial management and budgetary control during the period, under discussion was seemed to be

very poor. Therefore, the Committee directed the present PAO to ensure strict financial and budgeting discipline so that there should be zero saving and excess in future.

2. **Grant No. 135 - Development Expenditure of Environment Division**
(Excess of Rs.21,910,604)

The AGPR pointed out that the grant closed with an excess of Rs.21,910,604 which worked out to 0.97% of the total grant. An amount of Rs.55,143,674 (2.45%) was surrendered increasing net excess to Rs.77,054,278 (3.43%).

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 was not in a position to explain reasons for saving and excess etc.

PAC DIRECTIVE

The Committee directed the PAO, to get all the stated facts verified from AGPR within one month and excess in the grant will be considered as regularized on verification by the AGPR.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (1997-98)

Prepared by DG (CA&E) Lahore

PAK. ENVIORNMENTAL PLANNING & CONSULTANT (PVT) LTD.

3. **Para - 105 (Page 101-APRSE-97-98)**

Audit pointed out that professional fee receivable stood at Rs.16.190 million at 30th June, 1998, before making provision for bad and doubtful debts as against Rs.17.737 million (before provision for doubtful debts) at 30th June, 1997.

The PAO explained that year-wise position of receivable to the Committee.

The PAO also assured the Committee that they will contact the Heads of major defaulters for all recovery from them.

PAC DIRECTIVE

The Committee directed the PAO to recover the outstanding receivables within one month and report to the Audit and referred the para to PAC 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.

FATA SECRETARIAT **1997-98**

15. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the FATA Secretariat were examined by the Sub-Committee PAC-III during two series of meetings were held on 10th August, 2010 and subsequently on 8th January, 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.

15.1 Four grants were presented by the AGPR.

15.2 All grants were settled after detailed discussion.

15.2 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. .

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 1997-98 of Federally Administered Tribal Areas (FATA) Secretariat, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. **Grant No 94 – Federally Administered Tribal Areas**
(Total - Grant Rs.594,611,000) (Saving - Rs.21,415,802)

The AGPR pointed out that the grant closed with a saving of Rs.21,415,802/- which worked out to 3.60% of the total grant. A supplementary grant of Rs.459,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

On presentation 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-III within one month.

The PAO stated that saving occurred due to actual requirement on account of posting and transfer and due to release of amount on account of wheat subsidy by SAFRON Division. Whereas excess was due to actual requirement and nominal.

PAC DIRECTIVE (08-01-2011)

The Committee settled the grant.

2. **Grant No 95 – Other Expenditure of Federally Administered Tribal Areas**
(Total - Grant Rs.1,278,108,000) (Excess - Rs.238,149,301)

The AGPR pointed out that the grant closed with an excess of Rs.238,149,301/- which worked out to 18.63% of the total grant. An amount of Rs.10,500 was surrendered increasing net excess to Rs.238,159,801. A supplementary grant of Rs.232,049,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

On presentation 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 saving occurred due to change of incumbent and vacant posts. Whereas, excess occurred due to change of incumbent and grant of Adhoc Relief to the Ministerial staff, and non receipt of repair bills from the firms and agencies.

PAC DIRECTIVE (08-01-2011)

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

3. **Grant No 148 – Development Expenditure of Federally Administered Tribal Areas**
(Total - Grant Rs.769,185,000) (Saving - Rs.21,869,676)

The AGPR pointed out that the grant closed with a saving of Rs.21,869,676/- which worked out to 2.84% of the total grant.

On presentation of grant the AGPR informed the Committee that no DAC meeting could not 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 saving occurred due to number of departments under this Demand, such as Finance, Local Government & Rural Development, Agriculture, Health, Forest, Fisheries, Education, Works & Services Department, and small savings under each Department and its subordinate offices have aggregated this sum.

PAC DIRECTIVE (08-01-2011)

The Committee settled the grant.

4. **Grant No 167 – Capital Outlay on Development of Tribal Areas**
(Total - Grant Rs.103,816,000) (Saving - Rs.21,327,000)

The AGPR pointed out that the grant closed with a saving of Rs.21,327,000/- which worked out to 20.54% 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 Finance Division turned down request for release of funds for development works and only establishment charges were released and expended.

PAC DIRECTIVE (08-01-2011)

The Committee settled the grant.

MINISTRY OF FOREIGN AFFAIRS

1997-98

16. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Foreign Affairs were examined by the Sub-Committee PAC-III during two series of meetings were held on 4th January, 2011 and subsequently on 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 fifty six paras were reported by the Audit.
- 16.2 After detailed discussion three Grants were settled by the Committee.
- 16.3 Thirty eight paras were settled after detailed discussion of the Members, the Audit and PAO.
- 16.4 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations that rules should be followed in future and financial management should be improved and series efforts should be made to recover the balance amount.

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 1997-98 of Ministry of Foreign Affairs, are summarized below:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I) (1997-98)

1. **Grant No 61 – Foreign Affairs Division**

(Final Grant - Rs.376,689,000) (Saving - Rs.138,849,998)

The AGPR pointed out that saving worked out to 1.12% of the final grant. A supplementary grant of Rs.846,000 was sanctioned but could not included in the supplementary schedule of authorized expenditure. By taking into the account the above amount, the net saving was Rs.5,070,558 (1.34%).

The PAO stated that saving occurred due to vacant posts and strict economy measures.

PAC DIRECTIVE

The Committee settled the grant.

2. **Grant No 62 – Foreign Affairs (Pak.Mission Abroad)**

(Final Grant - Rs.2,395,844,000) (Excess - Rs.58,258,922)

The AGPR pointed out that excess worked out to 2.43% of the final grant. A supplementary grant of Rs.21,852,000 was sanctioned but was not included in the supplementary schedule of authorized expenditure. By taking into the account the above amount, the net excess will come to Rs.36,406,922 (1.51%).

The PAO stated that excess was on account of establishment charges which occurred due to depreciation of Pak Rupees, replacement of photo copier machine, type writers and installation of security system.

PAC DIRECTIVE

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

3. **Grant No 63 – Other Expenditure of Foreign Affairs Division**

(Final Grant - Rs.20,000,000) (Excess/Saving - Rs.17,875,448)

(Charged)

The AGPR pointed out that saving worked out to 89% of the final grant.

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

Other Than Charged

(Final Grant - Rs.750,993,000) (Excess/Saving - Rs.125,345,713)

The AGPR pointed out that excess worked out to 17.99% of the final grant. A supplementary grant of Rs.21,447,00 was sanctioned but could not included in the supplementary schedule of authorized expenditure. By taking into the account the above amount, the net excess was converted into net saving of Rs.84,336,287 (8.69%).

The PAO stated that saving occurred due to postponement of Envoy's Conference during 1997-98, strict economy measures, and due to certain posts which could not be filled in.

PAC DIRECTIVE

The Committee settled the grant with the instructions that rules should be followed in future and financial management should be improved.

AUDIT REPORT VOL-1 ON THE ACCOUNTS OF FEDERAL GOVERNMENT FOR THE YEAR (1997-98)

Prepared by DG Audit Foreign & International Islamabad

4. i) **(Para – 2.5, Page 5-AR-97-98)**
OVERPAYMENT ON ACCOUNT OF TA/DA US\$5,653/-
Audit pointed out that the Principal of Fatima Jinnah Medical College, Lahore was part of the delegation for 51st session of UN General Assembly. His name was not approved by the Prime Minister in the delegation but he proceeded to New York. An amount of US\$ 3,882.40 was paid to him as DA and cost of air tickets. Moreover, he made a stop over at Paris and stayed for seven nights at the station. He was paid US\$1,771 as DA for stay at Paris as well, which was unauthorized and recoverable from him.
- ii). **(Para – 2.7, Page 5-AR-97-98)**
OVERPAYMENT ON ACCOUNT OF TA/DA AND INCIDENTAL CAHRGES US\$3,636.30
Audit pointed out that during 51st Section of UN General Assembly the Prime Minister approved the names of delegation alongwith their period of stay. Out of the delegation, four Parliamentarians extended their stay at New York, beyond the approved period and also claimed DA for the same. They were not entitled to claim DA for the unauthorized stay and an amount of US\$3,636.30 paid irregularly is still to be recovered from them.
- iii). **(Para – 2.8, Page 5-AR-97-98)**
OVERPAYMENT ON ACCOUNT OF TA/DA AND INCIDENTAL CAHRGES US\$243,365/-
Audit pointed out that in the Ministry of Foreign Affairs, payments of TA/DA advances amounting to Rs.243,365 were made to officials on their transfers/tours. Their adjustment bills were submitted and passed for payments in minus due to unspent balances of advances. The amount is still be recovered.

- iv). **(Para – 2.9, Page 6-AR-97-98)**
OVERPAYMENT ON ACCOUNT OF TA/DA AND INCIDENTAL CAHRGES US\$2,446.45 & Rs.78,818/-
Audit pointed out that overpayment of DA amounting to US\$2,446.45 and Rs.78,818 was paid in violation of rules and regulations and the same was recoverable.
- v). **(Para – 2.10, Page 6-AR-97-98)**
OVERPAYMENT ON ACCOUNT OF TA/DA AND INCIDENTAL CAHRGES Rs.708,584/-
Audit pointed out that as per rules a Government servant when transferred on request is not entitled to any TA and DA. A officer was transferred from Mission to HQs on his own request and payment of TA and DA amounting to Rs.708,584/- was paid to him. The above amount is still to be recovered from him.
- vi). **(Para – 2.11, Page 6-AR-97-98)**
OVERPAYMENT ON ACCOUNT OF TA/DA AND INCIDENTAL CAHRGES Rs.32,343/-
Audit pointed out that as per rules, 15% incidental charges are not admissible during joining time. In six cases it was observed that officers/officials were transferred back from Mission to HQs. They availed joining time and were paid 15% incidental charges amounting to Rs.32,343. The amount is still to be recovered from all concerned.
- vii). **(Para – 2.12, Page 6-AR-97-98)**
OVERPAYMENT ON ACCOUNT OF TA/DA AND INCIDENTAL CAHRGES Rs.324,077/-
Audit pointed out that the Ministry paid Rs.324,077 on account of joining time DA in four cases. This payment was made in excess of their entitlement and needed recovery from the concerned.
- viii). **(Para – 2.13, Page 6-AR-97-98)**
OVERPAYMENT ON ACCOUNT OF TA/DA AND INCIDENTAL CAHRGES Rs.187,302/-
Audit pointed out that the Ministry made payments of DA in 10 cases during transfer/tours abroad. The persons were made payments amounting to Rs.187,302 in excess of their payment entitlement. The overpayment was required to be recovered.
- ix). **(Para – 2.14, Page 6-AR-97-98)**
OVERPAYMENT ON ACCOUNT OF TA/DA AND INCIDENTAL CAHRGES Rs.170,568/-
Audit pointed out that in four cases Mission made payment of DA amounting to Rs.170,568 for the overlapping period. The overlapping period/creation of temporary post was subject to the approval of the Finance Division. The approval of Finance Division was required and amount is still to be recovered from the concerned officials.

x). **(Para – 2.15, Page 7-AR-97-98)**
OVERPAYMENT ON ACCOUNT OF TA/DA AND INCIDENTAL CHARGES US\$ 27,461.91 (Rs.1,263,248)

Audit pointed out that unauthorized payment of joining time DA, transportation of personal effects and cost of air ticket amounting to US\$27,461.91 (Rs.1,263,248) was made. The Government Servant was deputed to the SAARC Secretariat, Kathmandu. The amount is still recoverable from the officer who was deputed as Secretary General in SAARC Secretariat, Kathmandu.

xi). **(Para – 2.16, Page 7-AR-97-98)**
UNUTILIZED TICKETS, RECOVERY OF RS.79,010/-

Audit pointed out that in four cases the air tickets purchased from travel agencies amounting to Rs.79,010 were not utilized and they were required to be refunded.

xii). **(Para – 2.17, Page 7-AR-97-98)**
UNUTILIZED TICKETS, RECOVERY OF RS.801,509/-

Audit pointed out that the Ministry paid Rs.801,509 to travel agencies for issue of air tickets in 40 cases during 1996-97. The travel agencies charged the rate for fare in excess of the approved rates. The Ministry failed to check the excess payment. Recovery is to be effected in these cases.

xiii). **(Para – 2.18, Page 7-AR-97-98)**
UNUTILIZED TICKETS, RECOVERY OF RS.515,720/-

Audit pointed out that in 13 cases the officers/officials traveled in higher class than their entitlement. It resulted into overpayment of air fare amounting to Rs.515,720.

xiv). **(Para – 2.19, Page 8-AR-97-98)**
UNUTILIZED TICKETS, RECOVERY OF RS.860,736/-

Audit pointed out that the officers/officials of the Ministry on their transfer from HQ to Missions and vice versa, traveled through the routes other than the approved routes. In 16 cases an amount of Rs.860,736 was incurred over and above the entitled fare at the approved route. The excess payment due to deviation of the route is still to be recovered from the concerned.

xv). **Para – 2.21, Page 8-AR-97-98)**
OVERPAYMENT OF TRANSPORTATION OF PERSONAL EFFECTS AMOUNTING TO RS.444,817/-

Audit pointed out that in three cases irregularities in the payment of transportation were noticed, involving an amount of Rs.444,817. In some cases overpayment were made. In one case 70% of the charges were paid, but in the mean time posting was cancelled. The amount is required to be refunded back.

xvi). **(Para – 2.22, Page 8-AR-97-98)**

**OVERPAYMENT OF EDUCATION, EMERGENCY AND PREMATURE PASSAGE
RS.241,061/-**

Audit pointed out that the in five cases irregularities were noticed. The payment of Rs.241,061 was made to the officials/officers in violation of rules.

On the presentation of above mentioned fourteen paras, PAO requested some time for recovery of amount.

PAC DIRECTIVE (04-01-2011)

The Committee clubbed the above fourteen paras and directed the Ministry to effect recoveries within one month.

xvii). **(Para – 3.5, Page 10-AR-97-98)**

MISCLASSIFICATION OF EXPENDITURE RS.1,136,896

Audit pointed out that the Ministry, while arranging air tickets for the participants of an advance diplomatic course for African countries at Foreign Services Academy, had adjusted cost of unutilized air tickets amounting to Rs.1,136,896 in April, 1997, pertaining to previous years. The amount so adjusted increased the budget allocation for that year. The amount should have been deposited in the Government accounts as miscellaneous receipts. The act of the Ministry needed regularization from 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 Ministry to regularize the expenditure from Finance Division within one month.

xviii). **(Para – 5.11, Page 14-AR-97-98)**

IRREGULAR PAYMENT OF TA/DA AMOUNTING TO US\$ 83,639

Audit pointed out that scrutiny of records revealed that 21 persons were paid US\$ 83,639 on account of daily allowances and incidental charges. All these persons proceeded abroad on tours and payments were made at the Mission. Missions were not authorized to make payment without the approval of External Finance Wing, Finance Division.

PAC DIRECTIVE (11-04-2011)

The Committee directed the Ministry to regularize the expenditure from Finance Division within one month.

xix. **(Para – 5.12, Page 14-AR-97-98)**
PAYMENTS OF TIPS US\$ 4,600/-

Audit pointed out that an amount of US\$14,600 was advanced to the Chief of Protocol and an amount of US\$5,000 was drawn for tips. The payment of tips was made by the Mission itself and only US\$ 400 were paid by the Deputy Chief of Protocol. Remaining amount of US\$ 4,600 was required to be refunded by the Chief of Protocol. The recovery of amount was required. The amount appeared as distributed by him on tips during the Prime Minister's visit to Tehran in October, 1995. However, no accounts of the advance were rendered by the Chief of Protocol till date. In the absence of adjustment, amount was to be recovered from the officer.

The PAO stated the para relates to retention of heavy amounts of advance for tips on account of P.M.'s visit to Tehran.

PAC DIRECTIVE (4-01-2011)

The Committee directed the Ministry to provide adjustment within 15 days or effect recovery from the concerned officer.

xx. **(Para – 5.19, Page 16-AR-97-98)**
IRREGULAR PURCHASE WITHOUT OBTAINING TENDERS/QUOTATIONS
RS.6,140,071/-

Audit pointed out that the Ministry incurred an amount of Rs.6,140,071 on uneconomical and irregular purchase/repairs and printing of misc. items. No tender were obtained during the purchase of equipments and misc. stock articles in violation of Para-144 of GFR Vol-1.

The PAO stated that para has not been converted into DP as informed by the Foreign Audit.

PAC DIRECTIVE (04-01-2011)

The Committee directed the Ministry to regularize the expenditure from and Finance Division within one month.

xxi. **(Para – 5.22, Page 17-AR-97-98)**
IRREGULAR PAYMENT AGAINST TIME BARRED CLAIMS AMOUNTING TO
RS.2.025 MILLION

Audit pointed out that the Ministry paid TA and DA to four officers and officials on their transfer from Mission amounting to Rs.2,025,289. Their TA claims were submitted after the prescribed time limit and Ministry of Finance refused to grant relaxation for the acceptance of these claims. Hence the amount was to be recovered from officers/officials.

The PAO stated that out of four, three cases have been settled. The latest position regarding remaining cases is being sought.

PAC DIRECTIVE (04-01-2011)

The Committee directed the Ministry to provide TA and DA adjustment after relaxation from Finance Division.

xxii) **(Para – 5.23, Page 17-AR-97-98)**

IRREGULAR PAYMENT AGAINST TIME BARRED CLAIMS AMOUNTING TO RS.2,053,411/-

Audit pointed out that the Ministry/Mission paid TA and DA of Rs.2,053,411 to officers and officials on their transfer during November, 1988 to March, 1996. A period ranging from 02 to 10 years had elapsed but TA adjustment bills were not submitted. Sanction of the Ministry of Finance was necessary for investigating the claims or otherwise recovery should be effected.

The PAO stated that out of nineteen cases, one case has been settled.

PAC DIRECTIVE (04-01-2011)

The Committee directed the Ministry to provide TA and DA adjustment after relaxation from Finance Division.

xxiii). **(Para – 5.24, Page 18-AR-97-98)**

ADVANCES NOT ADJUSTED RS.4,854,136/-

Audit pointed out that the Ministry had paid advances amounting to Rs.4,854,136 to twenty seven officers and officials of different Ministries and Division to meet expenditure against different programs arranged by them, but no adjustment was made.

The PAO stated that para relates to un-adjusted advances amounting to Rs.4,854,136/- paid to 27 officers and officials of different Ministries and Divisions. Thirteen cases out of twenty seven have been settled.

PAC DIRECTIVE (04-01-2011)

The Committee directed the Ministry to provide adjustment of advances within one month or effect recoveries from the concerned officers and officials.

xxiv). **(Para – 5.26, Page 18-AR-97-98)**

ADVANCES NOT ADJUSTED RS.360,000/-

Audit pointed out that an amount of Rs.360,000 was paid as advance to the Chief of Protocol for tips/gifts for the President's visit to New Delhi during May, 1995. More than three years have elapsed but no adjustment was provided.

The PAO stated that para relates to Protocol Wing of the Ministry. They had been requested in June, 98 for the early settlement and adjustment of the advance.

PAC DIRECTIVE (04-01-2011)

The Committee directed the Ministry to adjust the advance within one month or effect recovery.

xxv). **(Para – 5.28, Page 19-AR-97-98)**

IRREGULAR EXPENDITURE ON ACCOUNT OF MEDICAL CHARGES RS.358,892/-

Audit pointed out that an amount of Rs.358,892 was incurred on medical treatment of the officials and officers of the Ministry of Foreign Affairs. The observations include treatment of the Foreign Minister in New York, treatment of official delegates of United Nation's General Assembly Session in New York and treatment without the concurrence of Ministry of Health and the Finance Division as required under rules at SI.No.633(P-64) of the book of Financial Management at Missions abroad Vol-II. The Ministry, in its reply, has agreed to obtain ex-post facto sanction from the Health and Finance Division.

The PAO stated that the payment of US\$4,142/- was made by Parepun New York, on account of medical treatment of Sardar Asif Ahmad Ali, Former Foreign Minister, and para relates to the recovery of un-authorized medical charges of US\$3,660/- paid by Parepun New York on account of Rai Ejaz Ahmed, MNA's medical check-up.

PAC DIRECTIVE (04-01-2011)

The Committee directed the Ministry to regularize remaining amount of Rs.168,360 within one month or effect recovery.

xxvi) **(Para – 6.1, Page 20-AR-97-98)**

SHORT DEDUCTION OF INCOME TAX RS.92,612

Audit pointed out that the Income Tax amounting to Rs.92,612 was deducted short from the salary of officials during 1996-97.

The PAO stated that Income Tax deductions of various officers were made less than the prescribed rates from their monthly salaries. The recoveries of Rs.90,759/- were due from the officer.

PAC DIRECTIVE (04-01-2011)

The Committee directed the Ministry to effect recoveries within one month.

xxvii). **(Para – 6.3, Page 20-AR-97-98)**

OVERPAYMENT ON ACCOUNT OF TELEPHONE CHARGES RS.142,380/-

Audit pointed out that in few cases recovery on account of private use of Government telephone in excess of prescribed ceiling, as laid down by the Cabinet Division, was observed. An amount of Rs.142,380 was recovered on this account.

The PAO stated that para relates to expenditure of Rs. 1000/- on shifting of telephone from one officer's residence to another.

PAC DIRECTIVE (04-01-2011)

The Committee directed the Ministry to effect recovery of Rs.141,380 from the concerned within one month.

xxviii) **(Para – 6.4, Page 20-AR-97-98)**

RECOVERIES OF MISC. NATURE AMOUNTING TO RS.149,473

Audit pointed out that, in three observations, recoveries of misc. nature amounting to Rs.149,473 were observed. These recoveries involve honorarium without concurrence of the Finance Division, conveyance allowance, and recovery of rent of apartment at London from Member Finance, PTC, etc. All these payments were inadmissible/unauthorized.

The PAO stated that para relates to payment of honorarium of Rs.51,220/- to officer and staff of M/o Women Development.

PAC DIRECTIVE (04-01-2011)

The Committee directed the Ministry to effect remaining recovery of Rs.84,430 within one month.

PAC DIRECTIVE (11-04-2011)

The Committee referred the above twenty eight paras to the Monitoring and Implementation Committee because the Ministry could not complete the task or actions which were directed during the series of PAC-III meetings.

5. **(Para – 5.5, Page 13-AR-97-98)**

VOUCHERS DOCUMENTS NOT PRODUCED US\$57,674

Audit pointed out that an expenditure of US\$57,674 was incurred by Embassy of Pakistan, Bishkek and Almaty for the President's visit in October, 1996. No account of the above expenditure was submitted. Detailed vouchers/bills relating to above visit were required to be submitted to the Audit.

Audit requested the Committee to direct the Ministry to provide relevant record within fifteen days to Audit for verification.

PAC DIRECTIVE

The Committee directed the PAO to provide relevant record within fifteen days to the Audit for verification. Para will be considered settled subject to verification by the Audit.

6. **(Para – 6.2, Page 20-AR-97-98)**
SHORT DEDUCTION OF INCOME TAX RS.1,642,482/-

Audit pointed out that the Ministry disbursed claims of suppliers and firms but Income Tax was not deducted at source in violation of provision of rules at para 50(4) of the Income Tax Ordinance 1979, from some Auto-mobile firms, Travel agents, Hotels and Printing Corporation of Pakistan.

The PAO stated that para relates to Income Tax recovery amounting to Rs.1,513,313/- from various firms on account of special O.I.C Summit held in March, 1997. The latest position is being sought from all concerned. And para relates to recovery of income tax deduction amounting to Rs.55,614 for the bills of ECO Conference.

PAC DIRECTIVE

The Committee directed the Ministry to effect recovery within one month.

7. **(Para – 7.2, Page 22-AR-97-98)**
NON MAINTENANCE OF RECORD

Audit pointed out that the Africa Section released the funds for training and other purposes. The records of this period against the expenditure of Rs.6,676,584 was not prepared by the Section, which was a serious irregularity.

The PAO stated that para relates to the funds and advances amounting to Rs.9,399,556/- provided to various departments out of Special Technical Assistance for Africa.

PAC DIRECTIVE

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

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FOR THE YEAR (1997-98)

Prepared by DG Audit Foreign & International Islamabad

8. **(Para – 1, Page 3-AR-97-98)**
IN-ADEQUATE CONTROL OVER EXPENDITURE

Audit pointed out that the Mission incurred excess expenditure over the budget to the tune of Rs.11.150 millions during 1995-96, and Rs.17.006 million during 1996-97. The excess was 23% during 1995-96, and 32% during 1996-97.

The increase was attributed to expenditure on the treatment of non-entitled dependants of employees, indiscreet use of telephone and increase in rent. The expenditure was incurred without the provision of funds. Management failed to exercise effective control over the

expenditure inspite of the fact that the auditors had pointed out this weakness on many earlier occasions.

The PAO replied that para relates to excess expenditure over and above allotment of budget. Embassy has informed that Ministry has been approached for regularization as desired by the Audit. Director (Finance) has been requested to expedite regularization.

Audit requested the Committee to direct the Ministry to expedite regularization of the expenditure.

PAC DIRECTIVE

The Committee directed the PAO to implement the decision of the DAC within two weeks i.e to expedite the process of regularization. The para will settled subject to regularization from competent forum.

9. i) **(Para – 4, Page 9-AR-97-98)**

IRREGULAR EXPENDITURE OF RS.1,306 MILLIONS OUT OF SPECIAL ENTERTAINMENT FUND.

Audit pointed out that the Embassy of Pakistan incurred Rs.1,305,765 on entertainment in violation of instructions laid down by Ministry of Foreign Affairs in communication No.Rules-4/8/1986 dated 29-07-1986. The required information in the form of brief notes and personally cards were not maintained. In eleven cases, Ambassador incurred Rs.853,290 (US\$18,962) out of Special Entertainment Fund for entertainment in violation of Ministry's instructions. The Embassy, on two occasions in May, 1995, drew advances (US\$ 1500 & 1000) out of Special Entertainment Fund in violation of the Ministry instruction. The expenditure was required to be reimbursed after it was actually drawn (Para 20 of AIR). The Ambassador on her transfer hosted a farewell reception on 23rd January, 1997, and incurred US\$2,950 (Rs.132,750) at guest rate of US\$13 per head meant for hospitality at home. The expenditure was not met out from the entertainment fund and out of proportion tips (Rs.180,225) were paid during, dinners and lunches hosted at Embassy Residence

The PAO replied that as regard the irregular expenditure of Rs.853,290/- out of Special Entertainment Fund and advance of US\$2500/- out of Special Entertainment Funds and unauthorized expenditure of Rs.132,750/- Embassy has intimated that Ministry has been requested for regularization and cases were under process for regularization.

He further informed that Audit has made observations that an amount of US\$4005 i.e. 46% of expenditure on dinner and lunches was paid as tip whereas limit of tips is 10% of the bill.

Embassy has contended that to economize the expenditure, cooking and catering was done at residence and tips paid to individuals did not commensurate the hard work done.

Audit requested the Committee to direct the Ministry to regularize the expenditure and provide bills and details to audit within one month for verification.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO to provide the necessary documents to Audit for verification within one month. The para will be settled subject to verification by the Audit.

ii) **(Para – 7, Page 12-AR-97-98)**

ACCUMULATION OF RECOVERABLE RS.12.349 MILLION

Audit pointed out that the management failed to exercise financial control and did not adhere to rules and instruction regarding recoveries from the individuals and organizations. Audit brought to light a large number of cases involving recoverable amount of Rs.12,348,607.

Brief position of each type of recovery was as below:-

a. **DUES RECOVERABLE FROM INSURANCE COMPANY AND EMPLOYEES ON ACCOUNT OF MEDICAL CLAIMS RS.9.206 MILLION.**

The Embassy paid US\$ 733,113.02 against contracted accumulated annual aggregate attachment point of US\$656,408.41 to Insurance Company as reimbursement of medical claims for year ended 28-02-1995. This resulted in excess payment of US\$8043.74 up to February, 28, 1995, which was the liability of the Insurance Company. Audit desired recovery of US\$134,748.35 (Rs.6,063,675) from the Insurance Company.

b. The Embassy had re-imbursed US\$47,096.47 (Rs.2,119,341) to Insurance Company during February, 1996, April, and October 1996, to July, 1997, on account of non-reimbursable items over and above the contractual obligations.

c. The Embassy had incurred extra expenditure of US\$21,657.65 Rs.947 during 1-08-1995, to 18-11-1996, for visits by the employees to doctors outside the network contracted by the Insurance Company on concessional rates.

d) The Embassy had paid US\$1,681.61 (Rs.75,672) as hospitalization charges in respect of a local based employee who was not entitled to medical facilities at Government expense. Observation remained un-replied.

The PAO replied that the Audit objections one by one as detailed below:-

a) Para relates to excess payment to insurance company M/S Brokerage Concept Corporation (US\$76,704.6 +58,043,74) Embassy has informed that US\$

58,047.4,41,774.69 has been re-imburement by the Insurance Company. Embassy has been asked to recover the remaining US\$ 76,704.61 and the balance US\$ 16,269.05 out of US\$ 58,043.74. Latest position has been sought.

- b) Para relates to extra contractual payments to insurance plan. Embassy has informed that this pertains to out of network treatment of Embassy employees because treatment facilities were not available within network. Embassy's comments have been forwarded to Dte. of Foreign Audit for consideration and settlement.
- c) Para relates to recovery on account of treatment out side the network. Embassy has explained that all visits outside Preferred Provider's Organization (PPO) were necessary and facilities procured were not available within the network.
- d) Para relates to recovery of hospitalization charges from a local employee who became unconscious while on duty in office. Embassy has explained that in order to avoid unpleasant situation/litigation, it was necessary to pay for emergency treatment of lady employee.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO to take serious steps to recover the balance amount and provide record to Audit for verification within fifteen days. The Committee settled the para subject to recovery of outstanding amount.

iii) **Para – 9, Page 15-AR-97-98)**

OVERPAYMENT ON ACCOUNT OF D.A AND TRANSPORTATION OF PERSONAL EFFECTS RS.907,837

Audit pointed out that in two cases the officials on their transfer from mission to Islamabad were paid six days joining time D.A. at full rate instead of 50% inspite of the fact that they were either in possession of Government accommodation or accommodation was acquired for them. The officials were overpaid US\$2,287.50.

Beside the Audit quoted many other cases in which overpayment was made. These are detailed below:-

In three cases Rs.794,605 were excess paid on account of transportation of personal effects, as described below:-

An officer was transferred from Washington to Katmandu and Embassy arranged total payment of US\$17,210 in January, 1996, for transportation of the personal effects. The agent claimed excess agency charges of US\$850 for quoted transportation from door to door. Further, US\$9,815 was paid as transportation charges from Calcutta to Kathmandu. According to information provided by Pakistan Mission at New Dehli, the prevalent market

rates for inland transportation of container i.e. both ways truck charges and other charges from Calcutta to Kathmandu amounted to Indian Rs.45,000 (US\$1,250), against the amount of US\$9,815 paid by the Pak. Mission, Washington. Further, bill of lading was also not available which made the whole payment doubtful.

In January, 1996, an officer was transferred from Washington to Paris and the Embassy paid US\$9,416.61 for transportation of his personal effects. The claim was not supported by custom documents. The in-land transportation from Lahore to Paris was in excess and was required to be arranged by Pakistan Mission at Paris and not by Washington D.C. The container size 1x 40 high clubs was double the volume and weight of officer's entailment. The transportation of personal effects surplus to entitlement was the responsibility of the officer, thus an excess payment of US\$4617.50 was made to him. Further, the officer being un-married was entitled to claim US\$3139.90 instead of (US\$4617.50). Thus the total recoverable amount worked out to be US\$ 6095.10 (4,617.50+1,477.60).

Embassy paid US\$6414.85 to an officer on transfer to HQ for transportation of personal effects in 1997. The payment in advance was not permissible. Supporting documents of the port of shipment was not available. The officer was entitled to transport personal effect upto 17 cubic meters whereas she was paid cost of transportation of 25 cubic meters. Audit view was that the mission should obtain the documents and justify the payment under reference.

The Embassy paid US\$475 as hotel charges for five nights for the stay of a parliamentarian who had also drawn daily allowance of Category-II from new York and was responsible for paying hotel charges himself.

The embassy paid US\$ 696.80 to hotel management on account of food and beverage charges for EX-Foreign Minister during his hotel stay. The payment was to be made by the ex-Foreign Minister himself.

The PAO stated that as the over payment of US\$1278.75 on account of DA to Mr. Kamran Niaz is concerned, Embassy informed that audit para was referred to Parep Kathmandu for recovery. Officer has retired and the latest position about the recovery has been sought.

PAO stated that later on Audit accepted their view and para was settled by Foreign Audit.

Para relates to excess payment on account of transportation of personal effects Mr. Kamaran Niaz, since the officer has retired, the latest position regard to recovery/settlement has been sought.

Para relates to excess payment on account of transportation of personals luggage in respect of Miss Shirin Safdar, Minister. Audit has suggested for recovery of \$ 6095.10. Since the officer has retired, the latest position with regard to recovery/regularization has been sought.

Para relates to excess payment on account of transportation of personal luggage in respect of Dr. Maleeha Lodhi, Ambassador. Audit has asked for documentary evidence in support of claim. Latest position/documents have been sought from the Mission

Para relates to wrong payments on account of hotel charges in respect of Maulana Fazal-ur-Rehman. Audit has recommended for effecting recovery. Latest position has been sought.

Para relates to recovery on account of non-settlement of food and beverages charges by Sardar Asif Ahmed Ali, Ex-Foreign Minister. Audit requested for recovery from the person concerned. Latest position has been sought.

Audit requested the Committee to direct the Ministry to effect recoveries, regularizations and adjustments within one month.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO to look into the matter from case to case and effect recoveries and regularized the irregularity from the competent forum and make adjustments and submit report to Audit. The Committee settled the para subject to verification by the Audit.

iv) **(Para – 10, Page 18-AR-97-98)**

TELEPHONE CHARGES RS.903,175

Audit pointed out that in three cases excess payment of Rs.903,175 was made on account of telephone charges.

Audit told the Committee that the Embassy, in 17 transactions, paid US\$13,944.18 gross receipt tax to companies for telephone service against the available reciprocal immunity for payment of Tax by mission. The amount was not payable by the mission. In reply, it was intimated that matter had been taken up with the quarter concerned.

The Embassy had paid US\$ 5,713.19 (Rs.257,126) in excess of prescribed ceiling of residential telephones. The payment of charges over and above the ceiling was the responsibility of the concerned officer.

The PAO replied that action has been started on the observations pointed out by the Audit.

Audit requested the Committee to direct the Ministry to effect recoveries within one month.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO to effect recoveries and submit report to Monitoring and Implementation Committee of PAC within one month.

PAC DIRECTIVE (11-04-2011)

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

10. **(Para – 12, Page 19-AR-97-98)**
WATER CHARGES US\$4,038.13

Audit pointed out that the water consumption charges in respect of Embassy Residence, during August, 1995, to August, 1996, amounting to US\$ 16,52.52 were paid out of Government Account. The H.O.M. share of 25% amounting to US\$ 4,038.13 was not recovered.

The PAO stated that para relates to recovery of water charges of US\$4,038/- (Rs.181,715/85) from HOM. Mission informed that matter is under reference to Ministry.

Audit requested the Committee to direct Ministry to effect the recovery from the concerned officer within one month.

PAC DIRECTIVE

The Committee directed the PAO to effect recoveries and submit report to the Monitoring and Implementation Committee of PAC within one month because the concerned Ministry could not complete the task or action which was directed during the series of PAC-III meetings.

11. **(Para – 18, Page 24-AR-97-98)**
UNJUSTIFIED EXPENDITURE OF RS.2.065 MILLION

Audit pointed out that the Embassy paid US\$45,803 (Rs.2,065,185) M/S Mackey Radio System, Washington, USA, for repair of faulty modules/wireless parts of the Ministry of Foreign Affairs during December, 1995, and December, 1996. Repair charges of faulty modules were sanctioned under No.WS-9/3/88 dated 10-04-1996, but details of payment were not provided to Audit. Audit observed that such repairs could have been arranged locally. It was further pointed out that PTCL authorities get their equipment repaired by MS National Radio Telecommunication Company. (NRTC). Haripur.

The PAO stated that para relates to expenditure of US\$ 45,893/- on repair of communication equipment. Audit has suggested for regularization of expenditure. Case was under process for regularization.

PAC DIRECTIVE

After detailed discussion the Committee settled that para subject to regularization from the Finance Division within one month.

12. **(Para – 5, Page 10-AR-97-98)**

LOSS DUE TO UNSOUND DECISION (RS.3.701 MILLION)

Audit pointed out that the management incurred loss of Rs.3,701,160 by keeping an official accommodation vacant for 2 years. The detail is given below:-

A house owned by the Mission was vacated by an officer, on the transfer to another Mission, remained vacant. The accommodation could have been utilized by another officer of the similar entitlement or one category below by de-hiring rented house. The rental ceiling for the officer in that rank was US\$ 2,682 per month. The rent for two years and six months, January, 1996 to July, 1998, worked out to US\$ 80,460 (Rs.3,701,160) at exchange rate of June, 1998. The Mission incurred a loss of Rs.3,701,160 by paying rent to the owner of private house while keeping Government accommodation vacant.

The PAO replied that para relates to loss of Rs.3.701 million due to unsound decision. Mission has informed that house was kept vacant in anticipation of arrival of new officer. Uncertainty of Minister's posting forced that Mission to keep the premises vacant.

Director of Foreign Audit vide letter No.FN/Washington/97-98/Vol.-II/142-44 dated 26-08-2002, informed that para relating to Mr. Kamran Niaz, CdA/Minister may be treated as settled.

PAC DIRECTIVE

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

13. **(Para – 16, Page 22-AR-97-98)**

IRREGULAR EXPENDITURE OF US\$ 215,576.14 INCURRED ON ACQUISITION OF LEGAL SERVICES

Audit pointed out that the M/S Patron, Boggs and Blow were engaged as legal advisor and the embassy paid US\$215,576.14 during October, 1996, to July, 1997. The expenditure was held irregular by the Audit because contract was not produced, claims were not supported with sub-vouchers and vouchers, etc and Law Division was not consulted before engaging legal advisor.

Audit further apprised the Committee that consultant diary indicated that contract was based on sale of time rather than on accomplishment of particular assignment.

The PAO stated that para relates to irregular legal expenses amounting to \$215,576.14. Mission has explained that legal services were acquired after getting approval of the Ministry

and no law firm in the world guarantees 100% success to its clients. It is an established fact that Attorneys are paid on the basis of actual time spend for their clients.

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

PAC DIRECTIVE

The Committee settled that para subject to regularization of irregularity from the Finance Division. Further directed to do the needful within one month.

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14. i) **(Para – 1.1, Page 2-AR-97-98)**

PAYMENT OF INTEREST ON OVERDRAFTS (RS.0.10 MILLION)

Audit pointed out that in 19 cases it was noticed that, as a result of over drawl of amounts from Bank, an amount of Rs.103,746 was charged by the Bank as interest.

The PAO stated that case is under process for settlement and regularization.

Audit requested the Committee to direct the Ministry to vigorously pursue the matter for regularization with Finance Division.

PAC DIRECTIVE (04-01-2011)

The Committee directed the Ministry to expedite the process of regularization from the Finance Division and submit report to Audit within one month.

ii) **(Para – 1.3, Page 2-AR-97-98)**

UNAUTHORIZED EXPENDITURE US\$ 26,582

Audit pointed out that the expenditure was made irregularly on account of telephone charges in excess of ceiling and hotel rent:-

Audit further pointed out that a number of items of Machinery and Equipment were purchased at a cost of US\$2,870.49 without obtaining sanction of the Ministry of Foreign Affairs.

Audit also objected that six Members of staff including two local based were working in the Mission. Chancery No.1 had sufficient space to accommodate the officers and officials but another building was hired without any reason on additional monthly rent of US\$2,800. An amount of US\$56,000 was paid on this account, which was a burden on public exchequer.

The PAO stated the Ministry has regularized the expenditure and the balance amount will be regularized shortly.

Audit requested the Committee to direct the Ministry to get the balance expenditure of US\$ 22,990/- regularized within one month.

PAC DIRECTIVE (04-01-2011)

The Committee directed the Ministry to get the balance expenditure of US\$ 22,990/- regularized within one month.

iii) **(Para – 2.3, Page 9-AR-97-98)**

RECOVERABLE DUES RS.0.15 MILLION

Audit pointed out that in the following cases recoveries were pointed out on account of security deposit for hired residences and purchase of clay pigeons. The Mission paid an amount of Rs.153,505 as security deposit for hired residence, which was required to be received back from the landlords at the time of vacation of house, which was not done by the Mission.

The PAO stated that Mission was directed to provide full justification for retention of security deposit by the landlord or to effect recoveries from the occupants for damages during their occupancy.

PAC DIRECTIVE (04-01-2011)

The Committee directed the Ministry to effect the recovery from the concerned officers and submit report to the Sub-Committee PAC-III.

PAC DIRECTIVE (11-04-2011)

. The Committee directed the Ministry to recover the recoverable amount within one month and referred the above three 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.

15. **(Para – 1.2, Page 2-AR-97-98)**

IRREGULAR EXPENDITURE (RS. 0.652 MILLION)

Audit pointed out that the expenditure was made irregularly on account of Fire Insurance Premium of hired houses, purchase of flowers wreaths and legal aid. An amount of Rs.182,548 was paid on account of the insurance premium for the hired houses and apartments. The expenditure did not fall within the purview of the financial powers of Head of Mission and needed regularization from Finance Division and in six cases, Mission incurred an amount of Rs.469,367 on account of legal aid provided to two persons in violation of rules. According to the said rule, approval of the Law & Justice Division was required before incurring such expenditure.

The PAO stated that case is under process for settlement and regularization.

Audit requested the Committee to direct the Ministry to get the expenditure regularized from the competent forum within one month.

PAC DIRECTIVE

The Committee directed the Ministry to get the expenditure regularized from the competent forum within one month. The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

16. **(Para – 1.4, Page 5-AR-97-98)**
INTEREST ON OVERDRAFT RS.27,572

Audit pointed out that the Mission paid Rs.27,572 to the Bank as interest of overdrafts during June-December, 1994. They should have arranged necessary funds from the Ministry well in time instead of resorting to overdraft.

The PAO stated that case is under process for regularization.

Audit requested the Committee to direct the Ministry to get the expenditure regularized within one month.

PAC DIRECTIVE

The Committee directed the Ministry to get the expenditure regularized within one month. The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

17. **(Para – 1.5, Page 5-AR-97-98)**
IRREGULAR EXPENDITURE RS 1.100 MILLION

Audit pointed out that the expenditure was made irregularly on account of insurance of hired housed, maintenance of mobile phone, repair of residence and chancery, purchase of computers, chairs and stationery, etc.

An amount of Rs.212,303, paid as insurance of the hired residential buildings, was held irregular as the insurance charges were the liability of the land lord. Further, the payment of insurance, alongwith the rent exceeded the prescribed rental ceiling.

On five occasions a total expenditure of Rs.509,335 was incurred on repair of chancery and purchase of computers printers out of Community Welfare Fund. The expenditure was to be incurred out of the regular budget of the Mission. Hence, it was held irregular.

The Mission incurred an expenditure of Rs.378,418 on purchase of computer, chairs, video cameras, fax machine and fire extinguishers, etc. The Finance Division had imposed ban on purchase of durable goods hence, the purchase were held irregular.

The PAO stated that Insurance of rented premises was compulsory as per local laws. However, the case is under process for regularization.

Audit requested the Committee to direct the Ministry to expedite the regularization.

PAC DIRECTIVE

The Committee directed the Ministry to get the expenditure regularized from competent authority. The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

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Prepared by DG Audit Foreign & International Islamabad

18. i) **(Para – 1.2, Page 3-AR-97-98)**

NON-ADHERENCE TO THE FINANCIAL INSTRUCTIONS

Audit pointed out that in two cases, the Mission at Canberra did not observe the Government instructions for incurrence of the expenditure which resulted into irregular expenditure of Rs.1,487,346 detailed below:-

The Finance Division advised that official travel should be curtailed so that expenditure may remain within the sanctioned budget grant for T.A. The Mission paid Rs.250,000 resulting into excess expenditure of Rs.1,035,562 which was 414% more than the allocations (para-3 of AIR).

An amount of Rs.451,784 was incurred by the Mission on account of purchase of full economy class air-tickets, instead of holiday concessional tickets, for home leave passage granted to the Ambassador and his family in contravention of the Ministry of Foreign Affairs instructions.

Audit requested the Committee to direct the Ministry to get the expenditure regularized and in the second case to direct the Ministry to effect recovery from the concerned officer within one month.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO to get the expenditure regularized from competent forum and effect recovery from concerned officer.

ii) **(Para – 1.3, Page 3-AR-97-98)**

EXPENDITURE INCURRED BEYOND DELEGATED FINANCIAL POWERS RS.1.581 MILLIONS

Audit pointed out that the Mission at Brunei incurred expenditure of Rs.1,580,382 on the purchase of machinery and equipments, furniture and fixture items, air tickets, payment of salary at higher rates to local staff, etc, in disregard to the delegated financial powers and authority.

The PAO admitted the irregularity and advised the Mission to regularize the expenditure with the sanction of the competent authority.

Audit requested the Committee to direct the Ministry to get the balance expenditure of Rs.646,518/- regularized from the competent authority within one month.

PAC DIRECTIVE (04-01-2011)

The Committee directed the PAO to get the balance expenditure regularized from competent authority within one month and submit report to PAC.

iii) **(Para – 1.6, Page 6-AR-97-98)**

UNECONOMICAL EXPENDITURE RS.1.997 MILLION

Audit pointed out that the Embassy at Manila incurred Rs.1,997,327 on purchase of durable goods and awarded contract without observing competitive bidding procedure.

The PAO admitted the irregularity and stated that case is under process for regularization.

Audit requested the Committee to direct the Ministry to get the expenditure regularized within one month.

PAC DIRECTIVE (11-04-2011)

The Committee settled the para subject to regularization from the Finance Division.

iv) **(Para – 1.8, Page 7-AR-97-98)**

IRREGULAR EXPENDITURE ON PURCHASE OF DURABLE GOODS RS.465,033

Audit pointed out that the expenditure of Rs.465,033 was incurred by the Embassy at Jakarta on purchase of durable goods during the ban imposed by the Finance Division.

The PAO admitted the irregularity and stated that case is under process for regularization.

Audit proposed the Committee that the Ministry should get the balance expenditure of Rs.420,613/- regularized.

PAC DIRECTIVE (11-04-2011)

The Committee directed the PAO to get the expenditure regularized from the competent form within one month.

PAC DIRECITVE (11-04-2011)

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

19. **(Para – 1.5, Page 5-AR-97-98)**

UNECONOMICAL PURCHASE AND REPAIR (RS.132,953)

Audit pointed out that in two cases, the Mission at Brunei incurred Rs.132,953 on purchase of photo copier machine, telephone set, cutter, typewriter, calculator and table lamp, etc., against the Ministry of Finance instructions through which a ban was imposed on purchase. Out of the above amount, Rs.90,916 were incurred on purchase of photo copier out of the

Pakistan community Welfare and Education Fund, in contravention to the Ministry of Foreign Affairs instructions.

The PAO admitted the irregularity and stated that case is under process for regularization.

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

PAC DIRECTIVE

The Committee settled the para subject to regularization from the Finance Division.

20. **(Para – 1.10, Page 8-AR-97-98)**

UNJUSTIFIED EXPENDITURE RS.377,470

Audit pointed out that the Embassy at Jakarta incurred Rs.377,469.59 on the purchase of machinery and equipments out of Pakistan Community Welfare and Education Fund, against the instructions. The management did not produce the sanction of the competent authority.

The PAO stated the case is under process for regularization.

Audit requested the Committee to direct the Ministry to get the expenditure regularized within one month.

PAC DIRECTIVE

The Committee settled the para subject to regularization of expenditure from competent authority within one month.

21. **(Para – 3, Page 10-AR-97-98)**

AVOIDABLE EXPENDITURE OF HIRING OF EMBASSY RESIDENCE (RS.8.633 MILLION)

Audit pointed out that the Ambassador of Pakistan at Manila vacated the Government owned Embassy Residence, on his transfer from the Mission on 22nd November, 1995, which was not occupied by his successor who arrived in Manila in December, 1995, on the plea that the accommodation vacated by former Ambassador was not habitable.

The PAO stated that the accommodation was hired with the approval of the Ministry, as the area around the Government owned building developed into a bad area rendering the situation beyond control.

PAC DIRECTIVE

After detailed discussion of the Members, the Audit and PAO, settled the para.

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22. **(Para – 2.1, Page 5-AR-97-98)**

VIOLATION OF RULES RS.14.98 MILLION

Audit pointed out that the management incurred expenditure over and above the budget allocation to the tune of Rs.6.650 million and Rs.8.330 million during 1995-96, respectively. The excess was 20% and 25% during these two financial years.

The PAO admitted the irregularity and stated that efforts were being made to regularize the excess expenditure.

PAC DIRECTIVE

The Committee directed the Ministry to get the expenditure regularized from the Finance Division within one month.

23. i) **(Para – 2.2, Page 6-AR-97-98)**

VIOLATION OF RULES RS.294,000/-

Audit pointed out that the expenditure of Rs.173,000 and Rs.121,000 was incurred by the Consulate General of Pakistan on purchase of computers and printers, etc. in July, 1996, and January, 1997, in disregard to the ban imposed by the Finance Division. Further the purchase were made without adopting competitive bidding system.

The PAO stated that purchase were made with the approval of the competent Authority but failed to produce the sanction of the Ministry of Finance.

PAC DIRECTIVE (04-01-2011)

The Committee directed the Ministry to get the expenditure regularize from Finance Division within one month.

ii) **(Para – 3.3, Page 5-AR-97-98)**

VIOLATION OF RULES SR.90,000/-

Audit pointed out that the an expenditure of (SR 90,000), Rs.857,835 was incurred by the Mission on hiring of three rooms building at Mina for three days for three members delegation led by former Chairman, Parliamentary Committee on Kashmir in May, 1995. The performing of Hajj was a personal affair and the expenses should have been borne by the delegation members themselves. In addition to this, the hiring of accommodation was also unjustified.

The PAO stated that the accommodation for the delegation members, led by Nawabzada Nasrullah Khan, was hired during Hajj season with the prior approval of this Ministry. On

Mission's suggestion, M/O Religious Affairs was asked to offer comments in the matter which were still awaited.

PAC DIRECTIVE (04-01-2011)

The Committee directed the Ministry to get the expenditure regularized. Record should be provided to the Audit within one month. Para will be considered settled subject to verification by the Audit.

PAC DIRECTIVE (11-04-2011)

The Committee referred the above two paras to the 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.

FINANCE DIVISION

1997-98

17. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Finance Division were examined by the Sub-Committee PAC-III on 29th October, 2010.

- 17.1 Sixteen grants and eight paras were presented by the AGPR and Audit.
- 17.2 The Committee settled all the grants after the detailed discussion held among the Audit, PAO and the Committee
- 17.3 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations that financial management should be improved to avoid the excess and saving in future. serious steps should be taken to recover the amount which was in pending even after completion of three rounds of PAC-III and Courts cases should be pursued vigorously to safe the government money.
- 17.4 The Committee stressed that release of funds to the Ministries should be well in time so that proper utilization can be assured.
- 17.5 The Committee showed displeasure on overall financial management during the period.

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 1997-98 of Finance Division, are summarized as under:

APPROPRIATION ACCOUNTS (CIVIL/DS) (VOL-I) (1997-98)

1. **Gant No 37 - Finance Division**

(Total Grant - Rs.186,417,000) (Saving - Rs.12,981,321)

The AGPR pointed out that the grant closed with a saving of Rs.12,981,321 which worked out to 6.96% of the total grant. An amount of Rs.31,695,483 (17%) was surrendered resulting into an excess of Rs.18,714,162 (10.04%). A supplementary grant of Rs.8,465,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that saving occurred due to vacant post, adoption of economy measures and curtailments of expenditure under the heads TA, POL, Telephone etc. Some of the saving pertained to purchase of durable goods, repair and maintenance.

PAC DIRECTIVE

The Committee settled the grant with the instruction that there should be proper financial management in future.

2. **Grant No 39 - Superannuation Allowances and Pensions**

(Total Appropriation - Rs.298,899,000 (Saving - Rs.146,410,108)

Charged

The AGPR pointed out that in "Charged" section the grant closed with a saving of Rs.146,410,108 which worked out to 48.98% of the total grant.

Other than Charged

(Total Grant - Rs.5,004,919,000 (Saving - Rs.1,429,631,028)

The AGPR pointed out that in "Other than Charged" section the grant closed with a saving of Rs.1,429,631,028 which worked out to 28.56% of the total grant.

The PAO explained that saving was because of pay and allowances.

PAC DIRECTIVE

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

3. **Grant No 41 - Other Expenditure of Finance Division**

(Total Grant - Rs.2,844,623,000 (Saving - Rs.1,616,280,884)

The AGPR pointed out that the grant closed with a saving of Rs.1,616,280,884 which

worked out to 56.81% of the total grant. An amount of Rs.1,557,444,886 (54.75%) was surrendered leaving net saving of Rs.58,835,998 (2.06%).

The PAO explained that saving occurred due to the reason that the funds could not be released and surrendered by the Information Technology Commission timely, the expenditure was received after close of financial year and thus position under this head could not be estimated correctly and due to adoption of economic measures. It was also due to vacant posts.

PAC DIRECTIVE

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

4. **Grant No 42 - Grants-In-Aid and Miscellaneous Adjustments between the Federal and Provincial Governments**

(Total Appropriation - Rs.7,390,000,000 (Saving/Excess – Rs. Nil)

Charged

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

Other Than Charged

(Total Grant - Rs.819,188,000 (Saving 20,300,000)

The AGPR pointed out that in "Other than Charged" section the grant closed with a saving of Rs.20,300,000 which works out to 2.47% of the total grant. The entire saving was surrendered in time.

The PAO explained that in "Charge Section" the budget was fully utilized, where as in "Other than charged Section" saving was very minor, that was only 2.47%. He further stated that entire saving was surrendered in time.

PAC DIRECTIVE

The Committee settled the grant.

5. **Grant No 43 - Grants and Subsidies to Non-Financial Institutions**

(Total Grant - Rs.2,827,993,000) (Saving - Rs.87,320,883)

The AGPR pointed out that The grant closed with a saving of Rs.87,320,883 which works out to 3.08% of the total grant. The entire saving was surrendered in time.

The PAO stated that saving was fully surrendered in time.

PAC DIRECTIVE

The Committee settled the grant with the instruction that there should be zero saving and zero excess in future according to the instruction of Honorable Chairman.

6. **Grant No 44 - Subsidies and Miscellaneous Expenditure**
(Total Grant - Rs.44,174,450,000) (Saving - Rs.32,462,476,321)

The AGPR pointed out that the grant closed with a saving of Rs.32,462,476,321 which works out to 73.48% of the total grant. An amount of Rs.2,237,538,239 (%) was surrendered leaving net saving of Rs.29,224,938,082 (%).

The PAO stated that such a huge saving occurred due to the reason that supplementary grant to the ADBP which could not be released till the close of financial year and due to payment of subsidy to Industrial Units at Gadoon Amazai. In order to eliminate poppy cultivation for which the grants were received after close of financial year. When surrender of budgeted provision was not possible. He further stated that it was due to loss by exchange on remittances abroad.

PAC DIRECTIVE

The Committee settled the grant with the direction to improve the financial management in future that there should be proper financial management and there should be zero saving and zero excess the grant was settled.

7. **Grant No 126 - Federal Miscellaneous Investments**
(Total Grant - Rs.5,007,501,000) (Saving - Rs.1,804,558,711)

The AGPR pointed out that The grant closed with a saving of Rs.1,804,558,711 which works out to 36.03% of the total grant. An amount of Rs.1,262,872,000 (25.22%) was surrendered leaving net saving of Rs.541,686,711 (10.81%).

The PAO stated that saving was due to Pakistan Insurance Corporation regarding Export Credit Guarantee Scheme (M/o Commerce) which could not be utilized due to non completion of certain codal formalities and Pakistan Insurance Corporation towards paid up capital of ECO Reinsurance Company (M/o Commerce). The amount could not be released as formalities in respect of formation of ECO Reinsurance Company were not completed mainly by Iran and Turkey.

PAC DIRECTIVE

The Committee settled the grant with the instruction that there should be zero saving and zero excess in future.

8. **Grant No 127 - Other Loans and Advances by the Federal Government**
(Total Grant - Rs.12,535,152,000) (Saving - Rs.1,885,590,854)

The AGPR pointed out that the grant closed with a saving of Rs.1,885,590,854 which works out to 15.04% of the total grant. An amount of Rs.1,281,914,730 (10.22%) was surrendered leaving net saving of Rs.603,676,124 (4.81%). A supplementary grant of Rs.7,000,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO informed that the saving under this head was due to non withdrawal of advances by the Government Servants allocated to them by the Accounts Offices till the close of financial year because these Government servants could not fulfill the codal formalities. The expenditure under head “Loans & Advances to Friendly Countries” was also of a fluctuating nature. The budget provision was made keeping in view the offers and commitments for providing export credit to Friendly Countries. However, utilization of these credit provision largely depends on how the borrower countries utilize these credit offers.

He further added that a supplementary grant of Rs. 7 million was allowed as loan to PEPCO on 02-06-1998. As it could not be printed in Supp.Book, therefore, it was not included in the Final Grant. However, AGPR has booked this amount as expenditure.

PAC DIRECTIVE

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

9. **Grant No 136 - Development Expenditure of Finance Division**
(Total Grant - Rs.2,103,166,000) (Excess - Rs.2,089,359,764)

The AGPR pointed out that The grant closed with an excess of Rs.2,089,359,764 which works out to 99.34% of the total grant. An amount of Rs.196,035,285 (9.32%) was surrendered increasing net excess to Rs.2,285,395,049 (108.66%).

The PAO explained that excess was due to increase in the disbursement of Foreign Aid by the donor agencies directly to the assignment account of foreign Aided Projects.

PAC DIRECTIVE

The Committee instructed that it was bad financial management. The financial system should be improved. The grant was settled.

10. **Grant No 162 -Capital Outlay on Federal Investments**
(Total Grant - Rs.15,251,000) (Excess/Saving - Rs.Nil)

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

The PAO stated that entire budget provision was fully utilized.

PAC DIRECTIVE

The Committee settled the grant.

11. **Grant No 163 - Development Loans and Advances by the Federal Government**
(Total Appropriation – Rs.12,050,000,000) (Excess/Saving - Rs.Nil)

Charged

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

Other Than Charged

(Total Grant - Rs.16,141,922,000) (Excess - Rs.496,319,500)

The AGPR pointed out that In “Other than Charged” section the grant closed with an excess of Rs.496,319,500 which worked out to 3.07% of the total grant. A supplementary grant of Rs.433,134,500 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO stated that in “Charge” section the budget was fully utilized, where as “Other then Charged” the excess was only 3.07% which was minor excess and requested for settlement of the grant.

PAC DIRECTIVE

The Committee settled the grant with the instruction that such practice should not be followed in future and there should be proper financial management in future.

12. **SERVICING OF DOMESTIC DEBT**

(Total Appropriation - Rs.153,897,738,000) (Excess - Rs.13,615,230,272)

CHARGED

The AGPR pointed out that the Appropriation closed with an excess of Rs.13,615,230,272 which worked out to 8.84% of the total grant. An amount of Rs.2,551,608,000 was surrendered increasing net excess to of Rs.16,166,838,272.

The PAO explained that excess was mainly on account of unfunded debt i.e. National Savings Schemes. The exact estimation of interest payment was not possible as the Government Securities could be purchased and encashed any time by the investors. The rates of Defence saving certificates were enhanced on 16-11-1996 from 16% to 18%. Due to that enhancement investors encashed the Defence Savings Certificates having lower rate of return and purchased before savings certificates having 18% return.

PAC DIRECTIVE

Grant was settled by the Committee.

13. **RE-PAYMENT OF DOMESTIC DEBT**

(Total Appropriation - Rs.1,096,264,847,000) (Saving - Rs.4,341,490,820)

The AGPR pointed out that the Appropriation closed with a saving of Rs.4,341,490,820 which works out to 0.39% of the total grant. An amount of Rs.2,088,717,000 (%) was surrendered leaving net saving of Rs.2,252,773,820.

The PAO explained that major savings were in the Floating Debt (Cash Credit Accommodation). There was excess of Rs.8.3 billion under Permanent Debt (National Prize Bonds and others). There was also excess of Rs.16.766 billion under the Floating Debt (Treasury Bills/ Short Term Federal Bonds. There was further excess of Rs.0.389 billion under other Floating Loans i.e. There was savings of Rs.29.8 billion which occurred in Floating Debt (Cash Credit Accommodation). The estimation was based on past trends which was not followed during the whole year.

PAC DIRECTIVE

The Committee observed bad financial management during the year and instructed that there should be zero saving and excess in future. The grant was settled.

14. **AUDIT**

(Total Appropriation - Rs.812,616,000) (Saving - Rs.28,182,163)

The AGPR pointed out that The Appropriation closed with a saving of Rs.28,182,163 which works out to 3.46% of the total Appropriation. An amount of Rs.49,140,000 (6.04%) was surrendered resulting into an excess of Rs.20,957,837 (2.58%).

The PAO explained that excess was due to payment of Secretariat and personal Allowance to the staff of 29-petitioner offices of PAD. No budget provision and supplementary grant was provided to meet the expenditure.

PAC DIRECTIVE

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

15. **Grant No 38 – Pakistan Mint**

(Total Grant - Rs.133,720,000) (Saving - Rs.3,735,501)

The AGPR pointed out that the grant closed with a saving of Rs.3,735,501/- which works out to 3.58% t of the total grant. An amount of Rs.1,605,000/- was surrendered leaving net Saving of Rs.2,130,501/- i.e. 2.04% of the total grant.

The PAO stated that saving occurred mainly due to less expenditure and less consumption of utility i.e. electricity and gas.

PAC DIRECTIVE

The Committee agreed with the PAO and settled the grant.

16. **Grant No 40 – National Saving (Other than charged)**
(Total Grant - Rs.217,975,000) (Saving - Rs.1,443,175)

The AGPR pointed out that the figures of actual expenditure amounting to Rs.216,531,825/- are in agreement with the department record which was based on the reconciled accounts.

The PAO stated that the overall saving of Rs.1,443,175/- relates to forty five budgetary units (New Items Statement), under which allocation where made to 413 offices scattered all over the country which was due to ban on the recruitment and vacant posts was 0.66% of the total grant. The PAO further explained that as it was a minor saving so it may be settled.

PAC DIRECTIVE

The Committee settled the grant.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (1997-98)

Prepared by DG (CA&E) Lahore

17. **Para 46, (Page 51-ARPSE-97-98)**
AGRICULTURAL DEVELOPMENT BANK OF PAKISTAN

Audit pointed out that the Agricultural Development Bank of Pakistan was established under the Agricultural Development Bank Ordinance, 1961, by merger of former Agricultural Development Finance Corporation and Agricultural Bank of Pakistan in February, 1961 to provide better credit facilities for the promotion, expansion and development of agriculture and persons engaged therein.

The working results of the Bank for the year, 1997-98 as compared with those of the preceding years.

Credit disbursement during the year 1997-98 increased by 91.35% as compared with the previous year 1996-97. The income of the Bank increased by 22.50% whereas the expenditure increased by 171.05% as compared with the previous year resulting into loss of Rs.6200.340 million as against profit of Rs. 195.607 million earned during the previous year.

The PAO explained that after obtaining relaxation from State Bank of Pakistan in the application of Prudential Regulations, ZTBL prepared its final accounts from 1989 to 97. He further stated that Bank had also recovered the loss.

PAC DIRECTIVE

The Committee directed the management to take effective steps for the recovery of entire outstanding amount and get it verified by Audit.

18. **Para 49, (Page 55-ARPSE-97-98)**

Audit pointed out that other assets as on 30-6-98 include Tractors worth Rs.122.448 million imported in 1994-95 under "Awami Tractors Scheme". Reasons due to which these tractors were lying undelivered since long need to be looked into and efforts be made to deliver the same early to avoid deterioration of Tractors with the passage of time.

The PAO stated that they have their case pending with the Court of Civil Judge, Islamabad. The case was also referred to the NAB for recovery.

PAC DIRECTIVE

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

19. **Para 53, (Page 53-ARPSE-97-98)**

EXPECTED LOSS OF RS.16.039 MILLION DUE TO DOUBTFUL RECOVERY OF LOANS

Audit pointed out that ADBP Gujar Khan Branch sanctioned, and disbursed loans aggregating Rs.9.744 million during the year 1984-85 to 1987-88 to 47 individuals for establishment of poultry and Dairy Farming Projects. The bank obtained 70% security against hypothecation of stock and 30% in the form of land. All the loanees mis-utilized the loans and an amount of Rs.0.425 million only could be recovered in 12 years. As a result the overdue amount in respect of above loanees rose to Rs. 16.039 million as on 30.6.1996.

The Departmental representative stated that due to insufficient value of security, the branch was unable to effect recovery and the amount of Rs.16.039 million has been transferred to doubtful loan ledger. The services of the employees involved in the case were stated to have been terminated.

Audit pointed out that original record was not provided for verification.

PAC DIRECTIVE

The Committee deferred the para for DAC and directed the PAO that record should be provided to the Audit for verification within one month.

20. **Para 56, (Page 55-ARPSE-97-98)**

EMBEZZLEMENT OF CASH AMOUNTING TO RS.0.276 MILLION BY THE EX-CASHIER AND NON-RECOVERY OF ADVANCES RS.49,750.

Audit pointed out that in Agricultural Development Bank of Pakistan, Pasrur Branch. Mr. Khalil Ahmed Chishti working as Armed Guard was promoted as Assistant On 18-01-90 on the basis of having passed matriculation examination. In 1993, when the Bank management sent the certificate of the employee to the Board of Intermediate and Secondary Education, Lahore for verification, the same was found to be bogus. A show cause notice was issued to

the defaulting employee on 4-2-1993. The ex-employee absconded from duty and took away cash amounting to Rs.0.276 million from the safe. In addition to the above an amount of Rs.49750 on account of House Building, Conveyance and other advances was also outstanding against the ex-employee.

The loss was apparently facilitated due to the reasons that the employee was promoted without proper verification of Academic certificates and the Branch Manager did not take the key of night safe from Ex-cashier. Despite the fact that a period of over four years had elapsed neither any departmental inquiry was finalized nor the criminal act of the ex-employee was registered with Police.

The PAO explained that the disciplinary action under E&D rules has been taken against the culprits and co-culprits. The Culprit was dismissed from services and FIR was registered against him now he is untraceable and the case is with FIA.

PAC DIRECTIVE

The Committee directed the PAO to follow up the case seriously and referred the Para to Monitoring and Implementation Committee for further follow up.

21. **Para 58, (Page 57-ARPSE-97-98)**
NON-RECOVERY OF RS.0.237MILLION ON ACCOUNT OF HOUSE BUILDING, CONVEYANCE AND HOUSE RENT ADVANCES FROM MR. EHSAN ELAHI (EX-MCO)

Audit pointed out that the books of Accounts of ADBP Sargodha disclosed that an amount of Rs.237,221 was outstanding against Mr. Ehsan Elahi (Ex-MCO) on account of House Building, conveyance and House Rent advance drawn by him. Services of Mr. Ehsan Elahi were terminated immediately after payment of these advances. The case was referred by ADBP (HO) to Sargodha branch for recovery as the ex-employee had offered his plot in Bhalwal District Sargodha as security against loan. On verification by bank staff it was noticed that the Ex-employee had not constructed any house and his whereabouts were also not known. The amount of advance as such was mis-utilized and was doubtful for recovery.

The management stated that the case has been referred to the Collector for recovery of outstanding bank dues from Ex-employee, hut despite lapse of period of over six years the amount of Rs.237,221 could not be recovered.

The PAO stated the Committee that the cases are subjudice in the courts.

PAC DIRECTIVE

The Committee directed the department to pursue the cases in court vigorously and referred the para to Monitoring and Implementation Committee for further follow up.

22. **Para 59, (Page 58-ARPSE-97-98)**
FRAUD AND FORGERY COMMITTED BY THE CASHIER AMOUNTING TO RS.0.196 MILLION

Audit pointed out that the books of accounts of ADBP, Burewala disclosed that the Cashier of the office committed fraud of Rs. 196000 during the period from November. 1992 to December, 1994 and the amount was debited to General Ledger Head-6332 for its final clearance. The inquiry report relating to the fraud case was demanded by the audit, but the same was not produced on the plea that all record comprising Inquiry Report, FIR lodged with police etc. was available with Regional Manager of the Agricultural Development Bank of Pakistan at Vehari.

The PAO informed the Committee that in the light of our Departmental inquiry responsibility was fixed and FIR were registered with the FIA for recovery. And the case was with the FIA.

PAC DIRECTIVE

The Committee directed the PAO to look into the matter personally and directed the PAO to ask the FIA Authorities to take serious steps to arrest the culprits and submit a report within one month. The Committee referred the Para to Monitoring and Implementation Committee for further follow up because the Ministry could not complete the task or action.

23 i) . **Para 62, (Page 60-ARPSE-97-98)**
NON-RECOVERY OF RS.2.388 MILLION FROM THE GOVERNMENT SERVANTS AND RELATIVES OF POLITICIANS

Audit pointed out that the Agricultural Development Bank of Pakistan Mehran Branch (District Dadu) disbursed loan of Rs.986,712 to 20 persons employed in Government Department and Rs.140,057 to a family of politicians under different names prior to 1990. The loan could not be recovered afterwards.

ii) **Para 79, (Page 71-ARPSE-97-98)**

Audit pointed out that a provision for doubtful debts amounting to Rs.746.446 million has been made in the accounts for the year under review raising the total figure to Rs,1704.976 million on 30-6-97. The reasons for not taking timely action for the recovery of the corporation dues needs investigation. Effective steps are required to be taken for recovery of the long outstanding amounts to avoid further losses on this account.

PAC DIRECTIVE

The Committee deferred the above-mentioned two paras.

SPECIAL AUDIT REPORT OF
NATIONAL DEVELOPMENT FINANCE CORPORATION (NDFC)
Prepared by CA&E, Karachi

PAC DIRECTIVE

The Committee referred the above-mentioned Audit Report to Monitoring and Implementation Committee of PAC.

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MINISTRY OF FOOD AND AGRICULTURE
1997-98

18. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Food and Agriculture were examined by the Sub-Committee PAC-III during three series of meetings were held on 27th September, 2010, 14th March, 2011 and subsequently on 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. Eleven grants were presented by the AGPR and eight paras were reported by the Audit.
- 18.2. The Committee recommended ten grants for regularization after detailed discussion and directed that record should be verified by the Audit.
- 18.3. After detailed discussion of the Members, the Audit and PAO, five paras were settled.
- 18.4. The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations that to avoid mismanagement in budgeting planning, financial system should be strengthened.
- 18.5. In a case where purchases was made, where it was not necessary and especially on higher rates were discouraged by the Committee, Ministry actions against responsables were recommended.
- 18.6. The Committee showed displeasure on the irresponsible attitude of the Ministry and its concerned department.

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 1997-98 of Ministry of Food and Agriculture, are summarized below:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. i) **Grant No 53 – Food and Agriculture**

(Total Grant - Rs.82, 665, 000) (Saving - Rs.24, 689,825)

The AGPR pointed out that the grant closed with a saving of Rs.24,689,825/- which worked out to 29.86% of the total grant. An amount of Rs.2,947,818 (3.56%) was surrendered leaving net saving of Rs.21,742,007 (26.30%).

The PAO explained that saving occurred mainly due to non-release of funds relating to CGIAR by Finance Division and ultimately surrendered on 17-06-1998. However, the same was utilized during next year.

ii) **Grant No 54 – Agriculture Research**

(Total Grant - Rs.329, 087,000) (Saving - Rs.41, 432,211)

The AGPR pointed out that the grant closed with a saving of Rs.41,432,211/- which worked out to 12.59% of the total grant. An amount of Rs.41,424,163 (12.58%) was surrendered leaving net saving of Rs.8,048.

The Committee directed to the PAO to regularize the saving which is very nominal.

iii) **Grant No 55 – Plant Protection Measures**

(Total Grant - Rs.85,545,000) (Saving - Rs.37,040,822)

The AGPR pointed out that the grant closed with a saving of Rs.37,040,822/- which worked out to 43.29% of the total grant. An amount of Rs.35,445,000(41.43%) was surrendered leaving net saving of Rs.1,595,000(1.86%).

The PAO explained that the saving occurred mainly due to non-recruitment against vacant posts.

iv) **Grant No 56 – Other Agricultural Services**

(Total Grant - Rs.53, 965,000) (Saving - Rs.3,687,985)

The AGPR pointed out that the grant closed with a saving of Rs.3,687,985/- which worked out to 6.86% of the total grant. An amount of Rs.3, 654,069 (6.77%) was surrendered leaving net saving of Rs.33, 916 (0.06%).

The PAO explained that the saving occurred mainly due to receipt of un-passed bills of TA as well as purchase of telephones sets and economy measures of NSR Department.

v) **Grant No 58 – Live Stock**
(Total Grant - Rs.18,514,000) (Saving - Rs.2,404,261)

The AGPR pointed out that the grant closed with saving a of Rs.2,404,261/- which worked out to 12.98% of the total grant. An amount of Rs.1,808,645 (9.76%) was surrendered leaving net saving of Rs.595, 616 (3.21%).

The PAO explained that saving occurred mainly due to non-recruitment against vacant posts, less expenditure incurred against anticipated and fluctuation in foreign exchange rates, etc.

vi) **Grant No 59 – Fisheries**
(Total Grant - Rs.9,590,000) (Saving - Rs.2,139,455)

The AGPR pointed out that the grant closed with saving a of Rs.2,139,455/- which worked out to 22.30% of the total grant. An amount of Rs.2,220,450 (23.15%) was surrendered resulting into net excess of Rs.80,995 (0.84%).

The PAO explained that expenditure of Rs.233,900 was wrongly booked under this grant which actually pertains to Grant No.141 of the same Ministry.

vii) **Grant No 60 – Other Expenditure of Food and Agriculture**
(Total Grant - Rs.34, 914,000) (Saving -Nil)

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

The PAO made no comments.

PAC DIRECTIVE

After detailed discussion of the Members, the Audit and PAO, the Committee recommended regularization of savings and excesses in above mentioned grants, 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.

2. **Grant No 122 – Capital Outlay On Purchase of Fertilizer**
(Total Grant - Rs.31,642,966,000) (Saving - Rs.25,165,212,446)

The AGPR pointed out that the grant closed with a saving of Rs.25,165,212,446/- which worked out to 79.52% of the total grant. An amount of Rs.24,028,660,908 (75.93%) was surrendered leaving net saving of Rs.1,136,551,538(3.59%).

The PAO explained that saving occurred mainly due to less procurement of urea than the estimation.

PAC DIRECTIVE (27-09-2010)

The Committee expressed its displeasure over non-serious attitude of the Ministry and its Departments while purchasing fertilizer. Therefore, the Committee directed the PAO to hold an enquiry into the matter, fix responsibility against all those found at fault for not purchasing

the entire estimated quantity of fertilizer, take action(s) against them and submit report to the PAC/AGPR **within one month.**

PAC DIRECTIVE (14-03-2011)

The Committee directed the PAO to fix responsibility, hold a second inquiry and submit report within one week. The Committee deferred the grants for a fresh DAC and re-inquiry.

PAC DIRECTIVE (31-03-2011)

The Committee referred the grant to Monitoring and Implementation Committee.

3. i) **Grant No 139 – Development Expenditure of Food and Agriculture**
(Total Grant - Rs.313,790,000) (Saving - Rs.159,124,463)

The AGPR pointed out that the grant closed with a saving of Rs.159,124,463/- which worked out to 50.71% of the total grant. An amount of Rs.128, 702,306 (41.01%) was surrendered leaving net saving of Rs.30, 422,157(9.69%).

The PAO explained that the saving occurred mainly due to non-release of funds allocated against foreign exchange component as well as utilization/ re-imburement of foreign aid by donors to the project authorities directly.

The AGPR pointed out that proper documentation has not been provided to them for verification.

ii) **Grant No 140 – Development Expenditure of Agriculture Research**
(Saving - Rs.27,673,300)

The AGPR pointed out that the grant closed with a saving of Rs.27,673,300/- which worked out to 18.74% of the total grant. An amount of Rs.41,668,300 (28.22%) was surrendered resulting into net excess of Rs.13,995,000 (9.47%).

The PAO explained that excess occurred mainly due to receipt of excess foreign exchange debits in World Bank Project.

The AGPR pointed out that detailed documentation has not been provided to them for verification.

iii) **Grant No 141 – Development Expenditure of Livestock**
(Saving - Rs.10,210,120)

The AGPR pointed out that the grant closed with a saving of Rs.10,195,100/- which worked out to 26.11% of the total grant. An amount of Rs.9, 560,000 (24.44%) was surrendered resulting into net saving of Rs.650, 120 (1.66%).

The PAO accepted that there was a procedural mistake and told that Rs.218,880/- pertained to the year 1996-97 booked under this grant on the advice of the department and Rs.233,900/-

was wrongly booked under Grant No.59. Actually the same pertains to this Grant but no indication of that wrong booking is shown under Grant No.141.

The AGPR pointed out that the department has not explained the net saving of Rs.635,100 in its replies.

PAC DIRECTIVE

The Committee directed the PAO to get all the stated facts verified from AGPR and submit report to the PAC within one month. After detailed discussion the Committee settled the above mentioned three grants and directed that record should be verified by the Audit.

AUDIT REPORT FEDERAL GOVERNMENT (1997-98)
ON WHEAT PROCUREMENT
Prepared by DG (Federal Audit)

4. **Para – 2.2 (Page 12-ARFG-97-98)**
IRREGULAR RE-APPROPRIATION FROM INCIDENTALS TO ADMINISTRATIVE BUDGET AMOUNTING TO Rs.1.63 MILLION

Audit pointed out that during the years 1995-96 to 1996-97, the Director Food incurred an additional expenditure of Rs.980,000 and 650,000 respectively in the annual administrative budget. The additional expenditure was met by means of transfer of funds from incidental heads of accounts (Cash Credit) through re-appropriation which was not regular particularly in view of the fact that the supplementary grant was not allowed by the Finance Division to control the administrative expenditure.

The PAO replied that the additional amount was spent through re-appropriation from incidental charges which were quite un-avoidable and which were approved by the Finance Division. He further informed that the matter was discussed in the DAC meeting held on 23-09-2010 wherein the management has been directed to provide approval of Finance Division for regularization of the expenditure to Audit for verification and the para has been recommended for settlement subject to verification by the Audit.

PAC DIRECTIVE

The Committee endorsed the recommendation of the DAC and settled the Para subject to verification of record by the Audit.

5. i) **Para – 2.3 (Page 13-ARFG-97-98)**
NON-MAINTENANCE OF PRESCRIBED STANDARD FOR FILLING OF IMPORTED WHEAT INTO BAGS RECOVERBLE PENALTY OF Rs 5.73 MILLION

Audit pointed out that as per provision, wheat handling contractors were responsible to fill the discharged bulk cargo (wheat) into bags, mechanically, in standard packing of 100 kg on each vessel. But the contractors failed to maintain the prescribed standard. The handling

contractors were accordingly liable for imposition of penalty @ 10% of the handling charges amounting to Rs 5.73 million as per contract which was not done by the department.

The PAO replied that Cargo Handling Contractors (CHC) maintained average filling of bags. However, in most of the cases, filling was in excess. Moreover, record has also been verified by Audit.

ii) **Para – 2.4 (Page 13)ARFG-97-98)**

IRREGULAR PAYMENT OF HOUSE BUILDING ADVANCE AMOUNTING TO Rs 0.314 MILLION

Audit pointed out that Director General Food paid House Building Advance of Rs.314,820 to an officer of the MINFAL, Islamabad, un-authorizedly which is indicative of undue favour to the officer of the Ministry.

The PAO replied that total recovery has been made and AGPR's certificate of recovery is available for ready reference.

iii) **Para – 2.5 (Page 13)ARFG-97-98)**

INFRACTUOUS EXPENDITURE OF Rs 0.065 MILLION ON ACCOUNT OF ADVERTISEMENT FOR RECRUITMENT

Audit pointed out that the Ministry of Food and Agriculture awarded the work of advertisement for recruitment of staff in the Office of the Director General, Food, Karachi to a private firm M/s Inter Flow, Islamabad, instead of through Press Information Department against the prescribed procedure and payment of advertising charges amounting to Rs.65,218 was made to the firm which was irregular and also in-fructuous as no appointments were made in the office of the D.G. Food as a consequence of the advertisement. This is also indicative of undue favour to the private firm.

The PAO replied that that payment was made against bills of different newspapers. No appointment could be made only because of change of Government Policy and imposition of ban on recruitment.

PAC DIRECTIVE

After detailed discussion, the Committee settled the above-mentioned three Audit Paras.

6. **Para – 3.2 (Page 14-ARFG-97-98)**

LOSS OF US\$ 1.056 MILLION DUE TO PURCHASE OF IMPORTED WHEAT AT HIGHER RATE

Audit pointed out that Ministry of Food and Agriculture placed contracts for purchase of 65,000+5% metric tones imported wheat from USA during shipment period of January, 1997. The wheat was purchased in 52 small lots ranging from 10,000 metric tones to 20,000 metric

tones each at higher rates. The bidders quoted different higher rates ranging from US \$ 1,056,330.

The PAO replied that the procurements in small lots was not against the law and it provided competition to a larger segment of suppliers.

The DG Audit pointed out that since procurement of wheat is an ongoing practice, thus, there is a need to make the procurement system more transparent. He therefore suggested that the PAO be advised to hold some inquiry in this regard.

PAC DIRECTIVE 27-09-2010)

The Committee endorsed Audit's suggestion and directed the PAO to hold an inquiry, fix responsibility and take action against all those found at fault for this loss and submit report to the PAC/Audit **within one month.**

The PAO stated that it is established that Audit para 3.2 is based on irregularities during the import of wheat from USA. The Minister Trade, Pakistan Embassy Washington DC posted during 1997-98, had not provided sufficient material to MINFA inspite of several requests. Inquiry committee cannot come to any outcomes and further investigation will not give any result. PAO further mentioned that record is not traceable and he requests for extension in time limit.

PAC DIRECTIVE (14-03-2011)

The Committee directed the PAO to trace the record and deferred the para for ten days.

PAC DIRECTIVE (31-03-2011)

The Committee directed that PAO to conduct Inquiry within fifteen days with the direction to M/o Foreign Affairs to provide the required record. However, the Committee referred the para to Monitoring and Implementation Committee.

AUDIT REPORT FEDERAL GOVERNMENT (1997-98)
ON FERTILIZER PROCUREMENT

Prepared by DG (Federal Audit)

7. i) **Para – 2.1, (Page 20-ARFG-97-98)**
EXCESS PURCHASE OF DAP FERTILZER, VALUING Rs 59.94 DUE TO
INADEQUATE PROCUREMENT PLANNING

Audit pointed out that a quantity of 350,000 tons of DAP (Dia-Amonia Phosphate) was required to be purchased by the FID in Kharif season during the year 1996-97. However, against the above target, a quantity of 481,000 tons of DAP was actually imported in April and June, 1996 which was 131,000 ton (37.2%) in excess of the approved quantity. The permissible limit of increase and decrease is 5%. Out of 481,000 tones of quantity of 475,000 tons was distributed and 6,024 tons valuing Rs 59.94 million remained in godown un-

dispatched upto December, 1997, which was indicative of the fact that the fertilizer was purchased in excess of requirement, blocking government money, due to poor planning. Due to passage of time, the fertilizer might have also lost its nutrient value.

ii) **Para – 3.1, (Page 20-ARFG-97-98)**

LOSS OF US\$ 0.174 MILLION DUE TO PURCHASE OF UREA IN EXCESS OF REQUIREMENT AT HIGHER RATE

Audit pointed out that in response to two tender inquires for purchase of Urea fertilizer, the department purchased 130,000 tons Urea. Firstly, 30,000 tons of Urea was purchased at higher rate of US\$ 224.5 per tons in October,1996 and thereafter, quantity of 100,000 tons was purchased at US\$ 218.92, 219.50 and \$ 219.89 per ton in three lots in December,1996. This resulted in a loss of US\$ 0.174 million ($\$224.75 - \$218.92 = \$5.83 \times 30,000$ tons). Besides, a quantity of 19,139.350 tons was purchased in excess of requirement as the same could not be sold and had to be shifted to go-downs in March,1997 and was still lying undispached, resulting into blockage of Govt., money and additional expenditure on account of storage charges.

The PAO replied that an inquiry has already been ordered in the matter and action (s) will be taken in the light of recommendations of the inquiry report.

PAC DIRECTIVE

The Committee endorsed PAO's response and directed that the course of actions (s) may be completed at the earliest and report of inquiry committee along-with action (s) taken in compliance be submitted to the Audit within one month.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (1997-98)

Prepared by DG (CA&E), Lahore

8. **PAKISTAN AGRICULTURE STORAGE AND SERVICES CORPORATION LTD.**

(PARA-98, PAGE 90-ARPSE-1997-98)

Audit pointed out that long term loans, advances, deposits and prepayments stood at Rs.41.152 million as on 30.06.1998 which includes a sum of Rs.27.095 million relating to advance paid to employees in the year 1996-97 which was adjustable against six bonuses expected to be approved by the Board of Directors of the Corporation. Only two bonuses were allowed by the Directors. The excess amount of Rs.27.095 million could not be recovered as the employees have filed a case against the Corporation getting stay order for non-deduction of amount from salary of the employees as recoveries.

The PAO replied that PASSCO BoD approved six bonuses to PASSCO employees. In order to get ex-post-facto approval for regularization of the expenditure, the case was being referred to Finance Division.

PAC DIRECTIVE (27-09-2010)

The Committee directed the PAO to hold an enquiry, fix responsibility, take action against the person (s) found at fault for approving bonuses even when the Corporation sustained operational loss during those years and submit the report to the PAC/Audit **within one month**.

The PAO informed that the inquiry has been completed and the report has been submitted for approval.

PAC DIRECTIVE (14-03-2011)

The Committee settled the para with the instructions that such practice should not be followed in future.

MINISTRY OF HEALTH
1997-98

19. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Health were examined by the Sub-Committee PAC-III during two series of meetings were held on 15th July, 2010 and subsequently on 15th January, 2011. Audit presented performance audit report on Ayub Medical College, Abbottabad besides the Federal Government Audit Report. 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.

- 19.1 Four grants and Performance Audit Report on Ayub Medical College (AMC), Abbottabad was presented by the AGPR and Audit.
- 19.2 The Committee settled the grants after detailed discussion and directed that record should be verified by the Audit.
- 19.3 After detailed discussion of the Members, the Audit and PAO , the Committee settled the Performance Audit Report on Ayub Medical College, Abbottabad.
- 19.4 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and observed that there was bad financial management during the year and recommended to strengthen the financial management system of the Ministry and zero saving and zero excess should be ensured.

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 1997-98 of Ministry of Health are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I) (1997-98)

1. i) **Grant No. 64 - Health Division**

(Total Grant Rs.93,299,000 (Saving of Rs.27,168,155))

The AGPR pointed out that the grant closed with a saving of Rs.27,168,155/- which worked out to 29.11% of the total grant. An amount of Rs.22,850,000 (24.49%) was surrendered leaving net saving of Rs.4,318,155 (4.62%).

The PAO explained that saving occurred mainly due to change of incumbents, less expenditure due to posting of junior officers in place of senior officers, less rates quoted in the tenders against the amount kept for purchase of furniture and a photostat machine, etc.

ii) **Grant No. 65 - Medical Services**

(Total Grant Rs.1,177,275,000) (Saving of Rs.42,625,807)

The AGPR pointed out that the grant closed with a saving of Rs.42,625,807/- which worked out to 3.62% of the total grant. An amount of Rs.47,074,000 (3.99%) was surrendered resulting into an excess of Rs.4,448,193 (0.37%).

The PAO explained that an expenditure of Rs.5,723,681/- was excess booked, thus, the grant was closed with a saving rather than excess. He further held that the saving mainly occurred due to change of incumbents, less rates quoted in the tenders against the amount kept for purchase of furniture, non payment of amount to an individual hired for conducting research work for health projects due to non submission of research report by him till the end of financial year, etc.

iii) **Grant No. 66 - Public Health**

Total Grant Rs.115,523,000 (Saving of Rs.6,084,257)

The AGPR pointed out that the grant closed with a saving of Rs.6,084,257/- which worked out to 5.26% of the total grant. An amount of Rs.3,983,300 (3.44%) was surrendered leaving net saving 2,100,957 (1.81%).

The PAO explained that saving occurred mainly due to change of incumbents, economy measures for payment of overtime to drivers and chowkidars, less rates quoted in the tenders against the amount kept for purchase of a computer, less expenditure incurred by PMRC, etc.

iv) **Grant No. 142 - DEVELOPMENT EXPENDITURE ON HEALTH DIVISION**
(Total Grant Rs.2,319,021,000) (Saving of Rs.533,187,740)

The AGPR pointed out that the grant closed with a saving of Rs.533,187,740/- which worked out to 22.99% of the total grant. An amount of Rs.487,746,000 (21.03%) was surrendered leaving a saving of Rs.45,441,740 (21.03%).

The PAO explained that saving occurred mainly due to non-adjustment of foreign aid in the shape of vaccines in time, revision of original allocation from Rs 4 million to Rs 1.5 million by the Planning & Development Division due to economy cut, etc.

PAC DIRECTIVE

The Committee settled the above-mentioned four grants after detailed discussion of the Members, the Audit and PAO. But, noted that there was bad financial management during the period under discussion. The Committee, therefore, directed the PAO to strengthen the budgeting and financial system of the Ministry and its Sub-ordinate Departments so that such lapses do not occur again and there should be zero saving and zero excess in future.

PERFORMANCE AUDIT REPORT (1997-98)
ON AYUB MEDICAL COLLEGE, ABBOTTABAD

Prepared by DG (Federal Audit)

On presentation of above PAR, DG Federal Audit informed the committee that the said Report was discussed by the DAC; in its meeting held on 13-07-2010, wherein all the issues as contained in the PAR were deliberated and recommended for settlement.

PAC DIRECTIVE

After detailed discussion of the Members, the Audit and PAO, the Committee settled the above Report.

HIGHER EDUCATION COMMISSION

1997-98

20. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Higher Education Commission were examined by the Sub-Committee PAC-III on 2nd June, 2011.

- 20.1 Sixteen paras of Special Audit Report No 52 of A.I.O.U (HEC) were reported by the Audit.
- 20.2 The Committee settled the eleven paras after a long discussion of the Members, Audit and PAO.
- 20.3 The Committee heard Audit's comments and explanation given by the Principal Accounting Officer (PAO) and recommended that court cases should be pursued vigorously, the University should frame its rules.

HIGHER EDUCATION COMMISSION

ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 2nd June 2011, regarding Appropriation Accounts and Audit Reports for the year 1997-98 of Higher Education Commission, are summarized below:

SPECIAL AUDIT REPORT NO 52 ON ALLAMA IQBAL OPEN UNIVERSITY (HEC) FOR THE YEAR (1997-98)

Prepared by DG Federal Audit Islamabad

1. **(Para – 5, Page 12-SAR-97-98)**

IRREGULAR/UNAUTHORIZED PAYMENT OF RS.153.639 MILLION AS HOUSE RENT SUBSIDY TO UNIVERSITY EMPLOYEES, RECOVERY THEREOF.

Audit pointed out that the university paid Rs.68.2 million during 1995-98 unauthorizdly and irregularly to its employees by cheque with their pay, a rental ceiling termed as house rent subsidy, in violation of the rules of business and instructions of the Finance Division and despite objections by audit on previous occasions. Even 5% of house rent was not being deducted in violation of SR, 45-C and decision of their own executive council. A total amount of Rs.153.639 million which included Rs.85.439 million objected to in the pervious audit reports was thus kept under objection. The university did not had its own approved housing rules and in absence should have followed the Government rules. Ministry of Education also did not take any notice of that continued violation.

The procedure adopted by the University for paying the ceiling instead of 45% of the initial of pay scale, as well as allowing the employees to hire the residential accommodation themselves was not transparent and was fraught with serious underhand dealings. The practice made the employees assume three different roles viz of university, of owner, and of tenant, as he was contracting on behalf of the university, has receiving rent for the owner with his pay and was a tenant as well. Neither the agreement was being signed by the University nor the owner was receiving any rent formally from the University.

The PAO informed that the Executive Council of the University was the rule making Authority under the AIOU Act, 1974. The Competent Authority allowed the hiring of houses by the employees and reimbursement of house. The University did not enter into agreement with the owner and in that case the University faced litigation problems with the owners. Since the University did not itself had the agreement with the owner, the payment made by the employee to the owner was reimbursed to official against the payment receipt provided by the employee. As regards the recovery of five percent, he mentioned that the University did

not have any liability of maintenance of the houses hired by the employees. The University management agreed to refer the case to Finance Division for regularization.

PAC DIRECTIVE

The Committee directed the PAO to frame their own rules and further directed the PAO to look into the matter and update with the progress.

2. **(Para – 6, Page 13-SAR-97-98)**

NON-COMPLIANCE OF PREVIOUS AUDIT PARAS AMOUNTING TO RS.114.626 MILLION

Audit pointed out that the AIOU, 104 audit paras amounting to Rs.114,626 million including recoveries of Rs.97.639 million, were outstanding since 1975-76 to 1994-95 for recoveries. Some of these audit paras maintained gross financial irregularities and warranted immediate recovery and regularization action by the higher authorities. Disciplinary action was required to be initiated against the officers responsible for not attending to the Audit Reports as per Finance Division (Expenditure Wing) orders.

The PAO replied that Department is taking serious view of the Audit observations and getting the irregularities regularized from its Executive Council.

PAC DIRECTIVE

The Committee referred the para for reconsideration and directed the PAO to update the Committee with the progress.

3. **(Para – 7, Page 14-SAR-97-98)**

UNAUTHORIZED PAYMENTS OF RS.42.185 MILLION ON ACCOUNT OF MEDICAL, LEAVE ENCASHMENT AND SHIFT ALLOWANCES AND RECOVERY THEREOF.

Audit pointed out that in AIOU, unauthorized payment of Rs.42.185 million were made to the employees and officers during 1995-98 in from leave encashment, shift allowance and medical allowance without prior approval of Finance Division. violating the clear orders of Finance Division.

The PAO stated that the expenditure on leave encashment to AIOU employees was made from the income of its own resources and not from Government grant. After reviewing the provisions of Act and the rules already approved in its meeting held on 23.5.1996, the Executive Council observed that AIOU was autonomous in its functions and being its corporate status the autonomy of the Executive Council must be protected and honored.

PAC DIRECTIVE

The Committee directed the PAO to solve the issue on priority basis and update referred the para for fresh DAC, after that the Monitoring and Implementation Committee will follow up the progress.

4. **(Para – 9 Page 17SAR-97-98)**

UNAUTHORIZED/IRREGULAR OPENING OF 15 COMMERCIAL BANK ACCOUNTS, THEIR CONCEALMENT AND RETENTION OF RS.17.045 MILLION OUT OF PUBLIC FUND.

Audit pointed out that the fifteen commercial bank accounts were concealed by authorities from Audit having a balance of Rs 17,044,979/-. These accounts were other than 50 certified as final figure by the AIOU management and were operated by Directors of Projects. Required documents and approvals of opening and operations of these accounts from the competent forum were not produced.

The PAO replied that the bank accounts were maintained for respective projects being executed by AIOU. After the completion of project, the accounts had been closed by transferring the balances to Endowment Fund and concerned accounts except for A/C No. CA-2 which was meant for Development Grant and was under operation.

PAC DIRECTIVE

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

5. **(Para – 11 Page 19SAR-97-98)**

RECOVERY OF Rs 10.920 MILLION ON ACCOUNT OF MISUSE OF INSTITUTE OF EDUCATIONAL TECHNOLOGY (IET) EQUIPMENT BY A COMPANY DUE TO DEFECTIVE AGREEMENT.

Audit pointed out that the AIOU authorities in 1997 entered into an agreement with U.K based private company not registered in Pakistan for production of documentary film “Pakistan Zindabad”.

Audit informed that making films was not included in the functions of Allama Iqbal Open University as prescribed in the AIOU Act. Audit stated that besides that audio and video equipment was provided to Japan International Cooperation Agency (JICA) which was not provided in PC-I. It was provided free of cost and no penalty and security clause was incorporated in case of any damage to equipment in the agreement, Company caused damages to the equipment and the same was repaired at a cost of Rs.600,000/-. Audit apprised the Committee that no copy rights of the books were reserved and the whole venture yielded only Rs. 300,000/- to University.

The PAO agreed with the Audit observations.

PAC DIRECTIVE

The Committee directed the PAO to frame their own rules and such sort of practice should be discontinued in future. The Committee settled the para.

6. **(Para – 12 Page 22SAR-97-98)**

LOSS OF Rs 10 MILLION SUSTAINED DUE TO AN AGREEMENT WITH A DUBIOUS ACADEMY

Audit pointed out that the AIOU entered into a contract agreement with an unregistered body named Pakistan Career Planning Academy Islamabad (PCPA) on 16th December 1996 for launching Computer Science Programme and laboratories establishing in thirty two Regional Offices of AIOU. Audit further pointed out that the contract was awarded without inviting open tenders by AIOU authorities who were not empowered, no bank guarantee was obtained and no penalty clause was included in the contract and no legal and financial advice had been sought from Law and Finance Divisions according to General Financial Rules and documents reveal that names of coordinators and venues of computer centers published in the newspapers were fake.

The PCPA as per AIOU record collected Rs.7 million as fee from students directly and never paid to the University anything. In addition the University paid a bill of Rs.3 million to M/S Orient Advertising Co. for advertisements about the PCPA programme.

The Departmental representative stated that the case was subjudiced in Islamabad High Court.

PAC DIRECTIVE

The Committee directed the management to pursue the court case vigorously and a senior level Officer should appear before the Court.

7. **(Para – 13 Page 23SAR-97-98)**

NON ADJUSTMENT / MISUE OF ADVANCES Rs 8.730 MILLION.

Audit pointed out that the contingent advances of Rs 8.730 millions were outstanding against regional offices ,departments and individuals belonging to AIOU in January 1999. Some of those advance remained unadjusted since 1985 in violation of Federal Treasury Rules. In some cases, more than one advance was also granted without adjusting the previous ones.

The PAO informed that advances has been adjusted.

PAC DIRECTIVE

The Committee settled the para and directed the Audit to verify the record within ten days.

8. **(Para – 14 Page 24-SAR-97-98)**
IRREGULAR / UNAUTHORIZED PAYMENT OF Rs 4.87 MILLION AND SUSPECTED UNDUE FAVOUR EXTENDED BY APPOINTING RETIRED OFFICERS AS CONSULTANTS.

Audit pointed out that in AIOU there was an irregular practice to appoint retired officers including AIOU's own retired officers, as consultants on remuneration not regulated and to depute officers and officials abroad without the approval of the Prime Minister. Prime Minister took a serious notice of all such cases. Neither terms and conditions of these appointments nor such approval was produced to audit.

The PAO stated that the Allama Iqbal Open University is a National Institution imparting education through its unique system of Distance learning throughout the country as well as overseas. At present it is offering more than 500 courses right from grass root level upto Ph.D. The present annual course enrolment in the University Programmes is over 800,000. The task was gigantic and challenging to deal with such a large number of students to provide education at their doorsteps. The PAO informed that consultants were hired according to the rules.

Audit demanded for verification of rules.

PAC DIRECTIVE

The Committee settled the para and directed the Audit to verify the rules.

9. **(Para – 15 Page 25-SAR-97-98)**
IRREGULAR / EXPENDITURE OF Rs 4.764 MILLION INCURRED WITHOUT SANCTION AND BUDGET.

Audit pointed out that the registrar AIOU entered into a contract during 1997-98 with certain educational institutions with a view to impart training to registered BCS students of the University on profit sharing basis. Rs 4,763,954 were shown paid to those institutions out of development account irregularly. Because neither no bank guarantees and securities were obtained to safeguard University's interests, nor any sanction of competent authority was found available with claim nor was any appropriation provided in the budget and recorded on the bill.

The PAO replied that proper sanction was accorded by the competent authority after exercising careful control on the payments made on that regard. The payment was in public interest and upon the objects for which the money was provided. Copies of the sanctions were already attached to the concerned vouchers. So far as the appropriations and budget were concerned, the payments were made from the fees received from the students, i.e. 40% of the fees in the relevant courses of BCS was to be retained by the University and 60% was to be

paid to the concerned study centers. This breakup has been approved by the Academic Council and the Executive council of the University.

PAC DIRECTIVE

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

10. **(Para – 16 Page 27-SAR-97-98)**
IRREGULAR EXPENDITURE OF Rs 3.173 MILLION ON PAY AND ALLOWANCES OUT OF DEVELOPMENT GRANT.

Audit pointed out that an amount of Rs 1,782,542 was shown paid as pay and allowances out of Development Budget irregularly during 1995-98 without sanctioned posts in the PC-1 of the Development scheme hence such payment was held as irregular and unauthorized. In Audit Report for the Year 1992-95 an expenditure of Rs 1,391,000/- was objected relating to nine unsanctioned posts for printing press and five unsanctioned posts in the P & D Cell.

The PAO stated that it is a normal practice that as soon as project is completed there services are automatically terminated or diverted elsewhere. For the above reason, individual and regular posts were not provided in the approved PC-I. Instead provision was made at 5 ½% of the total cost of the Development work under the Head “Construction and supervision” against which the Pay & allowances of temporary Project staff were booked.

PAC DIRECTIVE

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

11. **(Para – 18 Page 29-SAR-97-98)**
SUSPECTED MISAPPROPRIATION OF Rs 2.776 MILLION DUE TO LESS RECEIPT OF ADMISSION FORMS.

Audit pointed out that in AIOU a comparison of issue and receipt statements of admission forms issued by the Printing Press Unit (PPU) and admission departments during 1996-98 revealed that 115,950 forms of different levels and semesters were issued by PPU but only 59,694 were shown returned by the admission departments. There was thus a shortfall of 56,256 forms amounting to Rs 2,776,100/-. Those forms were numbered and have money value. It was further noticed that no reconciliation had ever been made between banks, Treasurer’s Office and admission departments as a result figures provided by the management and in the cash books could not be relied upon. Audit thus apprehends that forms were sold and misappropriated.

The PAO replied that the printing, issue and sale of admission forms were coordinated by three departments namely PPU, Accounts Department & Admission Section. The discrepancy

pointed out by audit was being looked into to streamline the record and remove it with regard to the number of deficient admission forms on factual basis.

PAC DIRECTIVE

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

12. **(Para – 19 Page 30-SAR-97-98)**

IRREGULAR/UNAUTHORIZED EXPENDITURE TO THE EXTENT OF Rs 2.463 MILLIONS ON PURCHASE FURNITURE / FIXTURE AND MACHINERY.

Audit pointed out that the AIOU incurred an expenditure of Rs.2,462,955 during 1997-98 on purchase of furniture, fixture, machinery and equipment despite ban imposed by Government on purchase of such items. Audit held all these purchases during ban period as unauthorized and irregular.

The PAO stated that it may be appreciated that this University was developing and expanding and trying to provide Educational facilities to all at every levels, as per commitment of the Government of Pakistan. Due to expansion and construction of new building for Academics, establishment of Workshop, Hall and launching of various new courses, the University had to purchase certain items according to essential requirements. The budget inclusive of provision for the said expenditure was approved by the Statutory Body of AIOU, after issuance of the letter for economy measures.

University is raising almost 2 / 3 of the finances from its own sources. Besides the above, the budget inclusive of expenditure was approved by the statutory bodies (competent authorities to approve and sanction). All those bodies have representation of the Finance Division and their opinions and instructions were duly incorporated in the decision making. Keeping the above in view the para may please be settled.

PAC DIRECTIVE

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

13. **(Para – 20 Page 31-SAR-97-98)**

SUSPECTED MISAPPROPRIATION OF Rs 2.122 MILLION ON ACCOUNT OF PHOTO COPYING CHARGES.

Audit pointed out that in AIOU during 1997-98 an amount of Rs 2,122,090 was paid to M/s Master Photocopy Centre, Islamabad from receipt PLS account unauthorizedly for photocopying charges of educational books. No open tenders were called in violation of Para 144 of GFR vol.1 to obtain competitive rates. That expenditure was in addition to the amounts spent on maintenance of a full-fledged printing press and photocopying machines in the University. Audit feels that new photocopying machines could be purchased with Rs 2.2

million and they would have been University's asset. Scrutiny of bills of the firm revealed that the transaction were non-transparent and that some of them had the same serial numbers on different dates. Audit thus held the expenditure as irregular and doubtful.

The PAO defending the University informed the Committee that the expenditure incurred was duly approved by the Vice Chancellor who was the Competent Authority. As well as, the awarding of contract without calling open tenders was concerned, it was also according to the rules.

PAC DIRECTIVE

The Committee settled the para and directed that such bad practice should be discouraged in future and further directed that record should be verified by the Audit.

14. **(Para – 22 Page 33-SAR-97-98)**

DOUBTFUL EXPENDITURE OF Rs 0.908 MILLION ON THE STORES OF ISLAMABAD LITERACY PROJECT.

Audit pointed out that in "Institute of Mass Education" under AIOU, store items of Islamabad Literacy Project (ILP) amounting to Rs.223,966 were found missing. The management of ILP failed to establish the whereabouts of missing stores which clearly depicted that they had been misappropriated. Moreover internal check reports and physical verification reports of the stores of other projects were not provided to audit. The same observation was also pointed out by an internal check report for the year 1996 but no compliance to that was shown to audit.

The PAO replied that every efforts were made and multiple inquiries conducted but non availability of proper record on that project. The inquiry report revealed that spare parts were used without proper documentation in the land rover vehicles available at the main campus. Repair of the most of the vehicles allocated to the regions was also done from the same spare parts donated.

The persons working in the said project have been retired from university services and it was not possible to trace out old records. The university is therefore considering the case for placement in the Executive Council.

PAC DIRECTIVE

The Committee directed that hold inquiry, fix responsibility and submit report to the Audit and Monitoring and Implementation Committee of PAC because the department could not complete the actions during the PAC-III meetings.

15. **(Para – 23 Page 34-SAR-97-98)**
SUSPECTED MISAPPROPRIATION OF Rs 0.295 MILLION AND UNKNOWN AMOUNT OF RS.0.052 MILLION

Audit pointed out that while scrutinizing the internal check report of AIOU pertaining to 1993-95 it revealed that credit and debit transactions of heavy amounts took place in an imprest account of Management Services Department (MSD) maintained with a commercial bank without the approval of Finance Division. Imprest limit of the department was Rs.500 and account was being operated by the Head of Department MSD. Bank statements showed that an amount of Rs.322,905 was deposited in that account during 1993-95. It was alleged that deposited amounts were unauthorizedly collected from students as donations. Drawals of Rs.295,068 were also made on different dates and no record of utilization of this amount was available. Audit suspects that those amounts were misappropriated.

The PAO informed that an inquiry was conducted and its report wherein it was mentioned that the officer deposited the crossed cheques issued by the University (as advance payments for arranging the MBA Workshop) in the office imprest account. Those cheques were deposited in the imprest account for collection purpose. The money was drawn soon after deposit and expenditure incurred for the requisite assignment. The advance were duly got adjusted. The officer was instructed to avoid this illegal practice in future.

The enquiry was conducted by an Authorized Committee and charges could not be established.

PAC DIRECTIVE

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit. The Committee further directed the management to discourage this practice in future

16. **(Para – 24 Page 35-SAR-97-98)**
RECOVERY OF Rs 0.167 MILLION FROM VICE CHANCELLOR ON ACCOUNT OF IRREGULAR DRAWAL OF PAY AND ALLOWANCES, UNAUTHORIZED REMISSION OF PENSION CONTRIBUTION AND CONDITIONS OF APPOINTMENT.

Audit pointed out that present Vice Chancellor of AIOU was appointed on 10-2-1997 in BPS-22 while he was serving in Islamic International University Islamabad (IIUI) in BPS-21. Prior to his joining IIUI, he was serving in NIPA Karachi in B-20 as Chief Instructor. The fact of his retirement remained concealed at the time of his appointment in IIUI. His appointment in B-21 and grant of pay at the maximum of the scale-B-21 and grant of pay at the maximum of the scale B-21 was in contravention to the rules and laid down policy and procedures for re-

employment which could only be permitted by the Prime Minister. His appointment case was neither processed by the Establishment nor by Education Divisions.

The PAO replied that AIOU will take up the matter with National School of Public policy (formally known as NIPA, Karachi) for verifying whether the officer was retired from their organization and emoluments i.e. senior post allowance, orderly allowance etc. were made part of pension and commutation. Further progress in this respect will be intimated to the Audit.

PAC DIRECTIVE

The Committee showed its displeasure over the behavior of Ex-Vice Chancellor and settled the para after detailed discussion and directed that record should be verified by the Audit.

MINISTRY OF HOUSING AND WORKS
1997-98

21. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Housing & Works were examined by the Sub-Committee PAC-III during four series of meetings were held on 11th and 12th November, 2010, 14th March, 2011 and subsequently on 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.

- 21.1 Seven grants and one hundred seventy paras were presented by the AGPR and Audit.
- 21.2 After detailed discussion of the Members, the Audit and PAO, all grants and nineteen paras were settled. The Committee also settled one hundred and thirty two paras which were discussed in DAC and after detailed discussion and recommendation from the Audit were presented to the PAC.
- 21.3 Directives for paras regarding court cases and inquiries were also issued. The Committee after discussions and inquiries found some contractors guilty who were blacklisted.
- 21.3 Some of recoveries were also made during the series of PAC-III meetings.
- 21.4 In the end, the Committee recommended to follow the court cases on priority basis, issues related to the un authorized occupation were referred to the Standing Committee of Housing and Works and the Committee stressed to follow the PPRA rules and recovery of rent where ever it was needed.

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 1997-98 of Ministry of Housing & Works, are summarized as under:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I)(1997-98)

1. **Grant No 67 – Housing and Works Division**
(Total Grant - Rs.29,675,000) (Saving - Rs.2,877,375)

The AGPR pointed out that the grant closed with a saving of Rs.2,877,375/- which worked out to 9.69% of the total grant. An amount of Rs.3,356,979 (11.31%) was surrendered resulting into an excess of Rs.479,604 (1.62%). A supplementary grant of Rs.477,812 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO replied supplementary grant which was 7 lac, was not accounted for if it was excluded then saving is minor.

PAC DIRECTIVE

The Committee settled the grant.

2. **Grant No 69 – Estate Office**
(Total Grant - Rs.992,197,000) (Excess - Rs.5,909,582)

The AGPR pointed out that the grant closed with an excess of Rs.5,909,582/- which worked out to 0.59% of the total grant.

The PAO explained that excess was due to unavoidable circumstances. The excess expenditure was incurred in Estate office Karachi and Quetta.

PAC DIRECTIVE

The Committee settled the grant subject to verification by the AGPR.

3. **Grant No 68 – Civil Works**
(Final Grant - Rs.1,520,000) (Excess/Saving - Rs.364,531)
Charged

Charge appropriation represents the budgetary expenditure in respect of Aiwan-e-Sadder (President's Sectt), Islamabad. Against the final budget provision of Rs.1,520,000/- which is 23.48% of the final grant. The above mentioned saving pertains to President's Secretariat, Islamabad which was the sole authority for re-appropriation and surrender of funds.

Other than Charged

Other than charged Section represents the voted expenditure. The original allocation was Rs.672.542 (M). After taking into account the effect of supplementary grant of Rs.11.538 (M), the final allocation worked out to Rs.684.080 (M). Against which an expenditure of Rs.668.918 (M) was incurred resulting in saving of Rs.15.162 (M) which is 2.2% of the final grant.

The PAO stated that the saving is 2.62% of the final allocation of head. The saving is due to vacant post of staff which could not be filled up due to ban on recruitment and the amount could not be surrendered due to expected staff for filling the vacancies.

PAC DIRECTIVE

The Committee settled the grant.

5. **Grant No 143 – Development Expenditure of Works Division**
(Final Grant - Rs.782,000) (Excess/Saving - Rs.92,889)
Other Than Charged

7. **Grant No 165 – Capital Outlay on Civil Works**
(Final Grant - Rs.145,266,000) (Excess/Saving - Rs.11,020,395)
Other Than Charged

The above-motioed three grants recommended for regularization by the AGPR.

PAC DIRECTIVE

The Committee settled the grants.

9. **Grant No 70 – Federal Lodges**
(Final Grant - Rs.15,154,000) (Saving - Rs.624,919)

The Department was also responsible for the maintenance and running of Federal Lodges all over the country. During the financial year 1994-95, sixteen Federal Lodges located at Islamabad, Rawalpindi, Lahore, Quetta, Karachi and Peshawar were being maintained by the Department.

The original and final grant was Rs.15.154(M), against which an expenditure of Rs.14.529(M) was incurred resulting in saving of Rs.0.625 (M).

The PAO replied that the saving was due to reason that some durable goods were not purchased and neither the available durable were repaired however, in all portion it was nominal.

PAC DIRECTIVE

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

10. **Grant No 71 – Other Expenditure of Works Division**
(Final Grant - Rs.2,053,000) (Saving - Rs.47,921)

This grant was specially meant for payment of fixed charges and watch and ward 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 is 2.33% of the final grant which is negligible.

The PAO replied that as the saving is 2.33% of the final grant which is nominal and may be settled.

PAC DIRECTIVE

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

12. **Grant No 165 – Capital Outlay on Civil Works**
(Final Grant - Rs.5,843,000) (Saving - Rs.6,231)

This grant was 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 Section”

Under charged section there was not 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 Section”

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 was nominal and requested that it may be ignored.

PAC DIRECTIVE

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

AUDIT REPORT FOR THE YEAR (1997-98)

Prepared by DG Work (Federal) Islamabad

13. i) **(Para – 6.45, Page 105-ARFG-97-98)**

LOSS OF RS.372,960

Audit pointed out that a formation failed to recover the standard rent from the Police Department, which was utilizing nine quarters as residences and three quarters as Police Station.

The PAO apprised the Committee that the issue already taken by the Senate standing Committee of Housing & Works.

ii) **(Para – 6.47, Page 106-ARFG-97-98)**

LOSS OF RS.124,320

Audit pointed out that a formation failed to watch proper and lawful utilization of quarters allotted to a Welfare Organization for the establishment of school and dispensary.

The PAO replied that the matter was being taken up with the concerned Department.

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 and 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 Sub-Committee PAC III.

iii) **(Para – 6.52, Page 108-ARFG-97-98)**

LOSS OF RS.14.93 MILLION

The Audit pointed out that a formation failed to recover the rent of Rs 14.93 million from the occupants of Federal Lodges and Rest Houses.

PAO stated efforts are being made to effect recovery.

PAC DIRECTIVE (11-11-2010)

The Committee directed the PAO to effect recovery within one month.

PAC DIRECTIVE (14-03-2011)

The Committee clubbed the above three paras with para C.II of 1994-95.

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 to pursue the balance recovery of Rs.7.959 million.

14. **(Para – 2.27, Page 38-ARFG-97-98)**
OVERPAYMENT OF RS.100,000

Audit pointed that a formation measured and paid the item Supply Installation testing and commissioning public address system complete during june,1995 to the original contractor. The payment was again made to the original contractor for the same item after rescission of the original contract.

The PAO explained that an enquiry has been conducted in that respect and according to the enquiry, disciplinary action has been initiated and an executive Engineer has been terminated. Besides the recovery has been circulated to concerned quarters and a letter to DCO has been sent and the contractor has been blacklisted as per procedure.

PAC DIRECTIVE (11-11-2010)

The Committee directed the PAO to take action against the responsible and blacklist the contractor and recover the amount from him and submit a report within 15 days.

The PAO informed that Ministry has black listed the contractor, whereas recovery is under process.

Audit pointed out that recovery has not been yet made.

PAC DIRECTIVE (14-03-2011)

The Committee deferred the para for recovery and granted two weeks.

The PAO informed that contractor has been blacklisted on 11-03-2011 and efforts are being made to recover the amount.

PAC DIRECTIVE (31-03-2011)

The Committee directed the PAO to pursue and recover the amount within one month. The Committee referred the para to 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.

15. **(Para – 2.30, Page 38-ARFG-97-98)**
EXCESS PAYMENT OF RS.79,117

Audit pointed out that a formation measured the item of earthwork for embankment with 100 feet lead but paid the same with one mile lead. The payment of higher rate than provided in the agreement and admissible as per measurement resulted in excess payment of Rs.79,117.

The PAO informed the Committee that the Case is in the Court. Audit objected that why it was not informed in the DAC .Department explained Notice of Court came after DAC.

PAC DIRECTIVE (11-11-2010)

The Committee directed the PAO that at each hearing a senior officer (not less than grade 20) may be sent to Court alongwith the legal expert .and the case may be pursued vigorously.

The Chief Engineer (Mr. Zahid Pervaiz) informed that recovery has already been made.

PAC DIRECTIVE (14-03-2011)

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

16. **(Para – 2.33, Page 41-ARFG-97-98)**
OVERPAYMENT OF RS.218,518

Audit pointed out that a formation measured and paid an item of work “Providing and laying heated Asphalt” at the rate of 40 Lbs per hundred sft on 2nd and 3rd floor whereas it was to be carried out on 4th floor (i.e. roof of 3rd floor). This resulted in excess payment of Rs. 218,518.

The PAO informed the Committee that the case is with NAB .

PAC DIRECTIVE (11-11-2010)

The committee directed that NAB may be requested for early decisions on all the pending cases of Government by the PAC secretariat .Updates of this case may be submitted within fifteen days to PAC Secretariat.

Audit recommended the above para for settlement.

PAC DIRECTIVE (14-03-2011)

After detailed discussion, the Committee settled the para.

17. **(Para – 2.41, Page 45-ARFG-97-98)**
OVERPAYMENT OF RS.263,470

Audit pointed out that a formation failed to deduct the shrinkage allowance @ 10% from the quantity of earthwork filled in open space. Non-deduction of shrinkage allowance resulted in overpayment of Rs.263,470.

The PAO replied that in this respect an enquiry was conducted. According to enquiry report no record of any payment to CDA was available. The item was physically executed. The subsequent enquiry was got verified from Audit and requested for the settlement of the para.

PAC DIRECTIVE (11-11-2010)

The Committee directed the PAO to look into the matter personally, get the position from CDA if required and fix responsibility if there is any embezzlement and submit a report to PAC Secretariat and audit.

Audit recommended the para for settlement.

PAC DIRECTIVE (14-03-2011)

After detailed discussion of the Members, the Audit and PAO, the Committee settled the para.

18. **(Para – 2.56, Page 52-ARFG-97-98)**
EXCESS PAYMENT OF RS.508,000

Audit pointed out that a division measured and paid total filling with sand instead of proportionate filling with excavated material as per agreement.

The PAO informed the Committee that according to enquiry report conducted by the Chief Engineer and the NESPAK the excavated material was not fit for filling and therefore the sand was filled under the floor.

PAC DIRECTIVE

After detailed discussion of the Members, the Audit and PAO, the Committee settled the Para.

19. i) **(Para – 4.1, Page 60-ARFG-97-98)**
IRREGUALR EXPENDITURE OF RS.24,534,359

Audit pointed out that the following formations incurred expenditure in excess of the budget allocation:

S. No.	Formations	Year	Amount
i.	Central E & M Division No. II, Islamabad	1995-96	940,580
ii.	Horticulture Division, Islamabad	1995-96	251,528
iii.	Central Civil Division No. III Islamabad	1995-96	10,1 65,300
iv.	Central Civil Division No. III, Islamabad	1996-97	13,176,951
		Total	24,534,359

The PAO stated that due to inadequate allocations during year 1995-96, the inevitable excess expenditures on account of payments of salary to W.C. staff were met out of overall balances in the single PLAs of the concerned Division. Consequently the Income Tax and Benevolent Fund since previously deducted from the salary bills and the contractor's bills could not be remitted to the quarters concerned. The short release of funds was made by the Finance

Division according to the government policy in that fiscal year. Furthermore, the said single PLA (non-lapsable) accounting system of Pak PWD had been switched over to 04 PLAs system with effect from 01.07.97 with zero, zero balances. The Finance Division, however, did not agree to revive these funds in new 04 PLA systems which were to be credited to revenue receipt head of account whereas the personal contributions of the employees viz-a-viz the General Provident Fund, Benevolent Fund, Group Insurance, etc. as well as the securities of the contractors were revived which accordingly were submitted to the quarter concerned and paid to concerned contractors after fulfillment of all the codal formalities. This matter as such now stands regularized and this para accordingly merit its settlement.

Audit pointed out that it was not deposited in Government fund, instead it was used for Ministry itself and it was misused. Government policy was not followed the amount was related with income tax.

ii) **(Para – 4.6, Page 63-ARFG-97-98)**
MIS-UTILIZATION OF FUNDS OF RS.813,317

Audit pointed out that a formation appropriated irregularly the receipts from forfeited Earnest Money, recoveries of Professional Tax and Telephone Charges towards departmental expenditure.

iii) **(Para – 4.10, Page 65-ARFG-97-98)**
MISAPPROPRIATION OF GOVERNMENT RECEIPTS AMOUNTING TO RS.6,595,223
Audit pointed out that a formation utilized the government receipt towards expenditure instead of their remittance as per rules.

iv) **(Para – 4.14, Page 67-68-ARFG-97-98)**
MIS-UTILIZATION OF GOVERNMENT RECEIPT WORTH RS.4,818,897
Audit pointed out that a formation failed to remit the receipt on account of rent of Chamba House to the Directorate of Budget and Accounts as per rules.

v) **(Para – 4.15, Page 68-ARFG-97-98)**
IRREGULAR EXPENDITURE OF RS.5,401,625
Audit pointed out that a formation incurred an expenditure of Rs.5,401,625 in excess of the funds during the year 1996-97.

vi) **(Para – 4.19, Page 70-ARFG-97-98)**
UN-AUTHORIZED UTILIZATION OF REVENUE OF RS.925,410
Audit pointed out that a formation made recoveries worth Rs. 925,410 from the salaries of officers and staff on account of Income Tax, Benevolent Fund and from the contractor's payments during the financial year 1996-97. The amount was not remitted to the Income Tax

Department and Board of Trustees. The amount was unauthorizdly utilized towards disbursement of salaries and meeting other expenses.

vii) **(Para – 4.20, Page 71-ARFG-97-98)**
MIS-UTILIZAITON OF RS.294,359

Audit pointed out that a formation deducted Income Tax at source and utilized the amount for expenditure instead of its remittance to Income Tax Department.

PAC DIRECTIVE (11-11-2010)

The Committee clubbed the above 7 paras and directed the PAO that inquiry should be conducted because it seems a financial misappropriation and irregularity. The PAO was asked to issue orders to the department strictly to avoid violation of rules in future. Inquiry report should be submitted in fifteen days.

PAC DIRECTIVE (14-03-2011)

The Committee clubbed the above mentioned seven paras and settled the paras subject to verification of record by the Audit.

The PAO informed that a fact finding inquiry has been conducted. Documents regarding disciplinary action taken will be verified by the Audit.

PAC DIRECTIVE (31-03-2011)

The Committee directed the PAO to issue instructions for financial discipline, timely completion of the project and decide the matter of work charge, within twenty days and get it verified from the audit. The Committee clubbed the above 7 paras and referred to Monitoring and Implementation Committee for further follow up.

20. **(Para – 4.24, Page 72-ARFG-97-98)**
UNJUSTIFIED PAYMENT OF RS.50,000

Audit pointed out that a formation made payment of Secured Advance worth Rs.50,000 on cement in June, 1996. Payment of Secured Advance on perishable material resulted in unjustified payment of Rs.50,000/-.

The PAO himself requested to club above para for enquiry.

PAC DIRECTIVE (11-11-2010)

The Committee clubbed the paras and directed the PAO that inquiry should be conducted because it seems a financial misappropriation and irregularity. The PAO was asked to issue orders to the department strictly to avoid violation of rules in future. Inquiry report should be submitted in fifteen days.

The PAO informed that inquiry has started and report will be submitted to Audit for verification.

Audit requested the Committee to direct the Department to finalize the inquiry at the earliest.

PAC DIRECTIVE (14-03-2011)

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

Audit recommended the para for settlement.

PAC DIRECTIVE (31-03-2011)

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit and directed the PAO that to adjust the recovered amount within one month.

21. **(Para – 4.22, Page 71-72-ARFG-97-98)**

LOSS OF RS.3.022 MILLION

Audit pointed out that a formation made payment of escalation to a contractor without any contractual provision. Unjustified payment resulted in loss of Rs. 3.022 million.

The PAO explained that the case has since been referred to the Special Education to condone the unjustified payment from Finance Division, which has been verified by Audit.

PAC DIRECTIVE

After detailed discussion of the Members, the Audit and PAO, the Committee settled the para.

22. **(Para – 4.28, Page 74-ARFG-97-98)**

UNAUTHORISED EXPENDITURE OF RS.443,787

Audit pointed out that a formation incurred an expenditure of Rs. 443,787 on purchase of vehicles, P.O.L., Telephone Charges and pay of Work Charge employees and charged the expenditure to the completed or ongoing schemes under Peoples Works Program without any provision.

PAO explained that neither embezzlement nor malafied intension were involved in it. This was only procedural mistake. He requested to settle the para.

PAC DIRECTIVE

The Committee settled the para with displeasure and directed that strict disciplinary action should be taken if it happens in future.

23. **(Para – 5.9, Page 80-ARFG-97-98)**
LOSS OF RS.3,413,260

Audit pointed out that a formation invited tenders in February, 1996. The rates of 48.20% and 52% above were quoted. The work was awarded to 2nd lowest at 87.99% above in July, 1996 without negotiating at his tendered rate.

PAO explained that the responsible officer was terminated and has died.

Audit pointed out again that no documentary proof about the termination and death of responsible officer has been provided by the department.

PAC DIRECTIVE (11-11-2010)

The Committee deferred the para and asked the PAO to get written explanation from the responsible officer who could not provide the required documents to audit.

Audit recommended the para for settlement.

PAC DIRECTIVE (14-03-2011)

The Committee settled the para.

24. **(Para – 5.13, Page 83-ARFG-97-98)**
LOSS OF RS.765,135

Audit pointed out that a formation allotted work after rescinding contracts twice under clause 3(a). The third contract was also rescinded under 3(a) instead of 3(c) as contemplated in the final notice.

The PAO explained that the Fact Finding Inquiry was got conducted & Inquiry Officer up held the Audit viewpoint, with remarks that recovery comes to Rs.488,456/- instead of Rs.765,135/-. In the light of the Inquiry Report the D.C.O. and sister Divisions have been requested to recover and deposit a sum of Rs.488,456/-. Further progress will be initiated in due course of time. Record has also been got verified from Audit.

PAC DIRECTIVE (11-11-2010)

The Committee directed the PAO that case should be pursued and matters should be taken on priority basis. Letter to Law Department should be sent from Ministry of Housing & Works for legal help.

The PAO stated that the matter has been investigated and the efforts are underway for recovery from the contractor. He pointed out that the amount will be recovered within one month.

The Audit pointed out that recovery of Rs.488,456 was not reported so far.

PAC DIRECTIVE (14-03-2011)

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

The PAO informed that recovery is in process.

PAC DIRECTIVE (31-03-2011)

The Committee directed the PAO to pursue the balance recovery of Rs.488,456/-. The Committee referred the para 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.

25. **(Para – 5.15, Page 83-ARFG-97-98)**
RECURRING LOSS OF RS. 1.916 MILLION

Audit pointed out that a formation appointed large number of Work Charge staff without requirement with the result that government sustained recurring loss of Rs. 1.916 million.

The PAO explained that as project was not fully completed and some staff was still there and amount was invested on staff salary.

PAC DIRECTIVE (11-11-2010)

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

The PAO explained that matter regarding work charge staff is already being inquired by a Committee.

Audit suggested the Committee to direct the PAO to take appropriate measures to resolve the issue.

PAC DIRECTIVE (14-03-2011)

The Committee directed the PAO that recruitment work charge employees practice should be discouraged and proper rules should be framed for appointments and induction of staff. Appointment system should be according to the PEPRAs rules. Audit officer was also instructed for recovery from staff. The Committee settled the para.

26. **(Para – 6.9, Page 89-ARFG-97-98)**
NON-RECOVERY OF RS.10.225 MILLION

Audit pointed out that a formation failed to recover the room rent of Chamba House from the Senators, MNAs, MPs, government officers.

The PAO replied that efforts are being made to recover the amount from VIPs.

PAC DIRECTIVE (11-11-2010)

The Committee pend the para for fresh DAC within one month.

The PAO requested for extension in the time period to make recovery.

PAC DIRECTIVE (14-03-2011)

The Committee granted two weeks time for recovery.

The PAO informed that part of the recovery has been made. Rest of recovery is under process.

PAC DIRECTIVE (31-03-2011)

The Committee directed the PAO to pursue the balance recovery of Rs.8.308 million. 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.

27. **(Para – 6.12, Page 90-ARFG-97-98)**

NON-RECOVERY OF RS.8.341 MILLION

Audit pointed out that a formation failed to recover the room rent of Chamba House from the Senators, MNAs, MPAs, government officers.

PAO replied that efforts are being made to effect recovery.

PAC DIRECTIVE (11-11-2010)

Para 6.12, 6.13 and 6.14 were clubbed. The Committee directed the PAO to take action according to findings and recommendations in inquiry reports and submit updates to PAC within one month.

The PAO stated that fact finding enquiry has been conducted in this respect. He further explained that recovery action has been initiated according to the recommendations of the enquiry report.

Audit requested the Committee to direct the PAO to expedite recovery.

PAC DIRECTIVE (14-03-2011)

The Committee deferred the para and directed the PAO to effect recovery and make adjustment of outstanding amount within two weeks and submit report to the Audit.

The PAO informed that recovery is under process.

PAC DIRECTIVE (31-03-2011)

The Committee directed the PAO to pursue the recovery of outstanding amount within one month. The Committee referred the para 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.

28. i) **(Para – 6.13, Page 90-ARFG-97-98)**
LOSS OF RS.4,712,454

Audit pointed out that a formation failed to recover the extra expenditure incurred at the risk and cost of the original contractor. The cost of material issued (Rs. 844,408) and amount of Secured Advance (Rs. 186,923) was also not recovered nor F.I.R. lodged with Police for unlawful lifting of government material from site.

The PAO replied that efforts are being made to effect recovery.

ii) **(Para – 6.14, Page 91-ARFG-97-98)**
NON-RECOVERY OF RS.1,213,831 MILLION

Audit pointed out that a division failed to recover the amount of Secured Advance from the contractor. Moreover, the material issued was also taken away from the site of work by the contractor and no F.I.R. was lodged against him.

PAC DIRECTIVE (11-11-2010)

Para 6.12, 6.13 and 6.14 were clubbed. The Committee directed the PAO to take action according to findings and recommendations in inquiry reports and submit updates to PAC within one month.

The PAO informed that the cases mentioned in above two cases pending with the Court.

PAC DIRECTIVE (14-03-2011)

The Committee clubbed the above two paras and directed the PAO to pursue the Court Case vigorously and submit the update within two weeks.

The PAO stated that case is in Court.

PAC DIRECTIVE (31-03-2011)

The Committee directed the PAO to pursue the court case vigorously. The Committee referred the above two paras to Monitoring and Implementation Committee because the matter is pending in the court.

29. **(Para – 6.16, Page 92-ARFG-97-98)**
NON-RECOVERY OF RS.6,594,700 MILLION

Audit pointed out that a division failed to recover the room rent and allied charges from the occupants of Federal Lodges.

The PAO replied that efforts are being made to effect recovery.

PAC DIRECTIVE (11-11-2010)

The Committee directed the PAO to issue notices for recovery after careful vetting.

The PAO stated that the efforts for recovery are being made consistently but outcome was not so fruitful. He further stated that letters have been written to concerned departments to recover the outstanding rent from the ex-MNAs and sitting MNAs and Senators.

PAC DIRECTIVE (14-03-2011)

The Committee directed the PAO to serve final notices to all defaulters and requested them to deposit the balance amount within two weeks and inform them otherwise recovery will be made through DCO's under Revenue Act.

The PAO informed that part of the recovery has been made. Rest of recovery is under process.

PAC DIRECTIVE (31-03-2011)

The Committee directed the PAO to workout the recovery amount in twenty days and recover the amount from the Parliamentarian through Election Commission and government employees in service and retired through their respective departments and AGPR and Accounts Offices. The Committee referred the para 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.

30. **(Para – 6.20, Page 94-ARFG-97-98)**
NON-RECOVERY OF RS.454,368 MILLION

Audit pointed out that a formation failed to recover an amount of Rs. 454,368 from various firms despite lapse considerable period.

PAO replied that a reasonable amount has been recovered and verified from Audit. Efforts are still being made to recover the balance amount. As per law, the steps are being made to effect recovery. In one case, it has become time barred due to non-cooperation by the concerned Deputy Commissioner.

PAC DIRECTIVE (11-11-2010)

The Committee directed the PAO that contractor should be black listed PAO should himself look into the matter and recovery should be made.

The PAO informed that the contractor had been blacklisted and a case for write off of Rs.395,096 submitted to the Ministry of Housing and Works.

Audit pointed out that recovery of balance amount should be made.

PAC DIRECTIVE (14-03-2011)

The Committee settled the para subject to verification of record by the Audit within two weeks.

The PAO informed that amount has been written off.

PAC DIRECTIVE (31-03-2011)

The Committee settled the para.

31. **(Para – 6.27, Page 97-ARFG-97-98)**

NON-RECOVERY OF RS.286,350 MILLION

Audit pointed out that a formation irregularly acquired a house for an officer of a department which was not on pool of the Estate Office.

PAO replied that efforts are being made to effect recovery from the department.

PAC DIRECTIVE (11-11-2010)

The Committee took serious view on the statement of audit that officer of Estate Offices are not complying the PAC Directive properly. The Committee directed to submit a report of recovery from the responsible officer and list of houses vacated from illegal occupant by the Estate Office must be submitted to PAC within one month and this should be done on monthly basis.

Audit recommended the para for settlement.

PAC DIRECTIVE (14-03-2011)

The Committee settled the para.

32. **(Para – 6.34, Page 100-ARFG-97-98)**

NON-RECOVERY OF RS.357,200 MILLION

Audit pointed out that a formation allotted a house to an officer, which was later on cancelled but the said house was not vacated by the allottee. The standard rent was also not recovered.

PAO stated that relevant documents have been presented to the Audit and verification certificate was awaited.

PAC DIRECTIVE (11-11-2010)

The Committee deferred the para for next DAC.

Audit recommended the para for settlement.

PAC DIRECTIVE (11-11-2010)

The Committee settled the para.

33. **(Para – 6.37, Page 101-ARFG-97-98)**

NON-RECOVERY OF RS.108,000 MILLION

Audit pointed out that a formation failed to deduct Income Tax from the payments made to the owners of the houses in November, 1995 and January, 1996 in disregard of Section 50(7-13) of the Income Tax Ordinance, 1979.

The PAO replied that amount has been recovered and verified from audit. Audit stated that recovery proof has not been provided.

PAC DIRECTIVE

The Committee directed the PAO to look into the matter and submit a report to PAC within one month.

34. **(Para – 6.44, Page 104-ARFG-97-98)**

NON-RECOVERY OF RS.785,540 MILLION

Audit pointed out that a formation failed to recover from the tenants the rent of shops owned by the government.

Estate Officer stated that record has been verified.

Audit disagreed with the statement of Estate officer.

PAC DIRECTIVE

The Committee directed the PAO to look into the matter personal and action should be taken against the responsables.

**SPECIAL AUDIT REPORT ON NATIONAL HOUSING AUTHORITY
FOR THE YEAR (1997-98)**

Prepared by DG Audit Works (Federal) Islamabad.

35. **(Para – 1, Page 4-ARFG-97-98)**

LOSS OF RS.24.192 MILLION DUE TO EXECUTION OF DEFECTIVE AGREEMENT

Audit pointed out that Rs. 18.9 million were paid to M/s Universal Enterprises on 29.05.95 as 15% equity for housing scheme but the firm never paid its own share of 85% (Rs. 107.1 million) and utilized National Housing Authority's money for its own purpose. The firm was awarded the contract without due competition and drew the money on the same day and

transferred it to its own account from the joint account opened by National Housing Authority and the firm.

Despite lapse of two years, the interest on the above amount worth Rs. 5.292 million has not been taken into account.

The PAO explained that recovery has already completed and Audit has verified.

PAC DIRECTIVE (11-11-2010)

The Committee settled the para subject to verification of record by the audit.

The PAO explained that a letter had been written to NAB to expedite the investigation and two meetings held with NAB authorities on 05-01-2011 and 12-01-2011. They had assured expeditious pursuance. The PAO also requested for extension in time limit.

PAC DIRECTIVE (14-03-2011)

The Committee directed the PAO to peruse the cases vigorously.

PAC DIRECTIVE (31-03-2011)

The Committee directed the PAO that Law department of NHA should pursue with NAB and other courts alongwith a senior officer who should meet personally with Chairman NAB and appear before the courts. The Committee referred the para to the Monitoring and Implementation Committee because the matter is pending in NAB.

**SPECIAL AUDIT REPORT ON NATIONAL INSTITUTE OF SILICOM
TECHNOLOGY FOR THE YEAR (1997-98)**

Prepared by DG Audit Works (Federal) Islamabad

36. **(Para – 1, Page 3-ARFG-97-98)**
NON-RECOVERY OF RS.2.852 MILLION

Audit pointed out that a contractor M/s National Construction and Engineers left the work incomplete and his contract was rescinded at his risk and cost but difference of cost of balance work and other dues were not recovered despite the finalization of accounts of the 2nd contractor. Which resulted in non-recovery of Rs. 2.852 million.

PAO replied that the matter was subjudice and in Court.

PAC DIRECTIVE (11-11-2010)

The Committee directed the PAO to pursue the case on each hearing a senior level officer should appear before Court alongwith legal expert and directed the PAO to request the Hon. Court for early decision.

The PAO informed that case was still pending with the Court.

PAC DIRECTIVE (14-03-2011)

The Committee directed the PAO to request the Court to resolve the issues on earliest.

The PAO informed that in compliance the Senior Civil Judge, Islamabad has again requested to expedite the matter.

PAC DIRECTIVE (31-03-2011)

The Committee directed the PAO to pursue the given report within two months. The

Committee referred the para to the Monitoring and Implementation Committee for further compliance because the matter is pending in the court.

37. **(Para – 5, Page 5-ARFG-97-98)**

NON-RECOVERY OF RS.0.600 MILLION

Audit pointed out that Security @ 10% was not deducted from the 11th running bill of a contractor M/s National Construction and Engineering on the authority of Retention Money Bond Guarantees from M/s Adamjee Insurance Company Limited for 0.600 million, which was accepted against the terms of agreement. On demand the company refused to encash the bond. This resulted into non-recovery of Rs.0.600 million.

PAO stated that a suite for recovery has been filed in Court.

PAC DIRECTIVE (11-11-2010)

The Committee deferred the para to DAC.

Audit recommended the para for settlement.

PAC DIRECTIVE (14-03-2011)

The Committee settled the para.

38. **(Para – 9, Page 7-ARFG-97-98)**

OVERPAYMENT OF RS.0.165 MILLION

Audit pointed out that payment was made to a contractor for the item of “Supplying earth from outside source” without deducting the quantity of available earth obtained from excavation. This resulted into overpayment of Rs. 75,616 (43,388 x 1.70% - 2%). Besides, excessive quantity of earth than that provided in the B.O.Q. was paid without taking cross-section as required under the rules. This also resulted into excess payment Rs. 89,931 (Rs. 294,930 - 240,950) (51,980 x 17% - 2%).

The PAO replied that the work has been done as per proper technical procedure and no overpayment has been made in this case.

PAC DIRECTIVE (11-11-2010)

The Committee deferred the para to DAC for reconsideration of issue.

The PAO stated that maximum outstanding amount has been recovered and efforts were being made to write off and recover the balance amount.

Audit pointed out that an amount of Rs.89,931 is still recoverable.

PAC DIRECTIVE (14-03-2011)

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

38. **(Para – 12, Page 8-ARFG-97-98)**

IRREGULAR EXPENDITURE OF RS.0.836 MILLION

Audit pointed out that Technical Sanction for the (Sub Head Electrification) was issued by the Chief Engineer (North) for Rs. 2.608 million against which an expenditure of Rs. 3.444 million was incurred without obtaining revised T.S. from the competent authority. Rate analysis of extra items was also not produced to audit. Thus expenditure of Rs. 0.836 million being over and above the T.S. Estimate was irregular.

The PAO replied that revised technical sanction has been prepared and put up for approval. He requested fifteen days time for provision of record.

PAC DIRECTIVE (11-11-2010)

The Committee deferred the para to DAC.

The PAO stated that revised technical sanction has been prepared and will be verified from the Audit.

Audit requested the Committee to direct the PAO to provide the revised Technical sanction.

PAC DIRECTIVE (14-03-2011)

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

39. **(Para – 14, Page 10-SAR-97-98)**

MISUSE OF NHA/PUBLIC FUNDS RS.0.177 MILLION

Audit pointed out that Rs.0.177 were paid on account of bill of Mobile Telephone of the Minister of Housing and Works. In this connection it is pointed out that luxurious expenditure was uncalled for in view of main object of National Housing Authority and economy measures announced by the Government from time to time. Although several telephone connections have been provided in the National Housing Authority is not understood. It appears that National Housing Authority management left no stone unturned in spending the public funds for purposes other than genuine.

The PAO informed that copy of available Cabinet Division letter No.2/21/89-GC dated 18-01-2000 was provided to the concerned Audit Officer.

PAC DIRECTIVE

The Committee settled the para subject to verification of record by the Audit in two weeks.

40. i) **(Para – 14, Page 9-ARFG-97-98)**
UN-JUSTIFIED PAYMENT OF RS.0.0729 MILLION

Audit pointed out that the client department partly occupied the building in 1/87 and the electrification work also completed on 14.03.88 but the Stores and Workshop Division continued incurring expenditure on work charged labour upto 1/92 and amount was debited to the deposit work. The expenditure from April, 1988 to January, 1992 amounting to Rs. 0.0729 million was un-justified.

ii) **(Para – 15, Page 10-ARFG-97-98)**
UN-JUSTIFIED PAYMENT OF RS.0.0.163 MILLION

Audit pointed out that Civil works for building was completed in 9/87 and building was partly occupied by the client department in 10/87. CCD-VI Division continued incurring of expenditure on work charged labour upto April, 1994 and amount debited to the Deposit Work. The expenditure incurred from October, 1987 to April, 1994 amounting to Rs. 0.163 million was unjustified.

The PAO, on presentation of above two paras, requested for 15 days time for provision of record.

PAC DIRECTIVE

The Committee clubbed para 14 and para 15 and directed the PAO to get the record verified from audit within one month.

41. **(Para – 2.30, Page 38-AR-97-98)**
EXCESS PAYMENT OF RS. 79,117/-

42. **(Para – 6.47, Page 106-AR-97-98)**
LOSS OF RS. 124,320/-

43. **(Para – 14, Page 10-SAR-97-98)**
MISUSE OF NHA/PUBLIC FUNDS RS. 0.177 MILLION

44. **(Para – 9, Page 7-SAR-97-98)**
OVER PAYMENT OF RS. 0.165 MILLION

45. **(Para – 12, Page 8-SAR-97-98)**
IRREGULAR EXPENDITURE OF RS. 0.836 MILLION

46. **(Para – 2, Page 5-SAR-97-98)**
IRREGULAR AND UNAUTHORIZED PAYMENT OF RS. 3.5 MILLION

47. **(Para – 3, Page 5-SAR-97-98)**
NON REFUND OF LOAN OF 22 MILLION AND NON RECEIPT OF ADJUSTMENT ACCOUNT OF RS.10 MILLION RELEASED TO THE PROVINCIAL OFFICE OF NATIONAL HOUSING AUTHORITY KARACHI

48. (Para – 4, Page 6-SAR-97-98)
(i) INFRACTUOUS EXPENDITURE OF RS. 4.927 MILLION
ii) UNAUTHORIZED DRAWL OF RS. 0.042 MILLION FOR FURNISHING THE D.G ROOM
49. (Para 5– , Page 6-SAR-97-98)
UNAUTHORIZED WITH DRAWL OF RS. 1.705 MILLION FOR GRANT OF HONORARIA, HBA, TA/DA, SALARIES
50. (Para – 6, Page 7-SAR-97-98)
IRREGULAR PAYMENT OF RS. 0.400 MILLION AS REWARD
51. (Para – 7, Page 7-SAR-97-98)
NON RECOVERY OF RS. 0.135 MILLION
52. (Para – 8, Page 7-SAR-97-98)
LOSS OF RS. 0.158 MILLION DUE TO IRREGULAR APPOINTMENT
53. (Para – 9, Page 8-SAR-97-98)
IRREGULAR HIRING OF OFFICE ACCOMMODATION IMPROPER ASSESSMENT/PAYMENT OF RENT WORTH RS. 0.947 MILLION PER ANNUM
54. (Para – 10, Page 9-SAR-97-98)
IRREGULAR PAYMENT OF RENT OF FEDERAL LODGE PROVIDED FOR EX-D.G NATIONAL HOUSING AUTHORITY FROM SPECIAL GRANT AMOUNTING TO RS. 0.029 MILLION
55. (Para – 11, Page 9-SAR-97-98)
LOSS OF RS. 1.157 MILLION
56. (Para – 12, Page 10-SAR-97-98)
IRREGULAR EXPENDITURE OF RS. 0.124 MILLION AND MISUSE OF VEHICLE
57. (Para – 13, Page 10-SAR-97-98)
IRREGULAR AND UNAUTHORIZED PAYMENT OF TELEPHONE BILLS FROM SPECIAL INSTEAD OF REGULAR GRANT
58. (Para – 15, Page 11-SAR-97-98)
LOSS OF RS. 0.103 MILLION
59. (Para – 2, Page 4-SAR-97-98)
LESS RECOVERY OF MATERIAL RS. 0.17 MILLION
60. (Para – 3, Page 4-SAR-97-98)
LESS RECOVERY OF STEEL RS. 0.045 MILLION
61. (Para – 4, Page 5-SAR-97-98)
NON RECOVERY OF RS. 0.239 MILLION
62. (Para – 6, Page 5-SAR-97-98)
EXCESS PAYMENT OF RS. 0.425 MILLION
63. (Para – 7 Page 6 SAR-97-98)
EXCESS PAYMENT OF RS. 0.285 MILLION
64. (Para – 8 Page 6 SAR-97-98)
OVER PAYMENT OF RS. 0.174 MILLION
65. (Para – 11, Page 8-SAR-97-98)
IRREGULAR PAYMENT OF RS. 0.589 MILLION
66. (Para – 13 Page 9 SAR-97-98)
MISAPPROPRIATION OF CEMENT RS. 0.021 MILLION

67. (Para – 16, Page 10-SAR-97-98)
UNAUTHORIZED/EXTRA CHARGE ON DEPOSIT WORK RS. 0.545 MILLION
68. (Para – 17 Page 11-SAR-97-98)
MIS-CLASSIFICATION OF RS. 0.023 MILLION
69. (Para – 18, Page 11-SAR-97-98)
LIKELY MIS-APPROPRIATION RS. 0.081 MILLION
70. (Para – 19, Page 11-SAR-97-98)
LOSS OF RS. 0.026 MILLION
71. (Para – 20, Page 12-SAR-97-98)
NON PRODUCTION OF RECORD
72. (Para – 1.2, Page 23-AR-97-98)
MISAPPROPRIATION OF RS. 464,780/-
73. (Para – 1.3, Page 24-AR-97-98)
MISAPPROPRIATION OF RS. 188,000/-
74. (Para – 1.4, Page 24-AR-97-98)
LOSS OF RS. 162,700/-
75. (Para – 2.1, Page 25-AR-97-98)
OVERPAYMENT OF RS. 92,430/-
76. (Para – 2.2, Page 26-AR-97-98)
EXCESS PAYMENT OF RS. 75,048/-
77. (Para – 2.3, Page 26-AR-97-98)
OVER PAYMENT OF RS. 464,780/-
78. (Para – 2.4, Page 26-AR-97-98)
EXCESS PAYMENT OF RS. 121,163/-
79. (Para – 2.5, Page 27-AR-97-98)
OVER PAYMENT OF RS. 109,730/-
80. (Para – 2.6, Page 27-28-AR-97-98)
OVER PAYMENT OF RS. 175,660/-
81. (Para – 2.7, Page 28-AR-97-98)
OVER PAYMENT OF RS. 254,373/-
82. (Para – 2.8, Page 28 AR-97-98)
OVER PAYMENT RS. 187,540/-
83. (Para – 2.9, Page 29-AR-97-98)
EXCESS PAYMENT OF RS. 80,320/-
84. (Para – 2.10, Page 29-AR-97-98)
EXCESS PAYMENT OF RS. 121,227/-
85. (Para – 2.11, Page 30-AR-97-98)
EXCESS PAYMENT OF RS. 571,413/-
86. (Para – 2.12, Page 30-AR-97-98)
EXCESS PAYMENT OF RS. 52,177/-

87. (Para – 2.13, Page 31-AR-97-98)
EXCESS PAYMENT OF RS. 161,371/-
88. (Para – 2.14, Page 31-AR-97-98)
EXCESS PAYMENT OF RS. 98,320/-
89. (Para – 2.15, Page 32-AR-97-98)
EXCESS PAYMENT OF RS. 63,382/-
90. (Para – 2.16, Page 32-AR-97-98)
EXCESS PAYMENT OF RS. 52,289/-
91. (Para – 2.18, Page 33-AR-97-98)
EXCESS PAYMENT OF RS. 72,577/-
92. (Para – 2.19, Page 34-AR-97-98)
EXCESS PAYMENT OF RS. 368,241
93. (Para – 2.20, Page 34-AR-97-98)
OVER PAYMENT OF RS. 54,977/-
94. (Para – 2.21, Page 35-AR-97-98)
EXCESS PAYMENT OF RS. 1.034 MILLION
95. (Para – 2.22, Page 35-AR-97-98)
EXCESS PAYMENT OF RS. 211,363/-
96. (Para – 2.23, Page 36-AR-97-98)
EXCESS PAYMENT OF RS. 119,609/-
97. (Para – 2.24, Page 37-AR-97-98)
EXCESS PAYMENT OF RS. 357,000/-
98. (Para – 2.26, Page 38-AR-97-98)
EXCESS PAYMENT OF RS. 123,687/-
99. (Para – 2.28, Page 39-AR-97-98)
EXCESS PAYMENT OF RS. 44,226/-
100. (Para – 2.29, Page 38-AR-97-98)
EXCESS PAYMENT OF RS. 125,676/-
101. (Para – 2.31, Page 40-AR-97-98)
EXCESS PAYMENT OF RS. 123,687/-
102. (Para – 2.32, Page 41-AR-97-98)
OVER PAYMENT OF RS. 69,377/-
103. (Para – 2.34, Page 42-AR-97-98)
EXCESS PAYMENT OF RS. 112,536/-
104. (Para – 2.35, Page 42-AR-97-98)
EXCESS PAYMENT OF RS. 1,728,500/-
105. (Para – 2.37, Page 43-AR-97-98)
OVER PAYMENT OF RS. 271,276/-

106. (Para – 2.38, Page 43-AR-97-98)
EXCESS PAYMENT OF RS. 192,315/-
107. (Para – 2.39, Page 44-AR-97-98)
EXCESS PAYMENT OF RS. 132,012/-
108. (Para – 2.40, Page 44-AR-97-98)
EXCESS PAYMENT OF RS. 1,252,084/-
109. (Para – 2.42, Page 45-AR-97-98)
OVER PAYMENT OF RS. 68,145/-
110. (Para – 2.43, Page 46-AR-97-98)
EXCESS PAYMENT OF RS. 782,808/-
111. (Para – 2.44, Page 46-AR-97-98)
EXCESS PAYMENT OF RS. 251,182/-
112. (Para – 2.45, Page 47-AR-97-98)
EXCESS PAYMENT OF RS. 143,859/-
113. (Para – 2.46, Page 47-AR-97-98)
EXCESS PAYMENT OF RS. 88,971/-
114. (Para – 2.47, Page 48-AR-97-98)
EXCESS PAYMENT OF RS. 171,487/-
115. (Para – 2.48, Page 47-AR-97-98)
EXCESS PAYMENT OF RS. 208,658/-
116. (Para – 2.49, Page 49-AR-97-98)
EXCESS PAYMENT OF RS. 239,436/-
117. (Para – 2.50, Page 47-AR-97-98)
OVER PAYMENT OF RS. 112,500/-
118. (Para – 2.51, Page 50-AR-97-98)
OVER PAYMENT OF RS. 52,645/-
119. (Para – 2.52, Page 50-AR-97-98)
OVER PAYMENT OF RS. 187,875/-
120. (Para – 2.53, Page 51-AR-97-98)
EXCESS PAYMENT OF RS. 79,765/-
121. (Para – 2.55, Page 52-AR-97-98)
EXCESS PAYMENT OF RS. 1,702,064/-
122. (Para – 2.57, Page 53-AR-97-98)
OVER PAYMENT OF RS. 444,449/-
123. (Para – 2.58, Page 53-AR-97-98)
OVER PAYMENT OF RS. 267,767/-
124. (Para – 2.59, Page 53-AR-97-98)
OVER PAYMENT OF RS. 180,680/-
125. (Para – 2.62, Page 55-AR-97-98)
EXCESS PAYMENT OF RS. 100,722/-

126. (Para – 2.63, Page 55-AR-97-98)
EXCESS PAYMENT OF RS. 669,963/-
127. (Para – 2.64, Page 56-AR-97-98)
EXCESS PAYMENT OF RS. 51,827/-
128. (Para – 2.65, Page 56-AR-97-98)
EXCESS PAYMENT OF RS. 280,572/-
129. (Para – 2.66, Page 57-AR-97-98)
OVER PAYMENT OF RS. 137,358/-
130. (Para – 2.67, Page 57-AR-97-98)
OVER PAYMENT OF RS. 86,355/-
131. (Para – 3.1, Page 59-AR-97-98)
MISAPPROPRIATION OF MATERIAL WORTH RS. 682,255/-
132. (Para – 3.2, Page 59-AR-97-98)
MISAPPROPRIATION OF MATERIAL WORTH RS. 502,130/-
133. (Para – 3.3, Page 59-AR-97-98)
MISAPPROPRIATION OF MATERIAL WORTH RS. 236,986/-
134. (Para – 4.3, Page 62-AR-97-98)
EXCESS PAYMENT OF RS. 213,050/-
135. (Para – 4.4, Page 62-AR-97-98)
EXCESS PAYMENT OF RS. 437,152/-
136. (Para – 4.5, Page 63-AR-97-98)
LOSS OF RS. 140,800/-
137. (Para – 4.7, Page 64-AR-97-98)
IRREGULAR PAYMENT OF RS. 188,500/-
138. (Para – 4.8, Page 64-AR-97-98)
IRREGULAR RELEASE OF SECURITY DEPOSIT RS. 1.469 MILLION AND NON RECOVERY OF SECURE ADVANCE RS. 235,362/-
139. (Para – 4.9, Page 65-AR-97-98)
IRREGULAR PAYMENT OF RS. 124,913/-
140. (Para – 4.12, Page 66-AR-97-98)
EXCESS PAYMENT OF RS. 453,956/-
141. (Para – 4.13, Page 67-AR-97-98)
EXCESS PAYMENT OF RS. 344,779/-
142. (Para – 4.16, Page 68-AR-97-98)
IRREGULAR EXPENDITURE OF RS. 839,000/-
143. (Para – 4.17, Page 69-AR-97-98)
MIS-UTILIZATION OF FUNDS AMOUNTING TO RS. 612,652/-
144. (Para – 4.18, Page 69-AR-97-98)
IRREGULAR PAYMENT OF RS. 300,000/-
145. (Para – 4.21 Page 71 -AR-97-98)
IRREGULAR EXPENDITURE OF RS. 235,000/-

146. (Para – 4.23, Page 72-AR-97-98)
MIS-UTILIZATION OF RECEIPTS OF RS. 740,448/-
147. (Para – 4.25, Page 73-AR-97-98)
IRREGULAR PAYMENT OF RS. 1,274,237/-
148. (Para – 4.26, Page 72-AR-97-98)
IRREGULAR PAYMENT OF RS. 2,538,261/-
149. (Para – 4.27, Page 74-AR-97-98)
UNAUTHORIZED EXPENDITURE OF RS. 785,520/-
150. (Para – 4.29, Page 75-AR-97-98)
UNAUTHORIZED EXPENDITURE OF RS. 396,477/-
151. (Para – 4.30, Page 75-AR-97-98)
MISUSE OF FUNDS FOR RS. 98,650/-
152. (Para – 5.1, Page 76-AR-97-98)
LOSS OF RS. 407,586/-
153. (Para – 5.2, Page 76-AR-97-98)
OVER OF RS. 250,100/-
154. (Para – 5.5, Page 78-AR-97-98)
BLOCKAGE OF CAPITAL WORTH RS.1.63 MILLION
155. (Para – 5.6, Page 78-AR-97-98)
LOSS OF RS. 540,927/-
156. (Para – 5.7, Page 79-AR-97-98)
LOSS OF RS. 291,331/-
157. (Para – 5.8, Page 79-AR-97-98)
EXCESS PAYMENT OF RS. 74,577/-
158. (Para – 5.10, Page 80-AR-97-98)
LOSS OF RS. 3.234 MILLION
159. (Para – 5.11, Page 81-AR-97-98)
LOSS OF RS. 22.100 MILLION
160. (Para – 5.14 Page 82-AR-97-98)
WASTEFUL EXPENDITURE OF RS.124,270/-
161. (Para – 5.16, Page 83-AR-97-98)
LOSS OF RS. 69,316/-
162. (Para – 5.17, Page 84AR-97-98)
LOSS OF RS. 402,120/-
163. (Para – 5.18, Page 84-AR-97-98)
ADDITIONAL EXPENDITURE OF RS. 3.266 MILLION
164. (Para – 6.1, Page 76-AR-97-98)
NON RECOVERY OF RS. 73, 993/-
165. (Para – 6.2, Page 85-AR-97-98)
NON RECOVERY/ADJUSTMENT OF RS. 393, 858/-

166. (Para – 6.5, Page 87-AR-97-98)
NON RECOVERY OF RS. 317, 680/-
167. (Para – 6.6, Page 87-AR-97-98)
NON RECOVERY OF RS. 138, 914/-
168. (Para – 6.7, Page 88-AR-97-98)
NON RECOVERY OF RS. 78, 000/-
169. (Para – 6.8, Page 88-AR-97-98)
NON RECOVERY OF RS. 453,411/-
170. (Para – 6.10, Page 89-AR-97-98)
NON RECOVERY OF RS. 290, 195/-
171. (Para – 6.15, Page 92-AR-97-98)
NON RECOVERY OF RS. 153, 557/-
172. (Para – 6.21, Page 94-AR-97-98)
NON RECOVERY OF RS. 59, 094/-
173. (Para – 6.23, Page 95-AR-97-98)
NON RECOVERY OF RS. 1,350,980/-
174. (Para – 6.24, Page 96-AR-97-98)
LOSS RECOVERY OF RS. 244, 800/-
175. (Para – 6.25, Page 96-AR-97-98)
NON RECOVERY OF RS. 75, 194/-
176. (Para – 6.32, Page 99-AR-97-98)
NON RECOVERY OF RS. 93, 000/-
177. (Para – 6.39, Page 102-AR-97-98)
LOSS OF RS. 243, 228/-
178. (Para – 6.48, Page 106-AR-97-98)
LOSS OF RS. 157, 863/-
179. (Para – 6.49, Page 106-AR-97-98)
UNAUTHORIZED PAYMENT OF RS. 111, 601/-
180. (Para – 6.50, Page 107-AR-97-98)
NON RECOVERY OF RS. 29, 375,000/-
181. (Para – 6.51, Page 107-AR-97-98)
LOSS OF RS. 175, 000/-

Audit recommended the above mentioned one hundred and thirty two paras for settlement.

PAC DIRECTIVE

The Committee settled above mentioned 132 paras which were discussed at DAC level to be presented before the PAC, matter were settled between Ministry and the Audit.

UN-HIGHLIGHTED PARAS (DAC LEVEL)

PAK PWD

1. Para No. 1.1 Page 23 Loss of Rs. 0.09 Million
2. Para No. 2.17 Page 33 Excess payment of Rs. 233,442
3. Para No. 2.25 Page 37 Excess payment of Rs. 173,970
4. Para No. 2.36 Page 43 Excess payment Rs. 56,568
5. Para No. 4.11 Page 66 Excess payment of Rs. 238,589
6. Para No. 5.3 Page 77 Extra Expenditure of Rs. 984,532
7. Para No. 5.4 Page 77 Wasteful Expenditure of Rs. 3.014 million
8. Para No. 6.3 Page 86 Non-Recovery of Rs. 961,810
9. Para No. 6.4 Page 86 Loss to amounting to Rs. 72,782
10. Para No. 6.11 Page 90 Non-recovery of Rs 1,695,554
11. Para No. 6.17 Page 92 Loss of Rs 422,720
12. Para No. 6.18 Page 93 Non-recovery of Rs 279,938
13. Para No. 6.19 Page 93 Non-recovery of Rs. 135,905
14. Para No. 6.22 Page 95 Non-recovery of Rs 1,579,994
15. Para No. 6.53 Page 108 Non-recovery of Rs 1,148,689

Audit recommended the above mentioned fifteen paras for settlement.

PAC DIRECTIVE

The Committee settled above mentioned fifteen paras which were discussed at DAC level to be presented before the PAC, matter were settled between Ministry and the Audit.

ESTATE OFFICE

1. Para No. 4.2 Page 61 Loss of Rs. 957,900
2. Para No. 6.26 Page 96 Double payment of Rs 191,183
3. Para No. 6.28 Page 97 Non-recovery of Rs 413,308
4. Para No. 6.29 Page 98 Non-recovery of Rs 39,360
5. Para No. 6.30 Page 98 Non-recovery of Rs 32,882
6. Para No. 6.35 Page 100 Non-recovery of Rs 1,470,895
7. Para No. 6.36 Page 101 Non-recovery of Rs 95,250
8. Para No. 6.38 Page 102 Non-recovery of Rs 144,417
9. Para No. 6.40 Page 102 Non-recovery of Rs 494,420
10. Para No. 6.41 Page 103 Non-recovery of Rs. 510,312
11. Para No. 6.42 Page 103 Non-recovery of Rs. 2,049,000
12. Para No. 6.43 Page 104 Non-recovery of Rs 552,839
13. Para No. 6.46 Page 105 Non-recovery of Rs 286,250

Audit recommended the above mentioned thirteen paras for settlement.

PAC DIRECTIVE

The Committee settled above mentioned thirteen paras which were discussed at DAC level to be presented before the PAC, matter were settled between Ministry and the Audit.

AUDIT REPORT 1997-98 **PAKISTAN PUBLIC WORKS DEPARTMENT/ESTATE OFFICES (MINISTRY OF HOUSING & WORKS)**

PAK PWD

1. Para No. 2.33 Page 41 Overpayment of Rs. 218,518
2. Para No. 5.9 Page 80 Loss of Rs. 3,413,260

ESTATE OFFICE

1. Para No. 6.37 Page 101 Non-recovery of Rs. 108,000

Audit recommended the above mentioned two paras for settlement.

PAC DIRECTIVE

The Committee settled above mentioned two paras which were discussed at DAC level to be presented before the PAC, matter were settled between Ministry and the Audit.

UN-HIGHLIGHTED PARAS (DAC LEVEL)

ESTATE OFFICE

1. Para No. 6.34 Page 100 Non-recovery of Rs. 357,200
2. Para No. 6.44 Page 104 Non-recovery of Rs. 785,540

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

AUDIT REPORT 1997-98
PAKISTAN PUBLIC WORKS DEPARTMENT/ESTATE OFFICES
(MINISTRY OF HOUSING & WORKS)

PAK PWD

1. Para No. 2.30 Page 38 Excess payment of Rs. 79,117

ESTATE OFFICE

1. Para No. 6.47 Page 106 Loss of Rs. 124,320

The above two paras were settled at DAC level and were brought to the knowledge of the PAC.

MINISTRY OF INFORMATION TECHNOLOGY AND
TELECOMMUNICATION
1997-98

22. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Information Technology and Telecommunication were examined by the Sub-Committee PAC-III during two series of meetings were held on 9th August, 2010 and subsequently on 8th January, 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.

- 22.1 One grant and 18 Paras were presented by the AGPR and Audit.
- 22.2. The Committee, where the amount received from sales was increased on purchase of some durable goods, directed to reexamined the issue at DAC level.
- 22.3 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommended that relevant documents should be provided to the Audit for verification.

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 years 1997-98 of Ministry of Information Technology and Telecommunication, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1 **Grant No 160 - Capital Outlay on Communication Works**
(Total Grant - Rs.142,794,000) (Saving - Rs.94,090,157)

The AGPR pointed out that the grant closed with a saving of Rs.94,090,157/- which worked out to 65.89% of the total grant.

The PAO explained that the saving occurred due to non-release of Foreign Aid till close of financial year.

The AGPR informed the Committee that the grant was already discussed in the DAC, wherein, it was decided that Ministry will provide their correspondence with Finance Division for release of Foreign Aid, to AGPR for verification.

PAC DIRECTIVE

The Committee directed the PAO to provide all documents to AGPR for verification and submit report to PAC-III within one month. The Committee settled the grant and directed record should be verified by the AGPR.

AUDIT REPORT TELECOMMUNICATION SECTOR (1997-98)

Prepared by DG Audit (PT&T), Lahore

2 i) **(Para – 1.5, Page 24-ARPT&T-97-98)**
IRREGULAR EXPENDITURE OF RS 4.38 MILLION ON PURCHASE OF VEHICLES

Audit pointed out that Director NTC, Karachi, incurred an expenditure of Rs.4,380,000/- on purchase of ten vehicles during the year 1996-97. The expenditure was irregular on the following grounds that vehicles were purchased without preparation and sanction of estimates. No Objection Certificate from Cabinet Division as required under Staff Car Rules, 1980 and prior concurrence from Finance Division was not obtained.

Audit further told that open tenders were not invited which was also a violation of rules.

The PAO replied that purchases were duly provided in budget estimates which were approved by the Board and expenditure was authorized by issuing a proper sanction. Since, the Staff Car Rules, 1980, did not apply on the Corporation, therefore, NOC from Cabinet

Division was not obtained. Moreover, the Corporation was new at that time, thus, instructions of Finance Division were not communicated to it. Four vehicles were purchased in June to make NTC functional because essentially required vehicles were not vested in the Corporation. Moreover, all vehicles were purchased directly from manufacturer and sole distributor for which no tender was required.

ii) **(Para – 1.10, Page 27-ARPT&T-97-98)**
UNAUTHORIZED EXPENDITURE ON PURCHASE OF VEHICLE RS 327,000

Audit pointed out that Divisional Engineer Microwave Maintenance (NTC), Karachi, incurred an expenditure of Rs.327,000/- during the year 1996-97 on purchase of Suzuki Khyber Car 1000 CC for the use of Director NTC Karachi without obtaining no objection certificate from Cabinet Division as required under rule 3 (5) of staff care rules 1980.

The PAO replied that since Staff Car Rules, 1980, did not apply on the Corporation, therefore, NOC from Cabinet Division was not obtained.

iii) **(Para – 1.11, Page 28-ARPT&T-97-98)**
UNAUTHORIZED EXPENDITURE ON PURCHASE OF VEHICLE RS 285,000

Audit pointed out that Divisional Engineer (PABX Defence) NTC, Karachi, incurred an expenditure of Rs.285,000/- on purchase of a vehicle. The expenditure was held unauthorized because neither no objection certificate was obtained and nor no prior concurrence of Finance Division was obtained.

The PAO replied that since Staff Car Rules, 1980, did not apply on the Corporation, therefore, NOC from Cabinet Division was not obtained. Moreover, the Corporation was new at that time, thus, instructions of Finance Division were not communicated to it.

The PAO informed the Committee that the above-mentioned three Audit Paras were already discussed in the DAC meeting and the department was directed to get irregular expenditure regularized from Finance Division and obtain NOC from Cabinet Division.

PAC DIRECTIVE

The above three paras were clubbed. The Committee settled the above three paras after detailed discussion and directed that record should be verified by the Audit.

3 **(Para – 4.2, Page 34-ARPT&T-97-98)**
IRREGULAR EXPENDITURE OF RS 4.144 MILLION ON PURCHASE OF DURABLE GOODS

Audit pointed out that Director General SCO, Rawalpindi, incurred an expenditure of Rs 4.144 million on purchase of durable goods during 1996-97 without allocation of funds. It was met with from sale proceeds of transportations, etc., which was against codified rules. The expenditure was also in contravention of instructions issued by the Ministry of Finance.

The PAO admitted that due to some misunderstanding in interpretation of rules, the objected amount was utilized on repair and maintenance of machinery and vehicles. After audit objection, this practice was stopped and sale proceeds were not being utilized. The case for regularization of unauthorized expenditure was referred to Finance Division and CGA. But CGA refused to entertain the same stating that any irregularity pointed out in the Auditor General Report could not be regularized unless the same was not examined by the PAC and advice for regularization was given.

The PAO informed the Committee that the Para was discussed in the DAC meeting held on 05-08-2010, wherein, it was decided that the PAC will be requested to issue specific advice to competent forum to accord ex-post-facto approval for regularization of un-authorized expenditure.

The DG Audit pointed out that not only the money of sales of transportation was not deposited into the Government Treasury, but, also utilized on purchase of durable goods, which requires fixing of responsibility against concerned.

The department admitted that money was deposited into Military Account instead of Federal Consolidated Fund. But, system has now been changed and separate head of account has been opened for the said purpose.

The PAO assured the Committee to address the issue in the briefing on SCO.

PAC DIRECTIVE

The Committee directed the PAO to take proper action and submit report to the PAC. The para will be discussed again with the briefing by the Ministry on SCO.

4 i) **PARAS SETTLED BY THE PAC ON RECOMMENDATION OF AUDIT
National Telecommunication Corporation (NTC)**

Paras No. 1.1, 1.2, 1.3, 1.4, 1.6, 1.7, 1.8, 1.9, Pages No. 23-27-ARPT&T-1997-98)

ii) **Special Communication Organization (SCO)**

Paras No. 4.1, 4.3, 4.4, Pages No. 34-36-ARPT&T-1997-98)

iii) **Telephone Industries of Pakistan (TIP)**

Paras No. 7.1, 7.2, 7.3, 7.4, Page No. 73-ARPT&T-1997-98)

PAC DIRECTIVE

After detailed discussion of the Members, the Audit and PAO the Committee settled all the above mentioned fifteen paras.

MINISTRY OF INFORMATION AND BROADCASTING
1997-98

23. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Information and Broadcasting were examined by the Sub-Committee PAC-III during two series of meetings were held on 24th September, 2010 and subsequently on 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.

- 23.1 Two paras were reported by the Audit which were discussed in detail and recovery was made during the series of PAC-III meetings.
- 23.2 The Committee recommended to recover the balance amount as soon as possible.

MINISTRY OF INFORMATION & BROADCASTING
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of PAC Special Committee-III held on 24th September 2010 and 11th April, 2011, regarding Appropriation Accounts and Audit Reports for the year 1997-98 of Ministry of Information and Broadcasting, are summarized below:-

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR (1997-98)

Prepared by DG (CA&E) Lahore

PAKISTAN TELEVISION CORPORATION

1. i) **(Para – 115, Page 107-ARPSE-97-98)**

Audit pointed out that account receivable unsecured amounted to Rs. 50.476 million at the close of the year 1997-98 as against Rs.34.674 million at the close of the preceding year registering an increase of 45.57%. Provision for doubtful debts was being made every year which amounted to Rs.6.856 million on 30-06-1998. Effective steps were required to be taken for early realization of corporation dues.

ii) **(Para – 122, Page 109-ARPSE-97-98)**

Audit pointed out that the receivables from advertisers amounting to Rs.22.795 million have been considered doubtful of recovery and provision thereof had been made in the accounts for the year under review. Trade debtors at the close of the current year stood at Rs.717.484 million as against Rs.565.616 million at the close of the previous year registering an increase of 26.85%.

The PAO informed that the position of accounts receivable including provision of doubtful debts. The PAO informed that part of recovery has been made, whereas, some of recoveries were in process.

PAC DIRECTIVE (11-04-2011)

The Committee was appraised that a part of recovery has been made and some amount was to be recovered. The Committee stressed to recover the balance amount.

The Committee clubbed the above two paras and referred 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.

MINISTRY OF INDUSTRIES AND PRODUCTION
1997-98

24. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Industries and Production were examined by the Sub-Committee PAC-III during three series of meetings were held on 16th July, 2010, 8th February, 2011 and subsequently on 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 Seven grants were presented by the AGPR and sixteen paras were reported by the Audit. Following Audit and Special Audit Reports were also presented by the Audit including Federal Audit Report and Performance Audit Report on Export Processing Zone Authority, Karachi.
- 24.2 The matter subjudiced in courts were stressed to be pursued vigorously.
- 24.3 After detailed discussion of the Members, the Audit and PAO, the Committee recommended all the grants for regularization and settled nine paras. The Committee also settled the above two mentioned reports.

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 1997-98 of Ministry of Industries & Production, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL)(VOL-I- 1997-98)

1. i) **Grant No 72 - Industries and Investment Division**
(Saving - Rs.263,358,613)

The AGPR pointed out that the grant closed with a saving of Rs.263,358,613/- which worked out to 81.80% of the total grant. An amount of Rs.262,985,000 (81.68%) was surrendered leaving net saving of Rs.373,613 (0.12%) A supplementary grant of Rs.523,000/- was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO explained that the saving occurred mainly due to non withdrawal of salary by the then Advisor, non-utilization of funds kept for medical treatment of the then Minister Technical, etc.

ii) **Grant No 73 - Industries**
(Saving - Rs.5,473,136)

The AGPR pointed out that the grant closed with a saving of Rs.5,473,136/- which worked out to 9.57% of the total grant. An amount of Rs.5,280,000 (9.23%) was surrendered leaving net saving of Rs.193,136 (0.34%).

The PAO explained that saving was due to the reason that some of the bills (medical and others) of the outgoing employees of TIRDC on their final payment, were not supported with proper vouchers, acceptable by audit and they could not supply the same till the end of 1998. Therefore, the bills remained un-passed.

iii) **Grant No 74 - Department of Investment Promotion and Supplies**
(Saving - Rs.1,258,626)

The AGPR pointed out that the grant closed with a saving of Rs.1,258,626/- which worked out to 5.77% of the total grant. An amount of Rs.2,059,000 (9.44%) was surrendered converting the grant to be closed into excess of Rs.800,374 (3.67%).

The PAO explained that the excess was due to grant of adhoc increase by the Government for which no budget was provided.

iv) Grant No 123 - Capital Outlay on Miscellaneous Stores

(Saving - Rs.580,221)

The AGPR pointed out that the grant closed with a saving of Rs.580,221/- which worked out to 30.34% of the total grant. An amount of Rs.365,000 (19.08%) was surrendered leaving net saving of Rs.215,221 (11.26%).

The PAO explained that the saving occurred as the funds, kept for purchase of diplomatic cars, did not materialize.

v) Grant No 144 - Development Expenditure of Industries and Investment Division

(Saving - Rs.8,690,000)

The AGPR pointed out that entire budget in the grant was surrendered.

The PAO explained that on transfer of Board of Investment to Cabinet Division, the entire budget relating to Development Project “Special Industries Zone Nawabshah” was surrendered.

vi) Grant No 166 - Capital outlay of Industrial Development

(Saving - Rs.521,391,000)

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

PAC DIRECTIVE

The Committee recommended the saving/excess in above-mentioned six grants for regularization on basis of clarifications given by the PAO, but, noted that there was bad financial management during the period under discussion. The Committee, therefore, directed the PAO to strengthen the budgeting and financial system of the Ministry, and its Subordinate Departments, so that such lapses would not occur again and there should be zero saving and excess in future, as per Chairman PAC’s instructions.

2. Grant No 75 - Other expenditure of Industries and Investment Division

(Saving - Rs.50,988,138)

The AGPR pointed out that the grant closed with a saving of Rs.50,988,138/- which worked out to 49.83% of the total grant. An amount of Rs.51,900,000 (50.72%) was surrendered converting the grant to be closed into excess to Rs.911,862 (0.89%).

The PAO explained that the excess was due to grant of Rs. 911,862 (0.89%) of adhoc increase by the Government. However, Rs. 51,040,000/- were kept for payment of differential mark up subsidy by the USC.

PAC DIRECTIVE

After detailed discussion the Committee recommended the excess in the grant for regularization and directed that record should be verified by the AGPR.

3. i) **Audit Report Federal Government (1997-98)**

Prepared by D.G. (Federal Audit)

ii) **Performance Audit Report (1997-98)**
On Export Processing Zone Authority Karachi

Prepared by D.G. (Federal Audit)

PAC DIRECTIVE

On presentation of above two Reports by Audit, the Committee was informed that all the issues, as pointed out by Audit in these Reports, have been settled and no Para are pending for discussion by the PAC. The Committee endorsed Audit's viewpoint and recommended both the above-mentioned Reports for settlement.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
(VOL-X(S)&X(N) (1997-98)

Prepared by D.G. (CA&E), Karachi

PAC DIRECTIVE

The Committee referred the above report to the Monitoring and Implementation Committee with the direction to follow up the cases because the Ministry could not complete the task or action which was directed during the series of PAC-III meetings.

SPECIAL AUDIT REPORT NO. 38 (1997-98) ON
YASSOB GROUP OF COMPANIES

Prepared by D.G. (CA&E), Karachi

PAC DIRECTIVE

The Committee referred the above report to the Monitoring and Implementation Committee.

4. **Audit Report Public Sector Enterprises (1997-98)**

Prepared by D.G. (CA&E), Lahore

PAC DIRECTIVE

On presentation of the above-mentioned three Reports by Audit, the Committee was informed that latest DAC could not be held to discuss/scrutinize the said Reports. The Committee, therefore, deferred these Reports for one month with directions to the PAO, Audit and Finance to hold DAC meeting on these Reports.

8th February, 2011

The above mentioned three reports which were deferred in the previous meeting held on 16-07-2010 were examined by the Committee in its meeting held on 8th February, 2011 at Karachi. Detail is given below:-

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (1997-98)

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

1. **Para 214, Page 167, ARPSE 1997-98**

EMBEZZLEMENT OF RS.6.856 MILLION.

Audit pointed out that the Incharge of Utility Stores Corporation, Shadman Market, Lahore committed embezzlement of Rs.6.856 million over a certain period up to August, 1991 by way of bulk sale of cash items to different dealers in open market and mis-utilized the sale proceeds thereof, for personal purposes. The accounts of Shadman Market were checked by the USC Internal Audit Team who confirmed the embezzlement of Rs.6.856 million. An Inquiry Committee was also appointed which had also confirmed the above embezzlement. As per findings of the Inquiry Committee, the embezzlement occurred due to lack of supervision, loose control and non-conducting of surprise audits and inspections.

The PAO stated that on detection of embezzlement in the store accounts of Mr. Muhammad Anwar, In-charge Utility Store Shadman Market, Lahore, an FIR was lodged with the Police Station. Departmental disciplinary action was also initiated and Mr. Muhammad Anwar was charged with misconduct. He was dismissed from service after completing all the legal formalities. The case is in the court. Recovery suit filed against the accused is under process before the Court.

The PAO further stated that the Corporation has also filed Writ Petitions in criminal as well as Civil Suit, before the Lahore High Court, Lahore. Zonal Manager, Lahore has been deputed to pursue the above cases vigilantly. Special steps have been taken for improvement of system of supervision and internal control.

Audit proposed the Committee to direct the management to take effective steps for an early finalization of the case and to improve its system of supervision and internal control.

PAC DIRECTIVE (08-02-2011)

The Committee directed the PAO to club all such court cases and request the Lahore High Court for early decision and give its report to the Audit.

The PAO informed that case is pending with the Court.

PAC DIRECTIVE (22-04-2011)

The Committee directed the PAO to pursue Court cases vigorously and referred the para to the Monitoring and Implementation Committee because the matter is pending in the Court.

2. **Para 301,Page 215, ARPSE 1997-98**

Audit pointed out that the Corporation earned profit of Rs.93.247 million in the year, 1993-94 then sustained losses of Rs.181.006, Rs.462.219, Rs.107.170 and Rs.167.913 million during 1994-95 to 1997-98 respectively. The reasons of losses were due to the diminution in the value of long term investment of Rs.161.818 million.

The PAO stated that it was depicted from the Audited Accounts that the expenditure of the Corporation during the year 1997-98 was to the extent of Rs.18.444 million when compared with the expenditure of Rs.20.681 million during 1996-97. Thus there was decrease in the expenditure of the Corporation by Rs.2.237 million, in the year under review. However, as per International Accounting Standards, the Corporation makes a provision every year for diminution in the value of its investment in its units. This provision is updated every year. If the units are in profit, the value of SEC investment goes up and vice versa. In the year 1997-98, a provision of Rs.161.818 million was made in the accounts as against a provision of Rs.97.991 million during the year 1996-97. Therefore, the figure of expenditure of Rs.180.262 million during 1997-98 and Rs.118.672 million during 1996-97, as pointed out by the Audit may not be construed as expenditure of the Corporation. The actual expenditure of the Corporation is only Rs.18.444 million during 1997-98 and Rs.20.681 million during 1996-97.

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 with the directions to PAO that instructions of Audit should be implemented in letter and spirit.

3. **Para 303,Page 216, ARPSE 1997-98**

Audit pointed out that the Other Receivables stood at Rs.91.198 million on June 30, 1998 as compared to Rs.102.347 million as on June 30, 1997. Although the amount of Other Receivables has slightly reduced, steps are still required for early realization of the outstanding amount.

The PAO stated that the Receivables in 1997-98 have decreased. Major amount of these Receivables pertains to short term loans given by the Corporation to its units. Due to poor liquidity position of SEC Companies these loans could not be repaid. The principal amount of loan to units, has reduced. The interest on loan to units, however, has increased. The increase in interest on loans to units was because the units were not regular in payment of interest, SEC would however continue to press the units for payment of interest. Receivables on account of interest from units are being pursued.

PAC DIRECTIVE

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

4. (i) **Para 307, Page 217, ARPSE 1997-98**

Audit pointed out that, due to delay in completion of the project, the repayment of long term loans became due during implementation. At the close of the year under review an amount of Rs.86.655 million against Rs.35.243 million at the close of preceding year was shown as overdue.

The PAO replied that the Ministry of Finance has got approval from the Cabinet to convert the total Chinese loan and Swiss Relent loan into Govt. Equity in HEC which can be verified by the audit.

ii) **Para-308, Page-217, ARPSE 1997-98**

Audit pointed out that an amount of US\$ 3.950 million was repaid on account of Chinese loan by the State Bank of Pakistan, being guarantor up to June 30,1998, by treating these payments as short term finance to the company. In order to avoid the extra expenditure on account of mark up efforts need to be made for early clearance of such loan.

The PAO replied that like other loans obtained from local banks, HEC could not also repay the Chinese loan which was guaranteed by the Sate Bank of Pakistan/Government. SBP and Govt had paid the total loan amount and presently nothing is payable.

PAC DIRECTIVE

The Committee settled the above two paras and directed that record should be verified by the Audit.

5. **Para 318, Page 221, ARPSE 1997-98**

Audit pointed out that trade debts of the Company increased to Rs.113.328 million as on June 30th, 1998 against Rs.98.118 million as on June 30th, 1997 registering an increase of 15.50%. The amount was arrived at after making provision for doubtful debts amounting to Rs.16.215 million. Efforts were required to be made to recover those debts early to avoid loss on that account.

The PAO replied that HMC is a commercial organization and credits are allowed on case to case basis, depending on past history of customer and keeping in view the nature of project and competition involved. Trade debtors are reviewed regularly on monthly basis under the Chairmanship of M.D. Targets were fixed for quicker realization of receivables.

PAC DIRECTIVE

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

6. **Para 320, Page 221, ARPSE 1997-98**

Audit pointed out that, included in Advances, Deposits, Prepayments and other Receivables, is a sum of Rs.8.895 million and Rs.7.864 million, shown as custom duty refundable and interest refundable on Chinese loan respectively as on June 30, 1998. Efforts are required to be made to recover these amounts early.

The PAO replied that the receivables shown as custom duty refundable, has been taken up with the CBR and the Department is following the case.

PAO further stated that the interest on Chinese Loan, for its refund was taken up and after lots of effort and follow up, the Company was able to obtain a refund of Rs.3.045 million in 1987-88, whereas Rs.7.864 million are still outstanding. Although efforts are being made to realize the amount, but in view of the very old nature of the transaction, the recovery from the Government of Pakistan is doubtful. The case is being followed persistently.

Audit stated that the amount of advances, deposits, prepayments and other receivables increased upto June 2010.

PAC DIRECTIVE (08-02-2011)

The Committee directed the PAO that the issue of interest on the Chinese Loan should be resolved with the Ministry of Finance and settled the issue of refund from FBR subject to provision a report of the case to the Audit.

The PAO informed that interest refundable on Chinese loan had already been settled by eht HMC Board. The Board approved write off the said amount which accordingly has been adjusted in the accounts for the year 2000-01, whereas the issue regarding the custom duty refundable from FBR the matter has been taken up with the concerned authorities who fixed date of hearing 28-03-2011.

Audit pointed out that the management get write off sanction in 2000 but disclosed it on 24-03-2011.

PAC DIRECTIVE (22-04-2011)

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

AUDIT REPORT PUBLIC SECTOR ENTERPRISES VOLUME-X(S) & X(N) 1997-98

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

7. **PARA-180, PAGE-147, (APRSE-1997-98-VOL-X (S))**

Audit pointed out that the long term investment of Rs 198.829 million includes Rs 14.702 million representing the cost of land purchased in Dec 1995 from Pak Steel which was lying unutilized.

PAO replied that the land was originally earmarked for Yasoob/Trans Mobile project, established for manufacture of military version vehicles for Ministry of Defence, and two plots out of four were utilized for establishing its subsidiary companies. However, later due to closure of the Yasoob project, the remaining land comprising two plot, valuing Rs.14.702 million, were earmarked for establishing Dong Feng Joint Venture project of Sindh Engineering Ltd., a subsidiary company of PACO. It was hoped that on materializing/finalization of Joint Venture agreement targeted sale of 1000 vehicles, would be not but unfortunately this Joint Venture agreement could not materialize and the said land remained unutilized. The matter was also taken up with Pakistan Steel for its disposal, since the land was sub leased to PACO from Pakistan Steel and it was allocated only for establishment PACO's vendor industry, as such it could not be disposed off commercially. PAO informed that the land has now been transferred to PIDC along with transfer of other assets of PACO.

PAC DIRECTIVE

The Committee accepted the explanation given by the PAO and settled the para.

8. **PARA-183, PAGE-148, (APRSE-1997-98-VOL-X (S))**

Audit pointed out that the Corporation paid Rs 150 million to Trans Mobile Ltd., an Associated Company, in 1997 as a non-refundable grant to assist its capital restructuring and to support Yasoob Program. The Corporation was not authorized to pay non-refundable grant to its Associated Company, without specific Government approval.

PAO replied that the case was initiated by the NAB Authorities against Ex-Chairman PACO and Ex-MD-TML is in process in the NAB Court. The liquidation petitions filed by PACO and PMC for liquidation of Yasoob Companies on the directives of Prime Minister's Sectt., are also in process in the Sindh High Court.

Audit suggested to the Committee to get the latest position of the case from Management.

PAC DIRECTIVE

The Committee referred the para to Monitoring and Implementation Committee and directed the PAO to follow up the case in the court vigorously .

9. **PARA-184, PAGE-149, (APRSE-1997-98-VOL-X (S))**

Audit pointed out that the main sources of income of the Company was the interest income on WAPDA Bonds (Rs 2.5 million) and long term loans (Rs. 9.863 million). The only major item on expenditure side is the amortization of development cost (Rs 11.241million) and management fee (Rs. 01 million). From this it was depicted that, practically, the Company was non-operative.

PAO replied that PACO and its subsidiary Company M/s. Pakistan Motorcar Company (Pvt) Ltd (PMC), filed petitions for liquidation of Yasoob Group of Companies. The cases are still in process with Hon'able High Court of Sindh. The PAO further stated that the case initiated by the NAB Authorities against Ex-Chairman PACO and Ex-MD TML is also in process in the NAB Court.

Audit suggested to the Committee to get the latest position of the case from Management.

PAC DIRECTIVE

The Committee directed the PAO to follow up the case in the court vigorously and referred the para to Monitoring and Implementation Committee for further follow up.

10. **Para-185, Page-149, (APRSE-1997-98-Vol-X (s))**

Audit pointed out that after the assignment of “Yasoob Programme” to the Company in 1992-93, it started providing heavy funds to the Yasoob Group of Companies operating in the private sector, in the shape of long term investment, loans/equity etc. The group however, could not operate successfully and was facing liquidation. This had jeopardized not only the aims and objectives of the program but also the Public Sector Funds.

PAO replied that the Company filed a petition for liquidation, with Honorable High Court of Sindh which are in progress. The case is also proceeding in NAB court against Ex-Chairman PACO and Managing Director TML.

PAC DIRECTIVE

The Committee directed the PAO to follow up the case in the court vigorously and referred the para to Monitoring and Implementation Committee for further follow up..

11. **Para-187, Page-150, (APRSE-1997-98-Vol-X (s))**

Audit pointed out that, in line with the Government policy, the assets of the Company were offered for sale by the Privatization Commission in 1995. A bid for Company’s Karachi properties was accepted by the Commission. The bid however could not materialize because the properties were occupied by illegal occupants, who obtained Stay Order from the Court.

The Company was also engaged in a lawsuit with the co-owners of land measuring 42 Kanals located at Lahore. Besides, the Company had filed a suit against Naya Daur Motors Ltd., for recovery of loan and interest amounting to Rs 20.905 million. Latest position of the lawsuits may be intimated.

PAO replied that the privatization of the property is under active process with the Privatization Commission (P.C). P.C is still making efforts to dispose off the property.

PAC DIRECTIVE

The Committee directed the PAO to follow up the case in the court vigorously and further directed to examine the court cases in DAC after every three months.

12. **Para-190, Page-151 (APRSE-1997-98-Vol-X (s))**

Audit pointed out that the Company was engaged in litigation over its show room and main workshop Lahore and agricultural land in village Manza Ganja Kalan and village Matter. Company had filed law suits for recovery of Rs 18 million from Automobile Corporation of Pakistan and New Dawn Autos. Besides, the company was Contemplating to serve a legal notice on Ottis Elevator Company for not honoring its commitment to re-appoint SEL as their Agent. Progress made in the aforesaid matters may be intimated.

PAO replied that a review application had been filed in the High Court of Sindh in September 2010 which is in process. Besides the Company had also filed an appeal before the Supreme Court of Pakistan, to avoid being time barred pending adjudication by the High Court of SEL's review petition.

PAC DIRECTIVE

The Committee directed the PAO to follow up the case in the court vigorously and referred the para to Monitoring and Implementation Committee for further follow up..

13. **PARA-209, PAGE-165, (APRSE-1997-98-VOL-X (S))**

Excess wastage of Rs 433.254 M.Tons of slab valuing Rs 3.729 million in production of H.S.M. products.

Audit pointed out that, in Pakistan Steel Mills Corporation the actual production of various products at Hot strip Mills (HSM) was 531,066 M.Tons during the year 1993-94 against 553645 M. Tons input (slabs) resulting in wastage of 22,578.706 M.Tons. According to permissible limit, 4.17% wastage was allowed in manufacturing process which worked out to 22,145.432 M.Tons. Thus, there occurred an “excess wastage” of 433.254 M.Tons i.e. 4.25% in manufacturing process which amounted to Rs 3.729 million (433.254x @ Rs 8606.61 PMT).

PAO replied that the wastage was very close to the prescribed limit of Detailed Project Report (DPR). He further pointed that this waste is again recycled in the production process, and the quality target (99.9%) has been achieved, which is excellent performance. PAO requested for settlement of the para.

PAC DIRECTIVE

The Committee directed the PAO that the standard rate of wastage must be maintained. The Committee settled the para with the directions that all rules must be followed.

14. **PARA-210, PAGE-166, (APRSE-1997-98-VOL-X (S))**
Loss of Rs 3.236 million due to non-recovery of advances from clearing and forwarding Agents.

Audit pointed out that a review of the advances given by Pakistan Steel revealed that Rs 3.113 million were outstanding against three Clearing Agents. Detailed examination of these cases disclosed that the Management granted advances of Rs 3.236 million, to Clearing and Forwarding Agents, during the year 1980-81 for clearance of goods/material, from Karachi Port Trust and for payment of Octroi to K.M.C. The Clearing Agents obtained the refund from K.M.C but did not deposit the same with Pakistan Steel. The amount of Octroi refund could also not be adjusted from the bills of Clearing Agents.

The PAO replied that an investigation in the case under reference, was carried out by the Management and the responsibility was fixed against four senior officers. As the officers held responsible were no more in the service of Pakistan Steel, hence, no departmental action could be taken against them. Pakistan Steel had however, filed suits for recovery of advances of Rs 3.113 million from these Clearing & Forwarding Agents, which were pending adjudication before High Court of Sindh, Karachi. Pakistan Steel has imposed internal control and checks to avoid such incidents in future.

PAC DIRECTIVE

The Committee directed the PAO to follow up the case in the court vigorously and referred the para to Monitoring and Implementation Committee for further follow up.

15. **Para-215, Page-171 (APRSE-1997-98-Vol-X (s))**
Loss of Rs 122,000 due to theft of vehicle un-authorisedly allocated to Ex. P.S. to Minister of Production.

Audit pointed out that Pakistan Steel Mills Corporation purchased one Suzuki Alto Car 800 C.C. in May 1989 for official use of Zonal Sales Office, Islamabad. The vehicle was un-authorisedly handed over to the then P.S. to the Minister of Production. However, driver of the vehicle was an employee of Pak Steel, and all expenditure on P.O.L. repairs and

maintenance was borne by Pak Steel. The Vehicle was stolen on Jan 27, 1991 from outside Sunday Bazar. FIR was lodged with the police but the vehicle could not be recovered. No claim was lodged by Pak Steel with the Insurance Company. Pak Steel Mills thus suffered loss of Rs 122,000 due to unauthorized allocation of the vehicle.

PAO replied that the said car was in use of the PS to Ex-Minister for State for Production and stolen. An FIR was accordingly lodged by the driver. As the car could not be recovered, therefore, the competent authority has written off the loss.

Audit suggested the Committee to direct the PAO to recover the loss from persons at fault.

PAC DIRECTIVE

The Committee directed the PAO to hold an inquiry and place it on record of the Department, within fifteen days under intimation to Audit. The Committee settled the para subject to provision of inquiry report to Audit.

SPECIAL AUDIT REPORT NO. 38 (1997-98)
ON YASSOB GROUP OF COMPANIES

Prepared by D.G. (CA&E), Karachi

PAC DIRECTIVE

The Committee deferred the above mentioned report to DAC till next meeting.

PAC DIRECTIVE (08-02-2011)

The Committee referred the above report to PAC Monitoring and Implementation Committee because the matter in the report were subjudiced in Courts.

MINISTRY OF KASHMIR AFFAIRS AND NORTHERN AREAS
1997-98

25. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Kashmir Affairs & Northern Areas were examined by the Sub-Committee PAC-III on 10th December, 2010.

- 25.1 Five grants and six paras were presented by the AGPR and the Audit.
- 25.2 After detailed discussion the Committee settled all the grants and six paras.
- 25.3 The Committee considered Audit's point of view, explanation given by the Principal Accounting Officer (PAO) and made its recommendations that serious steps should be taken to recover the balance amount and zero saving, zero excess should be ensured in future.

MINISTRY KASHMIR AFFAIRS AND 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 1997-98 of Ministry of Kashmir Affairs and Northern Areas, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) VOL-I- 1997-98

1. **Grant No. 97 – Other Expenditure of Kashmir Affairs, Northern Areas and States and Frontier Regions Division**

(Total Grant Rs.3,218,757,000) (Saving - Rs.69,675,357)

The AGPR pointed out that the grant closed with a saving of Rs.69,675,357/- which worked out to 2.16% of the total grant. An amount of Rs.57,721,000 (1.79%) was surrendered leaving net saving of Rs.11,954,357 (0.37%). A supplementary grant of Rs.240,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that it occurred due to payment of arrears bills on account of moreover and promotion of some officers of NA PWD, Gilgilt.

PAC DIRECTIVE

The Committee settled the grant with the instructions that there should be zero saving and zero excess in future.

2. **Grant No. 99 –Northern Areas**

(Total Grant Rs.593,031,000) (Saving - Rs.35,793,464)

The AGPR pointed out that the grant closed with a saving of Rs.35,793,464/- which worked out to 6.03% of the total grant. A supplementary grant of Rs.9,918,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that an amount of Rs.36,000,000 was transferred to HQ Frontier Corps, NWFP (Khyber Pukhtoon Khwa) which was provided in the budget of chief Secretary office for one wing of Northern Scouts and non accountal of surrender order of Rs.14,487,000.

Audit did not agree with method adopted for surrender. But agreed that utilization of money was done correctly.

PAC DIRECTIVE

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

3. **Grant No. 100 – Federal Government Educational Institutions in Northern Areas**

(Total Grant Rs.280,196,000) (Saving - Rs.21,960,478)

The AGPR pointed out that the grant closed with a saving of Rs.21,960,478/- which worked out to 7.83% of the total grant.

The PAO explained that excess was due to surrender without saving under pay of officers and Staff and also Rs.300 P.M increase in pays of to Federal Government employees in BPS 01 to 16. He admitted that mistake was made at the time.

PAC DIRECTIVE

The Committee settled the grant.

4. **Grant No. 124 – Capital Outlay on Purchases by Kashmir Affairs, Northern Areas and Sates and Frontier**
(Total Grant Rs.196,574,000) (Saving - Rs.3,100,489)

The AGPR pointed out that the grant closed with a saving of Rs.3,100,489/- which worked out to 1.57% of the total grant.

The PAO explained that the bills were not cleared due to some observations and hence saving occurred.

PAC DIRECTIVE

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

5. **Grant No. 147 – Development Expenditure of Kashmir affairs, Northern Areas and States and Frontier Regions Division**
(Total Grant Rs.721,391,000) (Saving - Rs.127,112,757)

The AGPR pointed out that the grant closed with a saving of Rs.127,112,757/- which worked out to 17.62% of the total grant.

The PAO explained that due to non release of funds to NA Administration due to which this amount could not be utilized. The amount could not be transferred to PLA due to late receipt of sanction i.e. after closing of financial year.

PAC DIRECTIVE

The Committee settled the grant after detailed discussion 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. It will stand settled on the verification by the AGPR.

AUDIT REPORT FOR THE YEAR (1997-98)

Prepared by D.G. Audit Works (Federal) Islamabad

6. **Para – 3.8 (Page 32-AR-97-98)**
NON RECOVERY OF COST OF BLASTED MATERIAL WORTH RS.2.327 MILLION

Audit pointed out that a formation paid the item of “Excavation/cutting in hard rock requiring blasting” but failed to recover the cost of blasted material as per contractual provision. Improper implementation of contractual provision resulted in non-recovery of Rs.2.327 million.

The PAO stated that wrong payment was made. Two months time was requested to be granted for recovery.

Audit stated that after production of record by the Department and verification by the Audit, actual recoverable amount was recalculated which was Rs.212,059 (Rs.5 per hundred cubic feet plus 268% premium) for the reasons that actual labour component was paid for Rs.20 and not Rs.112 per hundred cubic feet.

PAC DIRECTIVE

The Committee granted two months time to make recovery.

7. i) **Para – 5.1 (Page 36-AR-97-98)**

NON RECOVERY OF HIRE CHARGES AMOUNTING TO RS.13.666 MILLION

The Audit pointed out that a formation failed to recover the hire charges of machinery pertaining to the period from January, 1986 to June, 1997. Due to lack of proper financial and administrative control, the Government has sustained a loss of Rs.13.666 million.

The PAO requested for two months time, to resolve the issue .

ii) **Para – 5.26 (Page 47-AR-97-98)**

NON RECOVERY OF RS.17.154 MILLION ON THE ACCOUNT OF NON-RECOVERY OF HIRE CHARGES OF MACHINERY

The Audit pointed out that a formation failed to recover the hire charges of machinery from the different contractors. The lack of financial control in the organization resulted in non-recovery of Rs.17,154,269 and consequential loss to the Government.

The PAO requested for two months time.

iii) **Para – 5.36 (Page 51-52-AR-97-98)**

NON RECOVERY OF RS.3.289 MILLION ON THE ACCOUNT OF HIRE CHARGES OF MACHINERY

The Audit pointed out that a formation failed to recover the hire charges of machinery from June, 1995, to June, 1997.

The PAO requested for grant of two months time.

PAC DIRECTIVE

The Committee clubbed the three paras mentioned above and directed the PAO to recover the balance amount within two months and submit the progress report to PAC-III.

8. **Para – 5.38 (Page 52-53-AR-97-98)**

NON RECOVERY OF RS.1.228 MILLION

Audit pointed out that a formation failed to recover hire charges of vehicles lent to Frontier Constabulary in September, 1994. The vehicle given to police department was also not taken back.

The PAO explained that the vehicle has been returned to the Department but recovery for Rs.1,227,600 still awaited from DC Gilgit.

PAC DIRECTIVE

The Committee directed the PAO that the matter should be taken seriously. Letter should be written to Chief Secretary to expedite recovery of hire charges. In case if recovery would be difficult to be recovered then criminal action may be taken by relevant authority against the then DC, to report to the PAC-III and further directed that two months time period is granted for implementation of decision.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR (1997-98)

Prepared by DG (CA&E) Lahore

9. **Para – 141 (Page 120-ARPSE-97-98)**
NORTHERN AREAS TRANSPORT CORPORATION

Audit pointed out that sundry debtors increased to Rs.6.316 million at the close of the year 1997-98 as compared to Rs.5.352 million at the close of the year 1996-97 registering an increase of 18:01%. The debtors are constantly increasing which need to be controlled and minimized. Year-wise break up of Sundry debtors may be prepared and efforts made to recover the outstanding dues from the parties concerned, to avoid losses due to bad debts.

The PAO explained that the increase was because of the fact the payment of the carriage bills of NATCO were not paid before 30th June, 1998. The bills have been paid to NATCO by AGPR in the month of August 1998.

PAC DIRECTIVE

The Committee directed the PAO to pass the direction of Sub-Committee PAC-III to Chief Secretary to direct the Secretary Finance to deduct the NATCO outstanding dues from the budget of the concerned department. The Committee settled the para subject to recovery and deduction of outstanding amount.

AUDIT REPORT 1997-98

1. Para No. 1.1, Page-17, Excess Payment of Rs 1.707 Million
2. Para No. 1.2, Page No.17-18, Excess Payment of Rs 1.203 Million
3. Para No. 1.3, Page No.18, Excess Payment of Rs 0.170 Million
4. Para No. 1.4, Page No.19 Excess Payment of Rs 0.096 Million
5. Para No. 1.5, Page No.19-20, Excess Payment of Rs 1.063 Million
6. Para No. 1.6, Page No.20 Excess Payment of Rs 0.109 Million
7. Para No. 1.7, Page No.20-21, Excess Payment of Rs 0.075 Million
8. Para No. 1.8, Page No.21 Excess Payment of Rs. 0.593 Million
9. Para No. 1.9, Page No.21-22 Excess Payment of Rs. 0.397 Million

10. Para No. 1.10, Page No. 22, Excess Payment of Rs. 0.276 Million
11. Para No. 1.11, Page No.22-23 Overpayment of Rs 0.301 Million
12. Para No. 1.12, Page No. 23 , Excess Payment of Rs. 0.091 Million
13. Para No. 1.13, Page No.23-24, Excess Payment of Rs.0.150 Million
14. Para No. 1.14, Page No.24 Excess Payment of Rs.0.060 Million
15. Para No. 1.15, Page No.24 , Overpayment of Rs.0.206 Million
16. Para No. 1.16, Page No.25 Excess Payment of Rs.0.051 Million
17. Para No. 2.1, Page No.25-26, Excess Payment of Rs. 0.581 Million
18. Para No. 2.3, Page No.26 Excess Payment of Rs. 0.073 Million
19. Para No. 2.4, Page No.27 Overpayment of Rs. 0.174 Million
20. Para No. 2.5 Page No.27 Misappropriation of Material Valuing Rs 0.907 (M)
21. Para No. 3.1, Page No.28 Excess Payment of Rs. 0.216 Million
22. Para No. 3.2, Page No.28-29, Excess Payment of Rs. 0.133 Million
23. Para No. 3.3, Page No.29 Excess Payment of Rs. 0.103 million
24. Para No. 3.4, Page No.30 Excess Payment of Rs. 5.251 Million
25. Para No. 3.5, Page No.30 Undue Financial Aid to the Contractor Amounting to Rs.0.547 (M)
26. Para No. 3.6, Page No.31 Unauthorized Release of Security Deposit Rs. 534,048.
27. Para No. 3.7, Page No.31 Loss of Rs. 35,000 to Government due to Immature Release of Security Deposit.
28. Para No. 3.9, Page No.32-33, Excess Payment of Rs. 283,636.
29. Para No. 4.1, Page No.33-34, Loss of Rs.4.288 million
30. Para No. 4.2, Page No.34 Non recovery of penalty amounting to Rs.0.529(M)
31. Para No. 4.4, Page No.35 Loss of Rs.2.808 million to the Government.
32. Para No. 5.2, Page No.36 Non-recovery of Rs. 2.294 million
33. Para No. 5.3, Page No.36-37, Non recovery of Rs.2.183 million
34. Para No. 5.4, Page No.37 Less recovery of cost of material Rs.1.080 million
35. Para No. 5.5, Page No.37-38, Loss due to non recovery of Rs.0.604 million
36. Para No. 5.6, Page No.38 Non recovery of Rs.0.377 million on account of hire charges of dozer
37. Para No. 5.7, Page No.38 Less recovery of Rs.0.077 million
38. Para No. 5.8, Page No.39 Non-recovery of material worth Rs.0.691 million
39. Para No. 5.9, Page No.39 Less recovery of cost of material Rs.0.325 million
40. Para No. 5.10, Page No.40 Loss of Rs 0.301 million
41. Para No. 5.11, Page No.40 Loss of Rs 0.219 Million
42. Para No. 5.12, Page No.40-41, Non-Recovery of Rs 0.202 Million
43. Para No. 5.13, Page No.41 Less Recovery of Cost of Material Rs 0.088 Million
44. Para No. 5.14, Page No.41-42, Non-Recovery of Secured Advanced Rs. 13.242
45. Para No. 5.15, Page No.42 Less Recovery of Cost of Material Worth 0.554 Million
46. Para No. 5.16, Page No.42-43, Non recovery of cost of material Rs. 509,969
47. Para No. 5.17, Page No.43 Non-Recovery of Rs. 442,800
48. Para No. 5.18, Page No.43 Non-Recovery of Rs 0.121 Million
49. Para No. 5.19, Page No.43-44, Non-Recovery of Income Tax of Rs 0.072 Million
50. Para No. 5.20, Page No.44 Non-Recovery of Rs. 1.25 Million
51. Para No. 5.22, Page No.45 Less Recovery of Rs 0.643 Million
52. Para No. 5.23, Page No.45-46, Loss of Rs 0.472 Million
53. Para No. 5.24, Page No.46 Loss of Rs 0.163 Million due to Non-Recovery of Cost of Material.
54. Para No. 5.25, Page No.46-47, Non-Recovery of Rs 0.130 Million
55. Para No. 5.27, Page No.47-48, Non-Recovery of Rs 3,764,000
56. Para No. 5.28, Page No.48 Unjustified Postponement of Recovery- Rs 2.852 Million
57. Para No. 5.29, Page No.48-49 Less Recovery of Rs 0.134 Million
58. Para No. 5.30, Page No.49 Unjustified Postponement of Recovery Rs 0.064 Million
59. Para No. 5.31, Page No.49 Less Recovery of Rs 0.059 Million
60. Para No. 5.32, Page No.50 Less Recovery of Rs 0.468/- Million
61. Para No. 5.33, Page No.50 Non-Recovery of Rs 0.270 Million on account of Storage Charges

62. Para No. 5.34, Page No.51 Non-Recovery of Rs 0.242 Million
63. Para No. 5.35, Page No.51 Non-Recovery of Rs 0.177 Million
64. Para No. 5.37, Page No.52 Non-Recovery of Secured Advance Rs.2.121 million
65. Para No. 5.40, Page No.53-54, Excess payment of Rs.0.328 million
66. Para No. 5.41, Page No.54 Loss of Rs.2.407 million due to non-deduction of income tax.
67. Para No. 5.42, Page No.54-55, Non-Recovery of Rs.0.678 million
68. Para No. 5.44, Page No.55-56, Less Recovery of cost of material amounting to Rs 0.097 Million
69. Para No. 5.45, Page No.56, Non-Recovery of cost of material worth Rs 1.094 Million
70. Para No. 5.46, Page No.56-57, Non-Recovery of Rs 0.883 Million
71. Para No. 5.47, Page No.57 Less Recovery of cost of material Rs 0.646 (M)
72. Para No. 5.48, Page No.57, Non-Recovery of Rs. 0.762 Million
73. Para No. 5.49, Page No.58 Less Recovery of Rs 0.207 Million
74. Para No. 5.50, Page No.58 Non-Recovery of cost of material Rs.0.172 (M)

UN HIGHLIGHTED PARAS (DAC LEVEL)

1. Para No. 2.2, Page No.26 Excess Payment of Rs. 0.581 Million
2. Para No. 4.3, Page No.34-35 Less recovery of Rs.2.288 million
3. Para No. 5.39, Page No.53 Non-recovery of electric charges Rs. 0.868 million
4. Para No. 5.43, Page No.55 Non-Recovery of Rs.0.169 million

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

MINISTRY OF LAW JUSTICE HUMAN RIGHTS AND
PARLIAMENTARY AFFAIRS
1997-98

26. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 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 Three grants were presented by the AGPR.

26.2 After detailed discussion the Committee recommended all grants for regularization.

26.3 The Committee during the course of action observed that budgetary Mechanism evolved at that time was very weak and financial system was also poor.

26.4 The Committee recommended that financial management should be strengthened to ensure zero saving and zero excess.

**MINISTRY OF LAW JUSTICE HUMAN RIGHTS AND
PARLIAMENTARY AFFAIRS**
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of Sub-Committee PAC-III held on 15th July, 2010 regarding Appropriation Accounts and Audit Reports for the year 1997-98 of Ministry of Law, Justice, Human Rights and Parliamentary Affairs, are as summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I- 1997-98)

2. i) **Grant No. 08 - Service Tribunal**
(Total Grant Rs.12,735,000) (Saving of Rs.2,341,085)

The AGPR pointed out that the grant closed with a saving of Rs.2,341,085/- which worked out to 18.38% of the total grant. An amount of Rs.2,039,000 (16.01%) was surrendered leaving net saving of Rs.302,085 (2.37%).

The PAO explained that saving occurred mainly due to non-receipt of utility bills, non-clearance of bills on account of purchase of motorcycle, etc.

- ii) **Gant No. 103 - Law, Justice, Human Rights and Parliamentary Affairs Division**
(Total Grant Rs.162,430,000) (Saving of Rs.51,735,699)

The AGPR pointed out that the grant closed with a saving of Rs.51,735,699/- which worked out to 31.85% of the total grant. An amount of Rs.46,982,841 (28.92%) was surrendered leaving net saving of Rs.4,753,218 (2.93%).

The PAO explained that saving occurred mainly due to non-filling of vacant posts, less expenditure on overtime, honorarium, medical charges, TA and DA, Petrol, etc.

- iii) **Grant No. 104 - Law, Justice, Human Rights and Parliamentary Affairs Division**
(Total Grant Rs.266,508,000) (Saving of Rs.92,961,381)

The AGPR pointed out that the grant closed with a saving of Rs.92,961,381/- which worked out to 34.88% of the total grant. An amount of Rs.78,114,262 (29.31%) was surrendered leaving net saving of Rs.14,847,119 (5.57%).

The PAO explained that saving occurred mainly due to non-filling of vacant posts, less expenditure on overtime, honorarium, medical charges, TA and DA, petrol, utilities, non-finalization of foreign tour of Hon. Chief Justice Federal Shariat Court, less release of funds by Finance Division to Lahore High Court Bar Association, etc.

PAC DIRECTIVE

The Committee settled the above mentioned three grants on the clarifications given by the PAO. It was however, observed that budgeting mechanism evolved at that time in the

Ministry and its sub-ordinate departments seemed to be very poor. The Committee, thus, directed the present management to further strengthen their financial systems to ensure zero saving and excess in future.



MINISTRY OF LABOUR & MANPOWER
1997-98

27. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Labour & Manpower were examined by the PAC Special Committee-III on 9th August, 2010.

- 27.1 Three grants were presented by the AGPR and twenty five paras were reported by the Audit.
- 27.2 After detailed discussion of the Members, Audit and PAO, the Committee settled all grants and paras and record should be verified by the Audit.
- 27.3 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations that rules and regularization should be obeyed in letter and spirit and zero saving and zero excess should be ensured in future.
- 27.4 The Committee took series view of purchase of Air-conditioner from the Workers Welfare fund and directed to hold inquiry, fix responsibility and take proper action against the responsible.

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 1997-98 of Ministry of Labour and Manpower, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. **Grant No. 101 – Labour, Manpower & Overseas Pakistanis Division**
(Total Grant Rs. 175,184,000) (Excess of Rs. 3,642,851)

The AGPR pointed out that the grant closed with an excess of Rs. 3,642,851/- which worked out to 2.07% of the total grant.

The PAO explained that excess occurred mainly due to heavy expenditure incurred on TA/DA of seven, out of eight, Community Welfare Attaches and their families, who were called back. Moreover, devaluation of Pak Rupee during that period was also a factor for excess expenditure.

PAC DIRECTIVE

After detailed discussion of the Members, the AGPR and PAO, the Committee settled the grant. However, the PAO was also directed to further strengthen their financial systems and ensure zero saving and zero excess in future as is direction of the Chairman PAC as well.

2. i) **Grant No. 102 – Other Expenditure of Labour, Manpower & Overseas Pakistanis Division**
(Total Grant Rs. 1,990,755,000) (Saving of Rs. 1,040,337,707)

The AGPR pointed out that the grant closed with a saving of Rs. 1,040,337,707/- which worked out to 52.25% of the total grant. An amount of Rs. 373,900 (0.02%) was surrendered increasing net saving to Rs. 1,039,963,807 (52.23%).

The PAO explained saving as due to non release of funds to Workers Welfare Fund (Rs.940,000,000/-) and contribution to EOBI (Rs.100,000,000/-) by Finance Division.

The AGPR pointed out that record of stated facts has not been provided to them for verification.

The PAO replied that the record was available with them and will be provided to the AGPR.

ii) **Grant No. 149 – Development Expenditure of Labour, Manpower & Overseas Pakistanis Division**
(Total Grant Rs. 178,535,000) (Excess of Rs. 224,035,909)

The AGPR pointed out that the grant closed with an excess of Rs.224,035,909/- which worked out to 125.48% of the total grant. An amount of Rs.4,658,000 (2.61%) was surrendered increasing net excess to Rs.1230,880,739 (128.09%).

The PAO explained that excess was due to the adjustment of Foreign Aid of Rs.230,880,739/- relating to the years 1987-88 to 1996-97.

The AGPR pointed out that record of stated facts has not been provided to them for verification.

The PAO replied that the record was available with them and will be provided to the AGPR.

PAC DIRECTIVE

The Committee directed the PAO to provide record of all the stated facts to AGPR for verification and submit report to the PAC-III within one month. The saving and excess in the grants will settled after verification of record by the AGPR.

SPECIAL AUDIT REPORT NO.24 (1997-98)
ON WORKERS WELFARE FUND

Prepared by DG (Federal Audit), Islamabad

3. i) **(Para – 1.1, Page 5-SAR # 24-97-98)**
IRREGULAR PURCHASE OF LAND IN ISLAMABAD ZONE-V MEASURING 2071 KANALS and 1 ½ MARLAS FOR RS.148,321 (M)

Audit pointed out that the WWF purchased land measuring 2071 Kanals and 1½ - Marlas for Rs.148,321 million at the rate of 65,000/- per kanal in Islamabad Zone-V from M/S Taimur Kayani and Associates for establishing a labour colony without observing codal formalities as per Land Acquisition Act, 1894, and without any feasibility report about expected number of workers and industries contributing towards WWF, against the decision of the Governing Body taken in its 35th meeting held on 18-04-1996.

Out of above mentioned land, only 300 kanals were actual property of said property dealer while 1771 kanals and 1-½ marlas were firstly purchased by him from different owners on Power of Attorney and then sold to WWF. The management has purchased seventy one kanals and 1-½ marlas land over and above the approved limit of upto 2000 kanals resulting in excess and irregular payment of Rs. 4.695 million from the Fund.

The PAO replied that land measuring 2731 kanals has been acquired in Zone-V, Islamabad, by WWF. The acquisition of land for an independent access road (i.e towards Japan Road) was in process with Land Revenue Authorities under Land Acquisition Act. The Governing Body, WWF, has approved acquisition of land in its 102nd meeting held on 22-10-09. Site development plan of Labour Complex was in process of approval with CDA.

ii) **(Para – 1.2, Page 7-SAR#24-97-98)**
UN-JUSTIFIED PURCHASE OF LAND FOR RS. 17.873 MILLION AT SHEIKHUPURA

Audit pointed out that during June, 1996, WWF purchased agricultural land measuring 27 Acres and 9 marlas for Rs. 17.973 million (@ Rs. 6 Lac per Acre) at Feroze Watwan,

Warbarton Road, Sheikhpura, from Mr. Tawakal Ullah Virk, Ex-MNA, by signing agreement on a plain paper (without stamp duty) for the construction of a labour colony in violation of Para-144 of GFR, Vol. I, and by not observing codal formalities of Labour Acquisition Act, 1894.

The PAO replied that all the land has been acquired and physically possession has been handed over to WWB, Punjab, Lahore, for planning and designing of Labour Colony. The Governing Body, WWF, has approved PC-I of the project submitted by WWB, Punjab, Lahore. The execution of work was to be started by the Provincial Board.

PAC DIRECTIVE

The Committee clubbed the above two paras and directed the PAO to provide record of all stated facts to Audit for verification and submit report to the PAC-III within one month. The paras will be considered as settled on the verification by the Audit. However, the PAO was also directed to ensure that only Labour Colonies should be constructed on above-mentioned lands and commercial ventures; if required, should be dealt with utmost vigilance and care keeping in mind the welfare of workers.

4. i) **(Para – 2.2, Page 9-SAR # 24-97-98)**
UN-AUTHORIZED OPERATION OF FIVE ACCOUNTS IN COMMERCIAL BANKS

Audit pointed out that five accounts were opened by WWF Management in Commercial Banks in violation of instructions contained in Para 2 and 3 of Finance Division O.M. No. F.1(6)-BR-17/81-296, dated 14-02-85, and Finance Division O.M. No. F.3(3)BR-II/93-1042, dated 16-08-1993. According to said orders, accounts could only be opened in National Bank of Pakistan. One saving account was opened in National Saving Centre “R” Block, Pak. Secretariat, on December 12, 2000. There were heavy Bank balances of Rs. 721.790 million, Rs. 502.434 million and Rs. 124.477 million as on 30-06-1996, 30-06-1997 and 31-05-1998.

Later on, Finance Division allowed Government Agencies/Public Sector Enterprises/Autonomous Bodies on March 17th and may 28th & 31st, 1997 to maintain their accounts of working balance in commercial banks/DFIs. According to instructions, working balance should have been determined with the approval of Labour Division and in consultation with Finance Division, but, no such limit was determined and approved. The account of this working balance should be maintained either in the Saving Accounts of National Saving Centers or in Current Account with any of Nationalized Commercial Banks.

But, contrary to this, three Saving Accounts were being maintained in Habib Bank Ltd. and First Women Bank.

Only one Bank Account could be operated to meet day to day expenses, but, WWF was maintaining six Accounts merely to benefit these banks which was not justified.

The NWFP Board also kept an amount of Rs. 15.291 million in Khyber Bank instead of National Bank of Pakistan in violation of said instructions.

The Department replied that the Bank Accounts were being operated by Governing body, WWF, in accordance with provisions of WWF Ordinance, 1971, and WWF (Investment) Rules, 2007. After invitation of open bids, rates from banks having minimum credit ratings of “A” (as per advice of Finance Division vide their letter dated 2nd July, 2003) getting maximum available profit rates. At present, WWF is getting 12.75% p.a. on daily product basis on its Bank Accounts Deposits.

The DG Audit pointed out that record of stated facts has not been provided to Audit for verification.

The PAO replied that all documents are available and will be provided to the Audit for verification.

ii) **(Para – 2.3, Page 11-SAR # 24-97-98)**
UN-AUTHORIZED INVESTMENTS

Audit pointed out that following amounts stood invested in different schemes/banks on 31-05-1998 were invested in FIBs, IDBP, Regular Income Certificates, Defence Saving Certificate.

Audit pointed out that funds could only be invested in Securities approved for the purpose by Federal Govt. in terms of Para 6(e) to 10(c) of WWF Ordinance, 1971, and in Federal Investment Bonds, in the light of instructions contained in Finance Secretary’s D.O letter No.4183/S/FS/93-1085-BR-II/93, dated 25-08-1993, addressed to Secretary, Labour, Manpower and Overseas Pakistanis, Islamabad. The surplus funds over and above the working balance could be invested in various saving schemes introduced by Central Directorate of National Savings through National Savings Centres or in FIBs or in any Government Security in the light of instructions contained in Finance Division O.M dated 22-08-1993, 28-05-1997 and 31-05-1997. The WWF management ignored the said instructions. As far as, investment in FIBs and Government Securities is concerned, the management did it to that extent but neither the approval of working balance from Labour Division nor

concurrence of Finance Division was obtained. The surplus amount was also not got approved for investment.

In addition to above, funds of Rs. 864.070 million were invested in Industrial Development Bank, Habib Bank Ltd., ABN Amro Bank, Islamabad, Khyber Bank, Peshawar and Islamic Industrial Bank, which were un-authorized and against the instructions of Finance Division issued from time to time.

Two FIBs for Rs. 500 million were invested on 15-02-1996 with ABN Amro Bank, Islamabad and Saudi Pak Industrial & Agricultural Investment Co. (Pvt.) Ltd. (SAPICC) with approval of Secretary, Labour, Manpower & Overseas Pakistanis under Repurchase Agreement (REPO) which was extended till 10-02-1998. Profit on the said FIBs was regularly received by WWF from State Bank of Pakistan through ABN Amro Bank. Total amount of interest of Rs.169.700 million as paid by SAPICC during the period 15-02-1996 to 10-02-1998, out of which an amount of Rs.145,901 million was paid to ABN Amro Bank and the remaining amount of Rs. 23.799 million was retained by WWF. Two FIBs valuing Rs. 500 million were handed over to WWF on 11-02-1998 by ABN Amro Bank on discontinuation of this said REPO transaction.

A similar proposal regarding investment of Rs. 500 million was sent to Secretary, Labour, for approval on 05-09-1996. But the same was not accepted on the plea that it was not covered under WWF Ordinance as intimated by the Ministry on 08-09-1996.

ABN Amro is a foreign Bank which was given under benefit by pledging the FIBs. Thus, the said investment was un-authorized.

The Punjab Board kept surplus funds in the Bank of Punjab and two fixed deposits had been made in Muslim Commercial Bank and Allied Bank Ltd., which were going to mature on 09-08-1994 and 05-01-1995, respectively. Whereas, Provincial Board were not authorized to invest funds released for development projects.

The Department replied that WWF investments were being regulated by Governing Body, WWF, in accordance with provisions of WWF Ordinance, 1971, and WWF (Investment) Rules, 2007. After invitation of open bids and rates from Banks/FIDs having minimum credit ratings of "A" (as per advice of Finance Division vide their letter dated 2nd July, 2003). At present, 100% of WWF Investment Portfolio is in Government Securities.

The DG Audit pointed out that record of stated facts has not been provided to Audit for verification.

The PAO replied that all documents were available and will be provided to the Audit for verification.

iii) **(Para – 2.5, Page 14-SAR # 24-97-98)**

NON-DEPOSIT OF PROFIT OF RS. 5,919.602 MILLION EARNED ON INVESTMENT IN THE PRESCRIBED HEAD OF ACCOUNT

Audit pointed out that profit of Rs.5,919.602 million was earned on investments in different schemes during the period 1957-97. According to para 6(11) of the Accounting Procedure of WWF, the profit from Khan Deposit Account should have been credited direct in the prescribed head of account. But, contrary to this, the same was not deposited in the prescribed head of account. It was deposited in five Bank Accounts opened in the Commercial Banks un-authorisedly and was either utilized to met departmental expenses of WWF or was re-invested or released to four Provincial Boards without approval of FA Organization. Profit earned on three Saving Accounts and TDR etc. maintained with the Commercial Banks was also not deposited in the prescribed head of account.

Besides that the ground floor of WWF building was let out to Habib Bank Ltd., F-6, Super Market, Islamabad, on 01-04-1995 for a period of two years at monthly rent of Rs.26,573 and Rs.29,231 for 01-04-1995 to 31-03-1996 and 01-04-1996 to 31-03-1997, respectively. Thus, favoring the bank, management did not deposit advance rent in prescribed head of account.

The DG Audit pointed out that record of stated facts has not been provided to the Audit for verification.

The PAO replied that all documents were available and will be provided to the Audit for verification.

iv) **(Para – 4.1, Page 19-SAR#24-97-98)**

NON-SUBMISSION OF ACCOUNTS OF DISCRETIONARY GRANT OF RS. 2 MILLION PLACED AT DISPOSAL OF MINISTER OF STATE FOR LABOUR

Audit pointed out that in pursuance of decision of Governing Body's 34th meeting held on 17-10-1995, total amount of Rs.2 million was placed at disposal of Mr. Ghulam Akbar Lasi, ex-Minister of State for Labour for other welfare measures which was against the rules. It was requested at the time of disbursement of amount that its utilization accounts may be submitted on monthly basis to the WWF. But the same could not be done.

The PAO replied that the Governing Body of WWF in its meeting held on 17th October, 1995, approved Rs.10 million for distribution of bicycles, sewing machines and jahez grants amongst workers by the Minister of State for Labour. Out of this amount, Rs.2 million (one million in each year) were placed at the disposal of Minister of State during 1995-1997. The ex-Minister of State for Labour, Manpower & Overseas Pakistanis (Mr. Ghulam Akber Lasi)

had also rendered the accounts. The details and list of items provided by the State Minister was available.

The DG Audit pointed out that record of stated facts has not been provided to Audit for verification.

The PAO replied that all documents are available and will be provided to Audit for verification.

v) **(Para – 4.2, Page 20-SAR &I-97-98)**

UN-AUTHORIZED PAYMENT OF RS. 2.100 MILLION RELEASED TO DIRECTORATE GENERAL OF WORKERS EDUCATION (LABOUR DIVISION) ISLAMABAD

Audit pointed out that funds of Rs.2.100 million were released to Directorate General of Workers Education (Labour Division), Islamabad, on 18-10-1993, on account of Urdu Translation and Publication of English Labour Code (Vol-I & II), printing and publication of 1000 small booklets as approved by the Governing Body in its meeting held on 28th September, 1993. The works for which funds were released did not relate to WWF and said payment should have been made from the Accounts of Concerned Department and not from WWF. Thus, the said payment was un-authorized. Further neither the said funds have been utilized fully nor detailed utilization Accounts have been submitted by the said Directorate to the WWF.

The Department replied that the funds were released and utilized for welfare of workers. Therefore, the expenditure was well within the ambit WWF Ordinance, 1971. Moreover, Directorate General of Education has informed that the work for which funds in question were released has been completed. The account of utilization of Rs.2.10 million along with unspent balance of Rs.776,800/- has been furnished (which has been deposited into WWF Account).

The DG Audit pointed out that record of stated facts has not been provided to Audit for verification.

The PAO replied that all documents could be provided to the Audit for verification.

vi) **(Para – 5.2, Page 22-SAR # 24-97-98)**

UN-JUSTIFIED EXPENDITURE OF RS.3.446 MILLION FOR PROVISION OF FREE EDUCATION TO CHILDREN OF WORKERS

Audit pointed out that WWF management; in collaboration with OPF, Girls College, Islamabad, initiated a Pilot Project at a cost of Rs.2.000 million to extend free education to workers children (evening classes). Rs.2.00 million was released on 24-04-1995 subject

to conditions that the recurring annual expenditure would be met by OPF School and no fee would be charged from the workers children.

Total expenditure of Rs.3.446 million for the sessions 1996 and 1997 was incurred on amount of rent of school building, advertisement charges, etc.

Audit observed that the hired house remained vacant for four month and only 12 children in session 1996 and 20 children in 1997.

Audit further objected that the recurring expenditure was required to be borne by the OPF Management for making payment but Rs.217,820/- including Rs.132,000/- on account of service and management charges @ Rs.12,000/- per month for the period 5/96 and 9/96 to 6/97 were reimbursed by WWF to OPF. The payment of service/management charges to OPF did not covered under governing Body's decision. As regards, payment of Rs.85,820/- (Rs.217,820-Rs.132,000) which pertained to purchase of stationary, uniforms and shoes for the children was also not justified as nothing of this sort was mentioned in the original scheme.

The OPF management was running a full-fledged school in that building and charging fee from students without sharing in the building rent and other expenses. Even the pay of teachers was being paid by WWF.

The PAO replied that at present 370 students (workers children) are studying up-to "A Levels" in the OPF College, Islamabad. Initially, no tuition fee has been paid to the OPF College. However, rent of the school building and salary of the shift-in-charge was only paid out of WWF. However, since 2009-10, tuition fee at subsidized rates was now being paid for each student of WWF studying in the OPF College (average cost/fee per student is Rs.3,000/- per month).

The DG Audit pointed out that record of stated facts has not been provided to Audit for verification.

The PAO replied that all documents are available and will be provided to Audit for verification

vii) **(Para – 5.3, Page 25-SAR # 24-97-98)**
UN-AUTHORIZED PURCHASE OF EQUIPMENT AND OTHER ITEMS COSTING RS. 2.529 MILLION PROVIDED TO THE LABOUR DIVISION

Audit pointed out that an expenditure of Rs.2.529 million was incurred for purchase of other items provided to Labour Division which did not relate to WWF.

The WWF (HQ) purchased equipment and other items costing Rs.1.508 million viz air-conditioners, computers, fax machines, carpets, photocopiers, revolving chairs, mini telephone exchange etc., for officers of Labour Division. The said expenditure was required to be borne by Labour Division and not by the WWF.

Similarly, Staff Car No. IDG-7983 (Toyota Corolla GL) was purchased on 22-01-1996 at cost of Rs.712,000 for the use of Secretary, Labour, Manpower and Overseas Pakistanis/Chairman, Governing Body, WWF. The officer was entitled for only one staff car and it was the responsibility of Labour Division to provide the same which might have been provided to him under Staff Car Rules, 1980. Payments of Rs.32,700 and Rs.30,393 on account of annual insurance of the said Car was also un-authorized.

An expenditure of Rs.38,500 and Rs.7,500 was incurred on account of supply of 4000 number Eid and Season Greeting Cards and Printing of 100 numbers slip books in the office of Minister of State for Labour, Manpower and Secretary, Labour, respectively, from the budget of WWF which was un-authorized.

An expenditure of Rs.64000 was incurred on 31-07-1996 on account of printing of 2000 copies of Brochure "Our Children-we owe them a Future" from the budget of WWF; as advised by Labour Division. The work for which the payment was arranged did not relate to WWF, thus, said payment should have been made from the accounts of Labour Division.

An amount of Rs.20,508 was paid to Labour Division to meet expenses of entertainment charges (Rs.9,051) of Minister of State and (Rs.11,457) of Secretary, Labour, for the period 21-01-1995 to 29-12-1996 and 27-10-1996 to 17-02-1998, respectively, from the accounts of WWF, whereas, the said expenditure should have been met from the budget of Labour Division.

The PAO replied that WWF was not autonomous at that time and needed to be separated from Ministry. All necessary approvals for regularization of expenditures have been obtained by the governing body of WWF.

Secretary, Labour, Manpower & Overseas Pakistanis Division was using staff car of WWF in the capacity of Chairman WWF.

The DG Audit pointed out that record of stated facts has not been provided to the Audit for verification.

The PAO replied that all documents were available and will be provided to the Audit for verification

viii) **(Para – 5.4, Page 27-SAR#24-97-98)**

WASTEFUL EXPENDITURE OF RS. 1.342 MILLION FOR TRAINING IN TECHNICAL TRADES AND DOMESTIC SERVICES

Audit pointed out that Social Sector Coordination Committee of Cabinet, on 22-01-1996, approved release of Rs.125 million out of WWF funds for the Prime Minister's Special Programme for training in Technical Trades and Domestic Services for Workers children.

The WWF management started advertising this scheme in April and again in July, 1996 and incurred an expenditure of Rs.0.112 million on advertisement. Funds of Rs.1.200 million were released on 27-08-1996 to National Training Bureau (NTB) which was nominated to conduct these Vocational and Technical Training Courses, for onward transmission to four Provincial Directorates of Manpower Trainings (DMTs) @ Rs.3 lac each for advertisement of the said scheme.

In November, 1996, the scheme was discontinued by the NTB without any specific order or reason despite huge expenditure of Rs.1.342 million including expenditure of Rs.29,425 on printing of forms and brochures from the funds of WWF.

Audit observed that the whole expenditure of Rs.1.342 million had gone waste.

The PAO replied that on the directive of Social Sector Co-ordination Committee of Cabinet, the scheme in question was to be undertaken by NTB through Provincial DMTs which is also under administrative control of M/o Labour & Manpower.

The directive of Social Sector Co-ordination Committee was placed before Governing Body in its 36th meeting held on 07-05-1996. The Governing Body examined the proposal and approved expenditure for advertisement and the cost of training for Workers children and an amount of Rs.300,000 for each Provincial DMT was approved in a meeting held on 19-08-1996, under Chairmanship of Secretary, M/o Labour & manpower as Chairman, WWF. DMTs of Punjab, Sindh, NWP and Balochistan were rendered their accounts and unspent balance to NTB, Islamabad. The expenditure has been regularized by the Governing Body of WWF in its meeting held 07-05-1996.

The DG Audit pointed out that record of stated facts has not been provided to the Audit for verification.

The PAO replied that all documents were available and will be provided to the Audit for verification

ix)

(Para – 6.1, Page 29-SAR#24-97-98)

LATE PURCHASE OF LAND BY SINDH BOARD RESULTING IN ADDITIONAL EXPENDITURE OF RS. 4.270 MILLION

Audit pointed out that funds of Rs.2.750 million were released on 30-05-1991, to Sindh Board for purchase of land at 11 stations to construct colonies. But, land acquisition proceedings could not be started during past three years by Provincial Government. The department moved the case for purchase of land during March 1994 and reported that they would need an additional amount of Rs.4.270 million for the said purpose.

The release of an additional amount of Rs.0.120 million against original release of Rs.2.000 million during the year 1991 for the purchase of land at Nau-Dero was approved and funds released on 16-03-1994 to Sindh Board. The balance amount of Rs.4.150 million was released on 29-06-1994. Thus the funds of Rs.2.750 million released on 30-05-1991 were retained un-necessarily for three years and not utilized for the purchase of land. As a result of late purchase of land, the cost of land increased from Rs.2.750 million to Rs.7.020 million and the Government had to pay additional amount of Rs.4.270 million.

The PAO replied that after approval of scheme by the Technical Committee of WWF, the case for acquisition of land was taken up with concerned Deputy Commissioner/Revenue Authorities requesting them to either provide state land or arrange some private land against payment. The Revenue Authorities, after lapse of one and a half year, replied that state land was not available and that the private land can be purchased at prevailing market rate ranging between 60-80 thousands per acre.

The original cost price, as stated in PC-I, was tentative. The Governing Body approved the revised cost of purchased land i.e Rs.7.020 million.

The DG Audit pointed out that record of stated facts has not been provided to the Audit for verification.

The PAO replied that all documents are available and will be provided to the Audit for verification.

PAC DIRECTIVE

The Committee directed the PAO to provide record of all stated facts pertaining to above-mentioned nine paras to the Audit for verification and submit report to the PAC-III within one month. The Committee settled the paras and directed that record should be verified by the Audit.

5. **(Para – 3.3, Page 17-SAR # 24-97-98)**

UN-AUTHORIZED PURCHASE OF 23 AIR-CONDITIONERS COSTING RS. 0.565 MILLION

Audit pointed out that two air conditioners were purchased for Rs.52,380 on 31-08-1992 from M/s Islamabad Electronics. In addition, twenty one air conditioners were purchased amounting to Rs.0.539 million (Rs. 24500 × 22) during 1995 to 1997. In terms of Finance Div. O.M.No.F.3(4)/R-1-83, dated 08-12-1983, only officers of BPS-20 and above are entitled for the facility of air conditioners fitted rooms. Thus only Secretary, WWF (BPS-21) is authorized to use an air-conditioner. Therefore, purchase of twenty three air-conditioners amounting to Rs.0.565 million was un-authorized.

The PAO replied that WWF Secretariat Building in Super Market Islamabad was originally designed for central air-conditioning facility. However, in order to minimize the expenditure, it was decided to purchase twenty three air-conditioners for installation in the building after fulfillment of all codal requirements. The expenditure on purchase of air-conditioners was made with approval of Governing Body of WWF, having Finance Division's representation through FA (Labour), in its meeting held on 06-10-1997.

PAC DIRECTIVE

The Committee termed it as a case of misuse of power and directed the PAO to hold an inquiry, fix responsibility against those involved in violating Finance Division's instructions, take action against them and submit report to the PAC and the Audit within fourteen days.

6. **(Para – 5.1, Page 21-SAR#24-97-98)**

UN-AUTHORIZED EXPENDITURE OF RS. 5.693 MILLION FOR PURCHASE OF SEWING MACHINES, BICYCLES AND DISTRIBUTION OF JAHES GRANT

Audit pointed out that in violation of WWF Ordinance, 1971, Governing Body of WWF approved on 17-10-1995, the suggestion that Federal Minister of Labour may be given discretionary grant for distribution of Jehez Grants, Bicycles and Sewing Machines to needy workers, not exceeding Rs.10 million in a financial year. In pursuance of said decision, the expenditure of Rs.5.948 million was incurred. The list of benefices have not been provided to the Audit.

The PAO replied that according to WWF Ordinance, 1971, Workers Welfare Boards are responsible to take measures for welfare of workers. Under Section 10 of WWF Ordinance, 1971, Governing Body of the Fund has the power to assign any work and allocate funds to any agency of Federal Government or body corporate for welfare measure. Accordingly, Governing Body of WWF placed Rs.10 million at the disposal of Minister of State for Labour to distribute bicycles, sewing machines and jahez grants amongst needy industrial workers. The distribution/break-up of said amount was got approved from the Ministry.

Details of disbursements; dully verified by ex-Minister if State, amounting to Rs.2.258 million has been furnished to WWF.

PAC DIRECTIVE

The Committee settled the para. However, the PAO was directed to ensure strict compliance of rules/procedures in future.

7. i) **(Para – 6.2, Page 30-SAR#24-97-98)**

NON-CONDUCTING OF RECONCILIATION WITH INCOME TAX OFFICERS

Audit pointed out that reconciliation for the period 1971 to 6/97 of Sindh (Interior) and Balochistan, and 7/95 to 6/97 of Punjab, Sindh (Urban) and NWFP, has not so far been conducted with Income Tax Officers. It is evident from the non-reconciled period that a huge amount of receipts might be credited in the account of these offices due to misclassification.

The PAO replied that the collecting agency is FBR with whom on going reconciliation is being done.

ii) **(Para – 6.3, Page 31-SAR#24-97-98)**

NON-CONDUCTING OF SURVEY OF INDUSTRIAL UNITS

Audit pointed out that no survey had ever been conducted to ascertain the number of companies who should contribute their shares towards the Fund. Audit is of the view that there might be many companies not contributing their share to the Fund.

The PAO replied that at present, 882 companies are listed with WWF and they are depositing and filing their requisite Annual Return of Accounts with us. Reminders are issued regularly to the listed as well as non-listed companies, traced from yellow pages, SECP and local stock exchanges. During last financial year, more than Rs.18 billion have been collected and deposited into WWF Trust Fund Account which was considerably increased from the last financial year.

Reconciliation with Income Tax and Federal Treasuries are being carried out regularly. Final figure of receipts will be ascertained by the end of October, 2010.

PAC DIRECTIVE

The Committee settled both the above paras. However, the PAO was directed to devise mechanism that all receipts for workers welfare are properly assessed, recorded, collected and utilized for welfare of workers.

8. **Paras recommended for settlement by the Audit**

Paras No. 2.1, 2.4, 2.6, 3.1, 3.2, 3.4, 5.5 & 5.6, Pages 8, 13, 15, 16,17,18 & 28-SAR#24-97-98)

PAC DIRECTIVE

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

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (1997-98)
ON OVERSEAS EMPLOYMENT CORPORATION (OEC)

Prepared by DG (CA&E) Lahore

9. **(Para – 146, Page 124-ARPSE-I-97-98)**
AUDIT COMMENTS ON OEC

Audit pointed out that the advances, deposits, prepayments and other receivable were Rs.16.035 million as on June 30,1998, as against Rs.13,523 million as on June 30,1997, registering an increase of 18.58%. This increase was mainly due to increase in receivable, accrued interest receivable and loan against salary. Included in the above balance was an amount of US\$ 18100 equivalent to Pak Rs.0.588 million @ US\$ 30.834 which is receivable from Korean Federation of Small Business Korea as per agreement for the remaining 181 emigrants f.o.i USS 100 each. Need for early realization and adjustment of all outstanding dues is stressed upon.

The PAO replied at present, all the amounts have been adjusted except Rs.749,498, out of which an amount of Rs.466,420 has been written off by the Board being the competent authority.

PAC DIRECTIVE

The Committee directed the PAO to recover the remaining amount of Rs.283,078, get all record of stated facts verified from the Audit within one month and submit report to the PAC. The Committee settled the para and directed that record should be verified by the Audit.

10. **AUDIT REPORT PUBLIC SECTOR ENTERPRISE (VOLUME-X-S-1997-1998)**
ON EMPLOYEES OLD-AGE BENEFITS INSTITUTION (EOBI)

Prepared by DG (CA&E) Karachi

The report was discussed at DAC level and paras were settled.

PAC DIRECTIVE

After detailed discussion the Committee settled above mentioned report.

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT
1997-98

28. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Local Government and Rural Development were examined by the Sub-Committee PAC-III during three series of meetings were held on 9th August, 2010, 8th January, 2011 and subsequently on 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 Twenty Seven paras of Special Audit Report were presented by the Audit.
- 28.2 All paras were settled after detailed discussion of the Members, the Audit and PAO.
- 28.3 The Committee showed displeasure for not holding regular DAC even after repeated directions from the PAC.

MINISTRY OF LOCAL GOVERNMENT AND RURAL DEVELOPMENT
(ACTIONABLE POINTS)

Actionable points arising out from discussion of the meeting of PAC Special Committee-III held on 9th August, 2010, 8th January, 2011 and 14th March, 2011, regarding Appropriation Accounts and Audit Reports for the year 1997-98 of Ministry of Local Government and Rural Development, are as summarized below:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

The AGPR did not present before the Committee, Appropriation Accounts for 1997-98 of Ministry of Local Government & Rural Development.

SPECIAL AUDIT REPORT NO.51 ON PEOPLES PROGRAMME (1997-98)

Prepared by Director General (Federal Audit), Islamabad

1. (Para – 1, Page 4-SAR-97-98)
NON-SUBMISSION OF EXPENDITURE STATEMENT AND AUDIT CERTIFICATE FOR RELEASE OF RS 4,065.135 MILLION MADE TO DIFFERENT REGIONAL OFFICES.
2. (Para – 2, Page 5-SAR-97-98)
LOSS OF RS.154.035 MILLION ON PURCHASE MADE NOT RELATED TO THE OBJECTIVES OF THE PROGRAM
3. (Para – 3, Page 6-SAR-97-98)
IRREGULAR EXPENDITURE OF RS 124.771 MILLION ON PURCHASE OF VEHICLES.
4. (Para – 4, Page 6-SAR-97-98)
INFRACTUOUS EXPENDITURE OF RS 109 MILLION ON MOBILE MEDICAL SPECIALISTS UNITS.
5. (Para – 5, Page 7-SAR-97-98)
MISCELLANEOUS IRREGULARITIES IN ADMINISTRATIVE EXPENDITURE RS 30.622 MILLION
6. (Para – 6, Page 8-SAR-97-98)
DISBURSEMENT OF RS 9 MILLION FOR INSTALLATION OF HAND PUMPS
7. (Para – 7, Page 9-SAR-97-98)
INFRACTUOUS EXPENDITURE OF RS 4.250 MILLION ON PURCHASE OF COASTERS AND RECOVERY OF RS.503,540/- ON ACCOUNT OF THEIR RENT
8. (Para – 9, Page 10-SAR-97-98)
IRREGULAR EXPENDITURE OF RS 2.325 MILLION ON TELEPHONE BILLS, INSTALLATION OF A EXCHANGE AND RENT OF OFFICE BUILDING
9. (Para – 10, Page 10-SAR-97-98)
MISUSE OF PEOPLES PROGRAMME VEHICLES AND EXPENDITURE ON MAINTENANCE AND POL RS2.116 MILLION
10. (Para – 11, Page 11-SAR-97-98)
IRREGULAR RELEASE FOR RS.1.051 MILLION FOR NON PROGRAMMED ACTIVITY
11. (Para – 12, Page 12-SAR-97-98)
MIS-APPROPRIATION OF ITEMS WROTH RS 490,275/-
12. (Para – 17, Page 16-SAR-97-98)
NON SUBMISSION OF EXPENDITURE STATEMENT AND AUDIT CERTIFICATE FOR RELEASE OF RS 1,036.481 MILLION MADE TO DIFFERENT REGIONAL OFFICERS

13. (Para – 18, Page 17-SAR-97-98)
LOSS OF RS 444.035 MILLION ON PURCHASE NOT RELATED TO THE OBJECTIVES OF THE ORGANIZATION
14. (Para – 19, Page 18-SAR-97-98)
SUSPECTED MISAPPROPRIATION OF RS 71.464 MILLION ON ACCOUNT OF PURCHASE OF VEHICLES.
15. (Para – 20, Page 18-SAR-97-98)
LOSS TO PUBLIC ACCOUNT DUE TO NON SURRENDER AND UNAUTHORIZED RETENTION OF PUBLIC MONEY. RS 67.737 MILLION
16. (Para – 21, Page 19-SAR-97-98)
IRREGULAR ADVANCE PAYMENT OF RS. 33 MILLION
17. (Para – 22, Page 19-SAR-97-98)
UNJUSTIFIED RELEASE OF RS 6.966 MILLION TO PAK PWD
18. (Para – 23, Page 20-SAR-97-98)
IRREGULAR EXPENDITURE OF RS. 3.824 MILLION FOR THE MINISTRY
19. (Para – 25, Page 21-SAR-97-98)
IRREGULAR EXPENDITURE OF RS 2.434 MILLION ON REPAIR/MAINTENANCE OF VEHICLES.
20. (Para – 26, Page 22-SAR-97-98)
IRREGULAR PAYMENT OF RS 1.419 MILLION FROM THE BUDGET OF PEOPLE’S PROGRAMME FOR NATIONAL CENTRE FOR RURAL DEVELOPMENT (NCRD)
21. (Para – 27, Page 22-SAR-97-98)
UNJUSTIFIED AND IRREGULAR EXPENDITURE ON ENTERTAINMENT AMOUNTING TO RS.773,587/-
22. (Para – 28, Page 23-SAR-97-98)
UN-AUTHORIZED / IRREGULAR EXPENDITURE OF RS 403,475/- ON HONORARIA
23. (Para – 29, Page 23-SAR-97-98)
IRREGULAR PURCHASE OF MACHINERY / EQUIPMENT WORTH RS 282,866/- BY SPLIT UP OF PURCHASE ORDER
24. (Para – 30, Page 24-SAR-97-98)
IRREGULAR DRAWAL AND NON ADJUSTMENT OF TA ADVANCES OF RS 197,206/-
25. (Para – 31, Page 24-SAR-97-98)
NON COMPLIANCE OF PREVIOUS AUDIT REPORTS
26. (Para – 33, Page 25-SAR-97-98)
NON BIFURCATION OF FUNDS RELEASED
27. (Para – 34, Page 26-SAR-97-98)
INTERNAL CHECK AND PHYSICAL VERIFICATION NOT CONDUCTED

On presentation of above SAR paras, 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 month and submit report to the PAC.

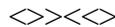
PAC DIRECTIVE (08-01-2011)

The Committee deferred the above mentioned report for holding a DAC meeting in the first instance, on the request of Audit.

The PAO informed that some of the record was reconstructed but for some of records, it was not possible for Ministry to reconstruct the record.

PAC DIRECTIVE (14-03-2011)

The Committee observed that it was bad management at that time and systematic issues were not dealt properly. The Committee settled the above twenty seven after detailed discussion and directed that record should be verified by the Audit.



NARCOTICS CONTROL DIVISION
1997-98

29. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Narcotics Control Division were examined by the Sub-Committee PAC-III on 22nd December, 2010.

29.1 Two grants were presented by the AGPR.

29.2 After detailed discussion, the Committee settled all the grants.

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 1997-98 of Narcotics Control Division, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) VOL-I- 1997-98

1. **Grant No 90 – Narcotics Control Division**
(Total - Grant Rs.187,532,000) (Saving - Rs.59,295,790)

The AGPR pointed out that the grant closed with a saving of Rs.59,295,790/- which worked out to 31.61% of the total grant. An amount of Rs.65,733,971 (35.05%) was surrendered resulting into an excess of Rs.6,438,181 (3.43%). A supplementary grant of Rs.5,207,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO stated that saving occurred due to adhoc relief at uniform rate of Rs.300/- month, granted by the Finance Division in 1997 to the Civil Servants of Federal Government in BS-1 to BS-16 including those who were in BS-17 by virtue of move over.

PAC DIRECTIVE

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

2. **Grant No 146 – Development Expenditure of Narcotics Control Division**
(Total - Grant Rs.199,235,000) (Saving - Rs.38,730,431)

The AGPR pointed out that the grant closed with a saving of Rs.38,730,431/- which worked out to 19.43% of the total grant. An amount of Rs.38,209,896 (19.17%) was surrendered leaving net saving of Rs.520,535 (0.26%). A supplementary grant of Rs.550,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO stated that saving occurred due to Bajaur Area Development Project as the donor agency spend that amount themselves under and that amount was not transferred to Ministry.

PAC DIRECTIVE

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

NATIONAL ASSEMBLY SECRETARIAT
1997-98

30. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the National Assembly Secretariat were examined by the Sub-Committee PAC-III on 22nd December, 2010.

30.1 Only one grant was presented by the AGPR.

30.2 The Committee settled the grant after listening the point of view of the PAO and AGPR.

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 1997-98 of National Assembly Secretariat , are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. **Grant No 105 – National Assembly**
(Final - Appropriation Rs.178,908,000) (Saving - Rs.55,385,179)
(Charged)

The AGPR pointed out that in Charged section the grant closed with a saving of Rs.55,385,179/- which worked out to 30.95% of the total Appropriation. An amount of Rs.54,822,000 (30.64%) was surrendered leaving net saving of Rs.563,179 (0.31%).

The PAO stated that in “charged section” saving was due to vacant posts and less expenditure under purchase of Machinery, Commodities and Services, entertainment, Delegation and Conferences.

Other Than Charged
(Final - Grant Rs.188,420,000) (Saving - Rs.69,312,914)

The AGPR pointed out that in Other than Charged section the grant closed with a saving of Rs.69,312,914/- which worked out to 36.78% of the total grant. An amount of Rs.68,424,000 (36.31%) was surrendered leaving net saving of Rs.888,914 (0.47%).

The PAO stated that in “other than charged section”, saving was due to holding Committee meetings generally during session of the National Assembly, non attendance of sessions and meetings by some MNAs and withdrawal of salary and allowances by lesser number of MNAs against the provision made for 200 MNAs, vacant posts of staff and less expenditure on delegations of the Kashmir Committee.

PAC DIRECTIVE

The Committee after detailed discussion of the Members, the Audit and PAO settled both sections of the grant.

MINISTRY OF OVERSEAS PAKISTANIS
1997-98

31. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Overseas Pakistanis were examined by the PAC Special Committee-III on 9th August, 2010.

31.1 Nine paras were presented by the Audit.

31.2 After detailed discussion all paras were settled by the Committee and directed that record should be verified by the Audit.

31.3 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations that Audit should be updated with the progress of the Housing Scheme and all projects and Joint Ventures should be dealt with utmost care keeping in mind the welfare of Overseas Pakistanis.

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 1997-98 of Ministry of Overseas Pakistanis, are summarized as under:-

AUDIT REPORT PUBLIC SECTOR ENTERPREISES (1997-98)
ON OVERSEAS PAKISTANIS FOUNDATION (OPF)

Prepared by DG (CA&E), Lahore

1. **(Para – 157, Page 127-ARPSE-97-98)**
BLOCKAGE OF FUNDS TO THE TUNE OF RS. 18.093 MILLION ON ACCOUNT
OF ABANDONMENT OF RAWAT HOUSING COLONY

Audit pointed out that in accordance with the decision of Board of Governors taken in the meeting dated November 1987, the land measuring 609 Kanals valuing Rs.17.438 million was purchased for establishment of housing colony for Overseas Pakistanis at Rawat in District Rawalpindi. A sum of Rs.0.655 million was incurred as miscellaneous expenses raising total cost to Rs.18.093 million. After finalizing the purchase deal, the scheme was abandoned vide BOG decision dated July 26, 1992. This may prove that in actual fact, this scheme has failed because of lack of interest shown by the management. Another important factor for the failure of this was that WAPDA has installed a grid station and had been laying feeder lines over the OPF housing colony land which had disturbed whole planning.

The PAO replied that a total of 755 kanals land was in possession of OPF. The main reason for delay in development of housing scheme was reallocation of high tension wire by WAPDA which being done now. A proposal for development of scheme through Public and Private Partnership had been approved by the BOG. In this regard, an advertisement was published in newspapers, for invitation of Expression of Interest from Overseas Investors. In response, six developers had submitted their applications which were also in process of scrutiny and evaluation. However, award of final joint venture was subject to approval by the BOG of OPF.

PAC DIRECTIVE

The Committee directed the PAO to keep Audit informed about the monthly progress of the scheme under report to the PAC-III. The Committee settled the para and directed that record should be verified by the Audit.. The PAO was, however, directed to ensure that joint venture should be dealt with utmost care and vigilance keeping in mind the welfare of Overseas Pakistanis.

2. **PARAS RECOMMENDED FOR SETTLEMENT BY THE AUDIT**

i) **Overseas Pakistanis Foundation**

(Paras No. 150, 151, 152, 153, 154, 155 & 156, Page No. 125-126-ARPSE-97-98)

ii) **Kaghan Brick Works Ltd.**

Para No. 158, Page No. 126-ARPSE-97-98)

PAC DIRECTIVE

The Committee settled above mentioned eight paras after detailed discussion and directed that record should be verified by the Audit.



PAKISTAN ATOMIC ENERGY COMMISSION

1997-98

32. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Pakistan Atomic Energy Commission were examined by the Sub-Committee PAC-III on 22nd December, 2010.

32.1 Two grants were presented by the AGPR.

32.2 All grants were settled after detailed discussion of the Members, the Audit and PAO.

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 1997-98 of Pakistan Atomic Energy Commission, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. i) **Grant No 12 – Atomic Energy**
(Total Grant Rs.1,081,109,000) (Saving - Rs.9,000)

The AGPR pointed out that the grant closed with a saving of Rs.9,000/- which was due to rounding off of figures of Revised Estimates for the year 1997-98.

- ii) **Grant No 156 – Capital Outlay on Development of Atomic Energy**
(Total Grant Rs.1,081,109,000) (Saving - Rs.9,000)

The AGPR pointed out that the entire budget provision was utilized.

PAC DIRECTIVE

The Committee settled the above mentioned two grants.

PLANNING AND DEVELOPMENT DIVISION

1997-98

33. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98, pertaining to the Planning and Development Division were examined by the Sub-Committee PAC-III on 30th September, 2010.

- 33.1 Two grants were presented by the AGPR.
- 33.2. The Committee settled all the grants after detailed discussion of the Members, AGPR and PAO.
- 33.3 The Committee recommended that to take serious steps to strengthen the financial system and ensure zero saving and zero excess in future.

PLANNING AND DEVELOPMENT 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 year 1997-98 of Planning & Development Division, are summarized as under:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I) (1997-98)

1. i) **Grant No 110 – Planning and Development Division**
(Total Grant - Rs.146,529,000) (Saving - Rs.10,870,185)

The AGPR pointed out that the grant closed with a saving of Rs.10,870,185/- which worked out to 7.41% of the total grant. An amount of Rs.14,091,000 (9.61%) was surrendered resulting an excess of Rs.3,220,815 (2.19%). A supplementary grant of Rs.4,261,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that saving in this grant was very minor that was less than 1%. Which was negligible amount of requested for settlement of the above grant.

ii) **Grant No 151 - Development Expenditure of Planning and Development Division**
(Total Grant - Rs.56,237,000) (Saving - Rs.25,157,220)

The AGPR pointed out that the grant closed with a saving of Rs.25,157,220/- which worked out to 44.73% of the total grant. An amount of Rs.23,136,643 (41.41%) was surrendered leaving net saving of Rs.2,020,577 (3.59%).

The PAO explained that saving occurred mainly due to the fact that hardware and software maintenance contracts were renewed at discounted rates.

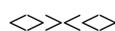
PAC DIRECTIVE

After detailed discussion the Committee settled the above mentioned two grants.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (1997-98)

Prepared by DG (CA&E) Lahore

Audit pointed out that the paras of report were discussed at DAC level and were settled after considering point of view of the PAO.



MINISTRY OF POPULATION WELFARE
1997-98

34. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98, pertaining to the Ministry of Population Welfare were examined by the Sub-Committee PAC-III on 27th September, 2010.

- 34.1 Two grants were presented by the AGPR.
- 34.2 The Committee settled two grants after detailed discussion of the Members, AGPR and PAO.
- 34.3 The Committee recommended to the Ministry that to take serious steps to strengthen the financial system and ensure zero saving and zero excess in future.

MINISTRY OF POPULATION WELFARE **ACTIONABLE POINTS**

Actionable points arising out from discussion of the meeting of Sub-Committee PAC-III held on 27th September, 2010, regarding Appropriation Accounts and Audit Reports for the year 1997-98 of Ministry of Population Welfare, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. i) **Grant No 111 - Population Welfare Division**
(Total Grant - Rs.33,056,000) (Saving - Rs.1,270,726)

The AGPR pointed out that the grant closed with a saving of Rs.1,270,726/- which worked out to 3.84% of the total grant. An amount of Rs.1,380,640 (4.17%) was surrendered resulting into an excess of Rs.109,914 (0.33%).

The PAO explained that a supplementary grant of Rs.545,885 was sanctioned but not included in supplementary schedule of authorized expenditure. After taking it into account the grant closed with a saving of Rs.435,971/- which was mainly due to non-recruitment of staff against posts following the economy measures introduced by Finance Division.

PAC DIRECTIVE

After detailed discussion the Committee settled the grant, 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.

2. **Grant No 152 - Development Expenditure of Population Division**
(Total Grant - Rs.1,920,891,000) (Saving - Rs.660,246,187)

The AGPR pointed out that the grant closed with a saving of Rs.660,246,187/- which worked out to 34.37% of the total grant. An amount of Rs.576,267,000 (30%) was surrendered leaving net saving of Rs.83,979,187 (4.37%).

The PAO explained that saving occurred mainly due to steps taken by the Ministry in compliance with the economy measures introduced by Finance Division, late receipt of advertisement Bills from T.V and Radio Pakistan i.e after the closing of financial year 1997-98, non-creation of 160 posts of Aya and Chowkidar, respectively, due to ban imposed by Establishment Division.

PAC DIRECTIVE

After detailed discussion the Committee settled the grant, 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 POSTAL SERVICES

1997-98

35. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Postal Services were examined by the Sub-Committee PAC-III on 11th December, 2010.

- 35.1 Two grants were presented by the AGPR and thirty eight paras were reported by the Audit.
- 35.2 The Committee settled all the grants and all paras were settled after detailed discussion of the Members, Audit and PAO.
- 35.3 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations that facts stated by the Ministry should be verified by the Audit.

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 1997-98 of Ministry of Postal Services, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. **Grant No. 21 – PAKISTAN POST OFFICE DEPARTMENT**

(Final Grant Rs.100,000,000) (Saving/Excess Nil)

Charged

The AGPR pointed out that the grant amounting to Rs.10,000,000 sanctioned for repair and maintenance of durable goods and works, but it could not be included in the supplementary schedule of Authorized expenditure and therefore, excluded from Final Appropriation.

Other Than Charged

(Final Appropriation Rs.2,394,170,000) (Saving/Excess –Rs.49,908,715)

The AGPR pointed out that grant closed with an excess of Rs.49,908,715 which worked out to 2% of the total grant.

PAC DIRECTIVE

After detailed discussion, the Committee settled the grant.

2. **Grant No. 161 – Capital Outlay**

(Final Grant Rs.8,690,000) (Saving/Excess Rs.42)

The PAO requested for settlement of grant on the basis of minor saving.

PAC DIRECTIVE

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

AUDIT REPORT PAKISTAN POST OFFICE DEPARTMENT
FOR THE YEAR (1997-98)

Prepared by DG Audit (PT&T), Lahore

3. **Para – 4.1 (Page 35-AR-97-98)**

FRAUD, LOSS AND MISAPPROPRIATION OF PUBLIC MONEY RS.9.671 MILLION

4. **Para – 4.2 (Page 35-AR-97-98)**

MISAPPROPRIATION OF PUBLIC MONEY RS.2.297 MILLION BY THE POST OFFICE OFFICIALS

5. **Para – 4.3 (Page 35-AR-97-98)**

FRAUDULENT WITHDRAWAL OF MILITARY PENSION RS.1.906 MILLION

6. **Para – 4.4 (Page 36-AR-97-98)**

LOSS OF RS.1.530 MILLION DUE TO FRAUD, MISAPPROPRIATION AND DACOITY OF PUBLIC MONEY

7. Para – 4.5 (Page 37-AR-97-98)
LOSS OF RS.1.75 MILLION DUE TO FRAUD, MISAPPROPRIATION AND DACOITY OF PUBLIC MONEY
8. Para – 4.7 (Page 38-AR-97-98)
MISAPPROPRIATION OF PUBLIC MONEY RS.774,748 MILLION
9. Para – 4.8 (Page 38-AR-97-98)
MISAPPROPRIATION OF GOVERNMENT MONEY FROM CERTAIN SPECIAL ACCOUNTS CAUSING LOSS OF RS.755,750
10. Para – 4.9 (Page 39-AR-97-98)
LOSS OF RS.320,600 DUE TO ALLWOING RENT FREE ACCOMMODAITON TO PRIVATE PARTY
11. Para – 4.11 (Page 40-AR-97-98)
LOSS OF POSTAL STATIONERY DURING TRANSPORTATION AMOUNTING TO RS.72,000

The Audit appraised the Committee that in a DAC meeting held on 1st March, 2006, the DAC directed to provide record of recovery and disciplinary action to the Audit for verification.

PAC DIRECTIVE

The Committee clubbed the above-mentioned nine paras and granted fifteen days to take action. Paras were settled after detailed discussion and directed that record should be verified by the Audit.

12. i) Para – 4.10 (Page 40-AR-97-98)
RECOVERABLE AMOUNT OF RS.222.111 MISAPPROPRIATED BY CERTAIN OFFICIALS

Audit pointed out that certain posted officers, under the control of Divisional Superintendent, Quetta, committed fraud and misappropriation of Government money amounting to Rs.302,264 during the years 1991-92 to 1994-95 out of which Rs.81,359/- could be recovered and an amount of Rs.222,111/- was still un-recovered. Moreover, no disciplinary action had been taken against the accused officials.

- ii) Para – 11.3 (Page 69-AR-97-98)
LOSS ON ACCOUNT OF NON RECOVERY OF RENT FROM CONTRACTOR RS.1,147,042

Audit pointed out that a portion of Express Post building at Karachi was let out on rent to M/S Shaheen Express (PVT) Limited on 10-08-1991 but the rent of Rs.1,147,042 for the period from August, 1991 to November, 1993 was not recovered from the contractor which caused loss to the state. DAC in its meeting held on 01-03-2006 directed the Department to get the record verified with audit within two days.

The PAO stated that rent of the portion of the building in occupation of the contractor, was duly recovered for the period from 01-09-1991 to 03-11-1993 amounting to Rs.1,137,042/-.

A tenancy agreement was executed with the contractor and rate of rent was charged at Market rate.

PAC DIRECTIVE

The Committee clubbed the above mentioned two paras and granted fifteen days time period to the Ministry. The Committee settled two paras after detailed discussion and directed that record should be verified by the Audit.

13. **Para – 5.3 (Page 43-AR-97-98)**
IRREGULAR PAYMENT OF TRANSPORT CONTRACTORS, WITHOUT EXECUTION OF CONTRACT AGREEMENT AND CALL OF ECONOMICAL RATES RS.2.398 AND LOSS OF RS.23,557 DUE TO NON DEDUCTION OF INCOME TAX

Audit pointed out that five formations of Post Office Department made payments of Rs.2,398,375 to contractors of Special Mail between different mail routes. The expenditure was treated irregular as no contract agreement was executed, economical rates in an open manner were not called for as required under the rules and Income Tax was not deducted from payments. DAC in its meeting held on 01-03-2006 directed the department to get the record verified from audit within two days.

The PAO stated that copy of mail contracts between Post Office Department and contractor is available and can be examined by the Audit if it desires. As regards mail transportation by Mardan GPO, no agreement was due because the vehicle was engaged on daily hire charges till the repair of Departmental Mail Motor cycle. No income tax was due on such payment. As regards the required documents of the other unit i.e. Nowshera GPO, it has already been intimated that all mail lines are tonga route and that mail on these lines are conveyed by Tonga holders at very nominal rates. Therefore, calling of tenders and deduction of income tax were not justified.

Audit stated that they may be provided the tender documents and contract agreements for verification.

PAC DIRECTIVE

The Committee directed the PAO to reconcile with the Audit and settled the para subject to verification by the Audit.

14. **Para – 5.5 (Page 44-AR-97-98)**
EXTRA EXPENDITURE OF RS.157,346 DUE TO HIRING OF TRANSPORTATION ON HIGHER RATES

Audit pointed out that the Accounts Manager, Express Posts, Faisalabad engaged transfer service for the transportation of Express Posts Mail from Faisalabad Airport to District Mail

Office, Faisalabad and vice versa at the rate of Rs.100 per day. This system continued since 1994 and was discontinued with effect from 16.03.1996 and the job was assigned by the General Manager, Express Post, Islamabad at the rate of Rs.4.90 per kilo meter to a contractor. The comparison of average monthly expenditure of both awards (Rs.3,200 and Rs.26,500) however disclosed that the latter award was very expensive. A total amount of Rs.79,289 was paid to the contractor with effect from 16.03.1996 to 15.06.1996 which was pointed out to the formation concerned in September, 1996. Instead of giving any reply, the contract was terminated in May, 1997 and the job was assigned a third time @ Rs.200 per day, with a schedule of 2 trips daily from May, 1997 onwards. It was, therefore, evident that the award of contract during the period March, 1996 to May, 1997 was expensive. This had resulted in extra expenditure of Rs.157,346 which also included an unverified amount of Rs.11,240 during May, 1997. DAC, in its meeting held on 01-03-2006, directed the department to get the record verified from audit within two days.

The PAO stated that mistake has been rectified and record will be provided to the Audit.

PAC DIRECTIVE

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

15. **Para – 5.6 (Page 45-AR-97-98)**

IRREGULAR EXPENDITURE OF RS.1.025 MILLION ON PRINTING WITHOUT CALLING OPEN TENDERS AND LOSS OF RS.30,753 DUE TO NON DEDUCTION OF INCOME TAX

Audit pointed out that as per PAC directives Post Office Foundation was not exempted from not calling open tenders. It was assured by the Principal Accounting Officer, that in future tenders would be floated for Post Office Foundation as well. In violation of PAC directives, rules and instructions of the Finance Division, the Postmaster General Metropolitan Circle, Karachi, incurred Rs.1.025 million on the printing work, through Post Office Foundation during 1994-95 and 1995-96 without calling open tenders and without deduction of Income Tax amounting to Rs.30,753 as required under Section 50(4) of the Income Tax Ordinance, 1979. NOC was also not obtained from Printing Corporation of Pakistan. DAC, in its meeting held on 01-03-2006, referred the para to PAC for decision.

The PAO stated that Economic Coordination Committee (ECC) of the Federal Cabinet in its meeting held on 02.10.1990 approved in principle to empower Director General, PPO to arrange printing from any source on competitive rates. The decision was conveyed through Presidential Order dated 15.04.1991. Director General PPO called for quotations in May,

1993 from 14 printers including PCP. Rates of Post Office Foundation which were lowest were adopted by Post Office Department.

Audit pointed out that open bidding was not done to select the lowest rates there fore, it was violation of rules and open bidding should have done.

PAC DIRECTIVE

The Committee directed the PAO that this para should be examined in detail. The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

16. **Para – 5.7 (Page 46-AR-97-98)**

IRREGULAR EXPENDITURE ON PRINTING DONE AT PRIVATE PRESS RS.272,000

Audit pointed out that Postmaster General, Balochistan Circle, Quetta incurred an expenditure of Rs.272,000 on printing of books through Post Office Foundation without inviting open tenders and without obtaining “No Objection Certificate” from Printing Corporation of Pakistan. DAC in its meeting held on 01-03-2006 referred the para to PAC for decision.

The PAO stated that since the process of delayed printing and charging of higher rates by PCP had become a regular feature, the matter was placed before the Economic Coordination Committee (ECC) of the Federal Cabinet in its meeting held on 02.10.1990 which approved, in principle, to empower Director General, PPO to arrange printing from any source on competitive rates. The decision was conveyed through Presidential Order dated 15.04.1991. Director General PPO called for quotations in May, 1993 from 14 printers including PCP. Rates of Post Office Foundation which were lowest were adopted by Post Office Department. DAC held on 01-03-2006 referred the Para to PAC for decision

PAC DIRECTIVE

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

17. **Para – 12.4 (Page 73-74-AR-97-98)**

UNAUTHORIZED EXPENDITURE OF RS.516,376 DUE TO UNDUE ALLOCATION OF TWO VEHICLES

Audit pointed out that two vehicles IDF-6436 and LOM-7023 were allocated to the Director General at Lahore. vehicle No. LOM-7023 was replaced with vehicle No.IDG-2900 in February, 1998. Both the vehicles remained under the personal use of family of Director General who was posted at Islamabad. Record (whatever made available) revealed that a total expenditure of Rs.516,376 was incurred on the repair and maintenance and POL of these

vehicles. The officer stood posted at Islamabad from April, 1993 till finalization of report. Accordingly, allocation of two vehicles at Lahore without any justification was not understood and the chances of their misuse can not be ruled out. DAC in its meeting held on 01-03-2006 directed the Department to furnish a revised reply to Audit.

The PAO stated that although the Director General, Pakistan Post Office remained posted at Islamabad but he did not shift his family from Lahore, therefore two vehicles were allocated to him.

Audit recommended the para for settlement and suggested the PAC to direct the management to strengthen its internal controls and observance of rules.

PAC DIRECTIVE

The Committee settled the para.

- 18. i) **SPECIAL AUDIT REPORT NO.35 ON MILITARY PERSON PAYMENTS MADE BY PPOD**
- ii) **SPECIAL AUDIT REPORT NO.36 ON POSTAL LIFE INSURANCE BUSINESS**
- iii) **SPECIAL AUDIT REPORT NO.71 ON OPERATION AND MAINTENANCE OF THE SAVINGS BANK ACCOUNTS**

The PAO stated that no record was available with Ministry of Postal Service Audit pointed out that Audit has complete record, so Audit will provide record to the Ministry.

PAC DIRECTIVE

The Committee showed displeasure on non availability of record with the Ministry and directed the Audit to provide the record to the Ministry.

- 19. i) **Para – 1.1-B (Page 28-AR-97-98)**
BUDGET GRANT AND EXPENDITURE (GRANT NO.161-CAPITAL OUTLAY)
- ii) **Para – 1.4 (Page 29-AR-97-98)**
CONTRIBUTION TO THE RENEWAL RESERVE FUND
- iii) **Para – 2.1 (Page 30-AR-97-98)**
SHORTFALL OF REVENUE RS.180.160 MILLION
- iv) **Para – 2.2 (Page 30-AR-97-98)**
EXAGGERATED WORKING EXPENSES
- v) **Para – 2.3 (Page 31-AR-97-98)**
LOSS OF RS.84.905 MILLION DURING THE YEAR 1997-98
- vi) **Para – 2.4 (Page 31-AR-97-98)**
BALANCE OF RENEWAL RESERVE FUND
- vii) **Para – 2.5.1 (Page 32-AR-97-98)**
INFLATED REVENUES
- viii) **Para – 2.5.2 (Page 32-AR-97-98)**
INFLATED REVENUES

- ix) Para – 3.1.1 (Page 33-AR-97-98)
LOSSES AND DEFALCATIONS
- x) Para – 3.1.2 (Page 33-AR-97-98)
RESULTS OF FINANCIAL AUDIT
- xi) Para – 4.6 (Page 37-AR-97-98)
MISAPPROPRIATION OF GOVERNMENT MONEY RS.0.961 MILLION
- xii) Para – 7.1 (Page 58-AR-97-98)
NON-PRODUCTION OF RECORD INVOLVING EXPENDITURE OF RS.115.511 MILLION
- xiii) Para – 7.2 (Page 58-59-AR-97-98)
OBSTRUCTION IN PROCESS OF AUDIT OF EXPENDITURE RS.2.416 MILLION
- xiv) Para – 7.3 (Page 59-AR-97-98)
NON PRODUCTION OF RECORDS INVOLVING EXPENDITURE OF RS.1.876 MILLION
- xv) Para – 8.4 (Page 61-62-AR-97-98)
UN-RECONCILED BALANCES OF ORDINARY SAVING BANK ACCOUNTS RS.360,545/-
- xvi) Para – 8.50 (Page 62-AR-97-98)
REVIEW OF A SAVING BANK ACCOUNT RS.339,000/-
- xvii) Para – 8.6 (Page 63-AR-97-98)
DISCREPANT SAVING BANK ACCOUNTS IN SIALKOT GENERAL POST OFFICE RS.(-)7.410 MILLION
- xviii) Para – 9.1 (Page 64-AR-97-98)
UNAUTHORIZED RETENSION OF CASE IN EXCESS OF PRESCRIBED LIMIT OF THE MAXIMUM AUTHORIZED CASH BALANCE RANGING UPTO RS.9.6 MILLION
- xix) Para – 9.2 (Page 64-65-AR-97-98)
UNAUTHORIZED RETENSION OF POSTAGE STAMPS AND CASH IN EXCESS OF AUTHORIZED LIMITS
- xx) Para – 9.3 (Page 65-AR-97-98)
UNAUTHORIZED RETENSION OF POSTAGE STAMPS AND CASH IN EXCESS OF AUTHORIZED LIMITS
- xxi) Para – 9.4 (Page 65-67-AR-97-98)
IRREGULAR RETENSION OF CASH AND POSTAGE STAMPS IN EXCESS OF AUTHORIZED LIMITS
- xxii) Para – 11.1 (Page 68-AR-97-98)
NON-REALIZATION OF COMPENSATION FROM PIA RS.3.670 MILLION

Audit recommended the above twenty two paras for settlement.

PAC DIRECTIVE

After detailed discussion of the Members, Audit and PAO, the Committee settled the above 22 paras on the recommendation of the Audit.

MINISTRY OF PETROLEUM & NATURAL RESOURCES
1997-98

36. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Petroleum & Natural Resources were examined by the PAC Special Committee-III on 10th December, 2010.

- 36.1 Two grant were presented by the AGPR which were settled.
- 36.2 Audit Report Revenue Receipts (Indirect Taxes) (1997-98) was discussed at DAC level and settled during the discussion.
- 36.3 The Committee recommended to ensure zero saving and zero excess in future.

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 1997-98 of Ministry of Petroleum and Natural Resources, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) VOL-I- 1997-98

1. **Grant No. 108 – Geological Survey of Pakistan**
(Appropriation Grant Rs.88,927,000) (Saving/Excess of Rs.(-) 9,546,652)

The AGPR pointed out that the grant closed with a saving of Rs.345,562/- which worked out to 0.43% of the total grant.

The PAO explained that saving was due to vacant posts.

PAC DIRECTIVE

The Committee settled the grant with the observations that there should be zero saving and zero excess in future.

2. **Grant No. 168 – Geological Survey of Pakistan**
(Appropriation Grant Rs.29,113,336) (Saving of Rs.20,677,664)

The AGPR pointed out that grant closed with a saving of Rs. 20,677,664/- which worked out to 50.65% of the total grant.

The PAO explained that saving occurred due to vacant posts which could not be filled in time and non receipt of bills contingent paid staff from the field parties which were deployed in remote areas.

PAC DIRECTIVE

The Committee settled the grant.

AUDIT REPORT REVENUE RECEIPTS (INDIRECT TAXES)
FOR THE YEAR (1997-98)

This report was discussed at DAC level and settled during the discussion.

MINISTRY OF RELIGIOUS AFFAIRS, ZAKAT, USHR AND
MINORITIES AFFAIRS
1997-98

37. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Religious Affairs, Ushr and Minorities Affairs were examined by the Sub-Committee PAC-III during two series of meetings were held on 11th December, 2010 and subsequently on 2nd June, 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.

37.1 Thirty one paras were presented by the Audit.

37.2 The Committee settled 25 paras.

37.3 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer(PAO) and recommended that the recovery should be made and the court cases should be pursued vigorously.

**MINISTRY OF RELIGIOUS AFFAIRS, ZAKAT, USHR AND
MINORITIES AFFAIRS**
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of Sub-Committee PAC-III held on 11th December, 2010 and 2nd June, 2011, regarding Appropriation Accounts and Audit Reports for the year 1997-98 of Ministry of Religious Affairs Zakat Ushr & Minorities affairs, are summarized as under:-

**AUDIT REPORT ON THE ACCOUNTS OF FEDERAL GOVERNMENT
FOR THE YEAR (1997-98)**

Prepared by DG Audit Foreign & International Islamabad

1. **Para – 1.1 (Page 2 AR-97-98)**

NON-RECOVERY OF RENT FROM VIP SR.0.178 MILLION

The Audit pointed out that we noted that thirty seven VIPs stayed in Pakistan House Makkah during 1996-97 and did not clear their dues amounting to SR 177,600.

In reply, the Directorate intimated that the defaulters were being remained for the clearance of outstanding dues.

The PAO stated that so far an amount of Rs.1,095,686 was recovered from seven VIPs out of the total No. of fifty eight VIPs. Briefly, three VIP had sent replies to the notices for recovery, issued to them stating that they had paid Hajj dues to the leader of the Hajj delegation Syed Khurshid Ali Shah ex-Minister for Religious Affairs. Ten VIPs have stated that they have performed Hajj at their own expenses. Five VIPs have stated that they did not perform Hajj. Remaining thirty one VIPs did not perform Hajj. Remaining thirty one VIPs did not replied to the notices issued by this Ministry bearing No.12(2)/96-HA-II, dated 2.7.2001 followed by remainder dated 27-3-2002. Final notice was being issued to them and in case no reply was received from them, the matter would be referred to the NAB by the PAC. Two VIPs have requested to send them break up of expenditure of Hajj dues of SR 5316 per head. Letters have been issued to them in this regard and they were also being followed by reminders.

Audit requested PAC to direct the Ministry to provide documentary evidence of recovery in respect of seven VIPs and effect recovery from the remaining thirty VIPs within one month.

PAC DIRECTIVE

The Committee directed the Ministry to hold inquiry, verify the record and make recoveries.

2.

Para – 1.2 (Page 2 AR-97-98)

OVERPAYMENT OF RENT TO CONTRACTORS SR 2.892 MILLIONS

The Audit pointed out that the Directorate of Hajj paid SR 2,771,753 in three cases to landlords for substandard accommodation. He told that the Hajj Directorate hired “56” buildings and contracted for capacity of 11561 Hujjaj against the recommended capacity of 10204 Hujjaj and paid rent at full rate. However, the official surveyors on physical verification of facilities recommended that 1357 Hujjaj should be excluded from the buildings acquired so that the remaining Hujjaj could be provided with toilet facilities as per prescribed standards. However, ignoring the recommendations of the official surveyors, the authorities accommodated 1357 Hujjaj in the buildings over and above the recommended number without proper toilet facilities and paid full rent. This caused overpayment of rent of SR 1,803,388 (Rs.19,409,685) to contractors. However, it was agreed that the relevant survey reports would be provided to the next audit party for examination.

The PAO explained that the observation raised by the audit was based on the survey reports of the years 1993-95. Building owner tried to earn more rent compared to the previous years, by increasing the capacity of their buildings by constructing additional floors and rooms or making certain modification and renovation and addition of bath rooms etc, in the subsequent years to increase the capacity. Copies of the adjustment plans of those buildings were referred to the audit indicating the number of pilgrims accommodated therein, number of bathroom, kitchen etc.

Audit requested PAC to direct the Ministry to provide Tasreeh, Taalimaat of Saudi Government pertaining to para 19 of AIR immediately to audit for verification and effect recovery of SR 548,840 on account of penalty from two contractors.

PAC DIRECTIVE

The Committee directed the Ministry that in future criminal cases of such matters will be registered in Pakistan. A copy of report should be submitted to the PAC, of the recent Hajj scam of this year and recommendations for future, streamlining selection of accommodation etc should be spelt out. Recovery should be calculated. The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

3.

Para – 1.3 (Page 5 AR-97-98)

OVERPAYMENT DUE TO INCREASE IN CAPACITY OF BUILDINGS SR 1.060 MILLION

Audit pointed out that the official surveyor physically visited eight buildings and reported measurement which could accommodate 2440 Hujjaj as per laid down standards but the Directorate contracted for capacity of 2666 Hujjaj without giving reasons for increase. In

some cases the capacities of buildings recommended by the surveyor did not tally with those given the Mo' assasa in the Tasrech. The increase capacities caused loses of SR 357,850 (Rs.3,851,504). The Ministry intimated that modification and addition in buildings were made by the landlord which increased the capacity but no documentary evidence was produced to this effect.

Audit requested that relevant record should be provided to the Audit for verification within fifteen days or effect recovery from the concerned.

PAC DIRECTIVE

The Committee directed the PAO that recovery should be made and Report submitted after fifteen days. The Para was referred to Monitoring and Implementation Committee for further follow up because the Ministry could not complete the action which was directed during the series of PAC-III meetings.

4.

Para – 2 (Page 6 AR-97-98)

EXTRA EXPENDITURE OF RS. 32,595 DUE TO NEGLIGENCE (PREMATURE TRANSFER – LOSS OF SR 32,595)

Audit pointed out that Mr. Sindandar Hayat Mekan joined as Director Hajj on 23rd October, 1996, and after working for thirty six days re-transferred to Islamabad and paid TA and DA amounting to SR 32,594,86. The expenditure did not include the air fare of the officer from Islamabad to Jeddah and back as the information was not available. The expenditure was held as infructuous. The premature transfer of the officer without any cogent reason caused a loss of SR 32,595 to the state.

The PAO stated that the officer was transferred with the approval of competent authority, hence there was no requirement of any further approval by the concerned authority. Copy of approval of the Prime Ministries presented to the Audit.

Audit suggested to effect recovery from the concerned officer within one month.

PAC DIRECTIVE (11-12-2010)

The Committee referred the para to DAC to examined that transfer was made on the order of the then Primer Minister or other wise.

The Committee was informed that the paras has been settled at DAC level.

PAC DIRECTIVE (02-06-2011)

The Committee settled the para on the recommendation of the Audit.

5. **Para – 3.1 (Page 7 AR-97-98)**
NON RECOVERY OF LIQUIDATED DAMAGES SR 66,167 (RS.827,087)

Audit pointed out that a sum of SR.79,000 was paid to Al-maimani Est. Jeddah as final payment relating to “Repair” Renovations and Modification of Pakistan Almainmani Est. & Co. for lump sum value of SR 930,000 in April 1995 without inviting open tender system. The contract was drawn by Associated Consulting Engineers, Makkah ,who were separately paid SR 27,900 plus SR 20,000 per month.

The PAO stated that Ambassador of Pakistan in Saudi Arabia who was trustee of the Pakistan House Madina Munawwarah had approved the recommendation of the committee headed by the Deputy Director (Hajj) for deduction of SR 21985 out of the total payable amount on account of left over work. PAO requested to settle the para.

Audit requested the Committee to direct the Ministry to effect of SR 66,167 and get the expenditure regularized for not fulfilling codal formalities within one month.

PAC DIRECTIVE

The Committee directed the Ministry to recover the amount within one month and para stand settled after recovery of amount otherwise referred the para to the Monitoring and Implementation Committee for further follow up.

6. **Para – 3.2 (Page 7 AR-97-98)**
UNAUTHORIZED EXPENDITURE OF SR 186,049 AS RESULT OF IRREGULAR APPOINTMENTS OF STATE

Audit pointed out that Mr. Aftab Ahmed Khatri was appointed as Assistant Director at Hajj Directorate, Jeddah for a period of three years. On completion of his normal period of deputation instead of repatriation to his parent Department he was appointed as Assistant Director in Hajj Directorate Jeddah on contract basis for a period of six months at a fixed emolument of SR 3582 per month vide Government of Pakistan, Ministry of Religious Affairs. He was also allowed House Rent allowance and Medical facilities as admissible to other officer of BPS-17 out of Pilgrims Welfare Fund.

Audit pointed out that Mr. Imtiaz Ahmed Asi was appointment as caretaker (Local based) on contract at SR 3000 per month without undergoing the laid down selection process. He was stated to be a Federal Government employee. Appointment letters addressed to him were dispatched care of Ministry of Religious Affairs, Islamabad, which showed that he was not local based.

Audit pointed out that Mr. Ayub Javad was appointment as driver at a month salary of SR 15000 per month from 1st July, 1994 and his salary and TA/DA were being paid form the Commission earned on the remittances received from the Ministry of accommodation purposes and kept in the ban Al-Jazira in F.D.Rs. inspite of the fact that no post for the above driver existed in the budget grant. The appointment of a driver without post and payment from Commission account for salary and TA/DA was irregular. The expenditure needed regularization from the competent authority.

The PAO stated that approval of the competent authority i.e. Secretary (RA) and endorsement of Establishment Division for appointment of Mr. Aftab Ahmad Khatri was enclosed. The PAO requested for settlement of the para.

Audit requested the PAC to direct the Ministry to effect recovery or get the irregularity regularized from the competent authority.

PAC DIRECTIVE

The Committee directed the PAO that amount should be recovered from the Ex-officers under Revenue Act, and report to Audit within one month. Para was settled after recovery of amount.

7. **Para – 5.1 (Page 14 AR-97-98)**

INFRACTUOUS EXPENDITURE OF SR 95,596 INCURRED OUT OF PILGRIM WELFARE FUND

Audit pointed out that Hajj authorities had incurred SR 208,150 on hiring of tents at Mina and Arafat for 1387 persons against all the welfare staff member of 750. Thus the hiring of tents for extra 637 persons was unjustified and caused infructuous expenditure of SR 95,596 (Rs.1,028,890). Ministry was intimated that welfare offices and dispensaries were establishment. However, they failed to provide the details.

The PAO stated that it was not understandable that how audit calculated the amount of overpayment. It is clarified that like other hajj missions, Pakistan Hajj Mission had to establish Welfare Offices, Dispensaries, guide posts in Mina and Arafat during the Hajj move. The Audit may realize the fact the space was utilized for the welfare of pilgrims. All the Welfare staff who came on hajj duty with medical mission, Khuddam ul Hujjaj and Seasonal Staff were posted in various offices on welfare duties.

PAC DIRECTIVE

The Committee directed the PAO to recover the amount within fifteen days and verify the record by the Audit.

SPECIAL AUDIT REPORT FOR THE YEAR (1997-98)
(EVACUEE TRUST PROPERTY BOARD)

Prepared by DG Audit Works (Federal), Islamabad

8. **(Para – 21, Page 14-SAR-97-98)**

UNAUTHORIZED PAYMENT OF RS. 14.172 MILLION

Audit pointed out that the secured Advance was paid on steel for a quantity of 3,420 M. Ton whereas price variation on 2,975.586 M. Ton was also paid to the contractor, contrary to the price variation Clause 12.8.9 of the Contract Agreement.

The PAO informed that the case was pending with the Court.

PAC DIRECTIVE (2nd June, 2011)

The Committee directed that Court cases should be followed and persued vigorously. The Committee further directed that record of every hearing should be maintained. The Committee, after detailed discussion, referred the para to the Monitoring and Implementation Committee for further follow up because the matter is pending in the court.

9. **(Para – 1, Page 6-SAR-97-98)**

OVER PAYMENT OF RS. 0.837 MILLION

10. **(Para – 2, Page 6-SAR-97-98)**

BOGUS PAYMENT OF RS. 1.234 MILLION

11. **(Para – 3, Page 7-SAR-97-98)**

OVER PAYMENT OF RS. 0.350 MILLION

12. **(Para – 5, Page 8-SAR-97-98)**

OVER PAYMENT OF RS. 0.218 MILLION

13. **(Para – 9, Page 10-SAR-97-98)**

OVER PAYMENT OF RS. 0.315 MILLION

14. **(Para – 11, Page 11-SAR-97-98)**

OVER PAYMENT OF RS. 0.065 MILLION

15. **(Para – 12, Page 11-SAR-97-98)**

OVER PAYMENT OF RS. 0.569 MILLION

16. **(Para – 13, Page 11-SAR-97-98)**

OVER PAYMENT OF RS. 0.768 MILLION

17. **(Para – 14, Page 12-SAR-97-98)**

EXCESS PAYMENT OF RS. 7.190 MILLION

18. **(Para – 15, Page 12-SAR-97-98)**

OVER PAYMENT OF RS. 0.330 MILLION

19. **(Para – 16, Page 12-SAR-97-98)**

OVER PAYMENT OF RS. 0.136 MILLION

20. **(Para – 17, Page 13-SAR-97-98)**

NON RECOVERY OF INCOME TAX RS. 42.358 MILLION

21. (Para – 18, Page 13-SAR-97-98)
LESS RECOVERY OF INTEREST ON MOBILIZATION ADVANCE RS. 0.049 MILLION
22. (Para – 19, Page 13-SAR-97-98)
LESS RECOVERY OF INTEREST ON MOBILIZATION OF ADVANCE RS. 0.146 MILLION
23. (Para – 20, Page 13 &14-SAR-97-98)
NON RECOVERY OF LIQUIDATED DAMAGES FOR RS. 1.383 MILLION
24. (Para – 22, Page 14-SAR-97-98)
UNAUTHORIZED PAYMENT OF RS. 0.777 MILLION
25. (Para – 23, Page 14 &15-SAR-97-98)
UNAUTHORIZED PAYMENT OF RS. 0.159 MILLION
26. (Para – 25, Page 15-SAR-97-98)
UNJUSTIFIED PAYMENT OF RS. 1.871 MILLION
27. (Para – 26, Page 15-SAR-97-98)
UNJUSTIFIED PAYMENT OF RS. 0.215 MILLION
28. (Para – 28, Page 16-SAR-97-98)
LOSS OF RS. 1.375 MILLION DUE TO NON CONSTRUCTION OF THE BUILDING WITHIN CONSTRUCTION PERIOD
29. (Para – 29, Page 16-SAR-97-98)
LOSS OF RS. 17.354 MILLION DUE TO LATE DEPOSTING OF CHEQUES/DRAFTS IN THE BANK
30. (Para – 30, Page 17-SAR-97-98)
LOSS OF RS. 26.651 MILLION DUE TO NON FORFEITURE OF PERFORMANCE BOND/GURANTEE
31. (Para – 31, Page 17-SAR-97-98)
IMPROPER MAINTENANCE OF CASH BOOK OF THE PROJECT
32. (Para – 32, Page 18-SAR-97-98)
NON PRODUCTION OF RECORDS

Audit recommended twenty four paras for settlement.

PAC DIRECTIVE

The Committee settled twenty four paras on the recommendations of the Audit which were discussed at DAC level.

UNHIGHLIGHTED PARAS (DAC LEVEL)

- | | | |
|----|---------------------|--|
| 1. | Para No. 04 Page 07 | Overpayment of Rs. 0.181 million |
| 2. | Para No. 06 Page 08 | Overpayment of Rs. 0.092 million |
| 3. | Para No. 07 Page 09 | Overpayment of Rs. 0.024 million |
| 4. | Para No. 08 Page 09 | Overpayment of Rs. 0.256 million |
| 5. | Para No. 10 Page 10 | Overpayment of Rs. 0.357 million |
| 6. | Para No. 24 Page 15 | Un-authorized Payment of Rs. 0.217 million |
| 7. | Para No. 27 Page 16 | Un-justified Payment of Rs. 0.123 million |

The above mentioned 7 paras were settled at DAC level and was brought into the knowledge of the PAC.

MINISTRY OF RAILWAYS
1997-98

38. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Railways were examined by the Sub-Committee PAC-III on 11th December, 2010.

38.1 Thirty 7 paras were reported by the Audit.

38.2 The Committee settled the 35 paras after detailed discussion. Audit was requested to verify the stated facts.

38.3 The Committee thoroughly examined the issues, showed displeasure on mismanagements during the period and recommends the PAO to improve the accounting system and personally probe the issue of unjustified payment and recoveries should be made and stressed that management and financial system should be improved.

MINISTRY OF RAILWAYS
ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of PAC Special Committee-III held on 11th December, 2010, regarding Appropriation Accounts and Audit Reports for the year 1997-98 of Ministry of Railways, are as under:-

APPROPRIATION ACCOUNTS (CIVIL) VOL-I- 1997-98

1. **Grant No. 169 – Capital Outlay on Pakistan Railways**
(Total Grant Rs.2,807,385,000) (Saving - Rs.832,558,000)

The AGRR pointed out that the grant closed with a saving of Rs.832,558,000/- which worked out to 29.65% of the total grant.

The PAO replied that goods which were purchased from foreign market usually came late due to a systemic fault. It was neither negligence nor embezzlement.

PAC DIRECTIVE

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

2. i) **Grant No. 112 –Pakistan Railways (Revenues)**
(Final Grant Rs.13498.340 (Saving/Excess - Rs.2328.779)

The AGRR pointed out that the Pakistan Railways revenue expenditure exceeded by Rs.2328.779 million (17.25%) than the final grant. The excess expenditure was incurred on obligatory payment and hence unavoidable.

ii) **Para – 3.2 (a)-97-98**
GRANT NO. 112 REVENUE EXPENDIRURE

Audit pointed out that the appropriation accounts of Grant No. 112 Pakistan Railways depict that 17.22% excess expenditure (Rs 2325.414 million) has been incurred as against the Final Grant which is quite alarming.

Similarly, as against the budget provision of Rs 300.000 million under sub-head Other Interest Charges an expenditure of Rs 2068.649 million was booked.

The PAO replied about the above grant and para that the excess expenditure of Rs 1768.649 million was mainly due to interest Charged by State Bank of Pakistant at the rate of Rs 17.5% on Railways debit balance (Rs 16 billion) during the year. Keeping in view the flow of expenditure and high rate of interest, Ministry of Railways demanded Rs 1970 million in the Revised Estimates as against original allocation of Rs 300 million in February, 1998. But no

additional funds were provided in the Revised Budget. Resultantly, the excess expenditure was incurred.

So far as booking of excess expenditure under Working Expenses were concerned, it was stated that Government announced adhoc relief of Rs 300/- P.M to employees working in PBS-1 to 16 in February, 1997. Ministry of Railways demanded funds in revised estimate 1997-98 but the Federal Govt. did not provide funds. Expenditure was obligatory so it affected all the sub-heads of Working Expenses except other Revenue Expenditure where unusual premature retirements increased the pension payments amounting to Rs 119.246 million over and above the budget grant.

PAC DIRECTIVE

The Committee directed the PAO that system should be updated. Grants No-112 and above Para was settled and directed that record should be verified.

3. i) **Para – 3.2 (g)-97-98)**

MISCELLANEOUS ADVANCES

Audit pointed out that an expenditure of Rs 53.151 million has been incurred without allotment of funds. This shows defective budgeting. Further, keeping a heavy amount of actual expenditure unbooked rendering the loss understated to that extent.

The PAO replied that the amount appearing under the head Miscellaneous Advances were those which were kept temporarily for booking of expenditure on receipt of documentary evidence to their final head, of accounts in which the funds have been allocated. The funds were not provided separately for this particular head.

ii) **Para – 3.2 (h)-97-98)**

OTHER EXPENSES

Audit pointed out that an amount of Rs. 61.571 million was spent against the final allocation of Rs.48900 million resulting in excess expenditure of Rs.12.671 million (25.91%). Audit requested to fix responsibility for the same

The PAO explained that excess was partly due to disbursement of obligatory expenditure in the nature of pay and allowances. However, major portion was attributable to disbursement to loans and advances. The concerned staff has already been taken up for that irregularity.

PAC DIRECTIVE

The Committee settled the above mentioned two paras and record should be verified by the Audit and directed to improve the financial management in future.

4. **Para – 3.2 (i)-97-98)**

REPAIRS & MAINTENANCE

Audit pointed out that Original grant was Rs 1,217.850 million. Subsequently Rs 86.150 million were withdrawn reducing the final grant to Rs 1,131.700 million. The actual expenditure was Rs 1,276.438 million resulting in excess expenditure of Rs 144.738 million. The position suggested that the huge withdrawal of funds was not justified. Similarly huge amount has been withdrawn from electrical service through re-appropriation. It was apprehended that injudicious huge withdrawal through re-appropriation was used to cover up excesses under some other heads. That requires an explanation besides taking action against those responsible for incurring expenditure without budget.

The PAO replied that funds of Rs 86.150 million were transferred for payment of Operational Fuel in anticipation that there could be saving under the head of Repairs & maintenance but some statements of stores transactions in the months of June/98 increased the expenditure under the above head.

PAC DIRECTIVE

the Committee settled the para, after detailed discussion of the Members, the Audit and PAO.

5. **Para – 3.2 (k)-97-98)**

SIGNAL AND TELECOMMUNICATIONS

Audit pointed out that Rs 170.662 million were provided in the original grant; an amount of Rs 40.288 million was withdrawn reducing final grant to Rs 130.374 million. The actual expenditure was Rs 159.004 million. The excess expenditure of Rs 28.630 million was incurred without budget provisions and it needs to be explained. The re-appropriation was not justified.

The PAO replied that the expenditure incurred by Signal & Telecom at the end of 1997-98 was Rs 159.004 million against final budget allotment of Rs 130.374 million. As the original allocation was Rs 164.983 million, the expenditure was incurred accordingly. As a matter of fact there was saving of Rs. 5.979 million. The budget allotment was made after the incurrance of increase of expenditure and expenditure could not be reduced.

PAC DIRECTIVE

The Committee settled the para.

6. **Para – 3.3 (c)-97-98)**

OPEN LINE WORKS MOTIVVE POWERS AND ROLLING STOCK (D.R.F)

Audit pointed out that original grant was Rs 4,387.385 million; funds of Rs 1,122.095 million were withdrawn and the final grant was Rs 3,265.290 million. The actual expenditure was Rs

1,954.220 million. Resultantly, there was saving of Rs 1311.070 million (40.15%). Similarly, under the head Track Rehabilitation (DRF) there was saving of Rs 97.822 million (60.76%). That revealed that works abandoned indiscriminately.

The Departmental representative replied that at that time shipment mostly received late, this happened due to late shipment.

PAC DIRECTIVE

The Committee settled the para.

7. **Para – 3.3 (d)-97-98)**

PLANT AND MACHINERY

Audit pointed out that Rs 0.800 million were provided through re-appropriation but no expenditure could be incurred under the head resulting in saving of entire amount. It was observed that the powers of re-appropriation were being exercised frequently and arbitrarily without any sound justification.

The PAO stated that Rs 0.800 million were provided for procurement of shaper machines against PC-I under the head 'Plant & Machinery' during the year 1997-98 which was an estimated cost based on past purchase rates. However, during tendering the successful bidder offered 13% lower than the estimate which resulted in saving of Rs 0.105 million which was unavoidable. This was in the benefit of Department.

PAC DIRECTIVE

The Committee settled the para.

8. **Para – 3.3 (e)-97-98)**

TRACK REHABILITATION (CAPITAL)

Audit pointed out that expenditure of Rs 9.469 million has been incurred without allotment of funds. This suggests that internal controls were not functioning properly.

The PAO stated that as per record of the executive verified by Accounts, expenditure against (Capital) is Nil. Copy of the progress report duly vetted by the Accounts is attached

PAC DIRECTIVE

The Committee settled the para.

9. **Para – 3.9 (f)-97-98)**

ACCOUNTS RECEIVABLE

Audit pointed out that accounts receivable of Rs 1,143,220,753 at the end of the year 1997 has increased to Rs 1,420,688,577/- upto 30th June, 1998. Effective steps have not been taken by the Railway Administration to recover the outstanding on account of unrealized earnings (Traffic Accounts) which reflect an increase on 32.6% over the previous year figures. Bills

receivable have also risen by 13.89% as compared to previous year. Immediate action in this regard should be taken to improve the financial position of the Railways.

The PAO replied that effective steps have been taken by the Railways Administration to recover the outstanding amounts of Bills Receivable. The majors outstanding were against Defence Department, Food Department, Highway Department and West Pak Road Transport Board. The amount due from West Pak Road Transport Board was under process of write off. Efforts are being made to realize the amount of bills receivable.

PAC DIRECTIVE

The Committee directed the PAO to consult the Ministry of Finance for the adjustment and recovery of these amounts pending with Government Department and settled the para.

10. **Para – 3.9 (g) (i)-97-98)**

BALANCE OF AMOUNT IN ACCOUNT CURRENT WITH GOVERNMENT

Audit pointed out that balance of Rs 17,457,497,613/- includes an amount of Rs.15,547,649/- against “Other Accounts”. This amount has been shown as static in the Balance Sheet of Pakistan Railways in the new format since the year 1988-89 and its detailed particulars have not been identified despite the fact that it was repeatedly pointed out by Audit.

The PAO explained the amount of Rs.17.547 million appearing against the head “Other Accounts” was a balancing entry carried out at the time of transformation of balance sheet to new format.

PAC DIRECTIVE

The Committee settled the para and directed the Department to improve the accounting system in future.

11. **Para – 6 (b) (1)-97-98)**

UNJUSTIFIED PAYMENT OF OVERTIME ALLOWANCE AMOUNTING TO RS 679,000

Audit pointed out that a large number of Class-IV staff of Bridge Workshop, Jhelum was paid overtime allowance of Rs.0.679 million during the period from July, 1995 to June 1996 for clearing of water drains, and offices, to attend Time office, Toll Room, Main office, identification and lining of labour to supervise the staff working during overtime. The booking of staff on overtime for such works, which were not exceptional and urgent, was undue benefit to the labour and as such was unjustified.

The PAO explained that the staff was booked on over time to complete the job within target dates and a sum of Rs.620,627 was rightly paid to them. The rest of Rs.58,128 on account of over time was paid to store issuers, Supervisors, Clerks and Sainitary Muawans for cleaning

and sweeping recovery was in process and an amount of Rs.22,963 was recovered main while worker union entering in the matter and requested to staff recovery. It was also brought to the notice of Committee that most of the officials from those recovery was pending have been retired.

PAC DIRECTIVE

The Committee after detailed discussion directed the PAO to look into the matter personally and submit a report to PAC-III.

12. **Para – 6 (c) (3)-97-98)**

PROCUREMENT OF SUBSTANDARD MACHINERY VALUING RS13.627 MILLION

Audit pointed out that as result of international tendering in February 1994 contract agreement for supply of double armed Trimming Press-300 tons along with spare parts and accessories was executed with a local agent of the foreign supplier in March 1995. On delivery of machinery, the consumer noticed that a single armed machine has been supplied instead of double armed one. Later on the same machine was accepted clearing it in accordance with the contract agreement and offer. The acceptance was not justified as a double-armed machine was mentioned in the offer of the firm as well as in the contract agreement.

The PAO stated that as per contract agreement “Double Arm” Trimming was to be supplied by the firm. It was reported by the WM/C&W that single arm type was supplied. However, Model No. (PDE-RF.HK) of the press received conforms to the contract agreement.

PAC DIRECTIVE

The Committee directed the PAO to reconcile the recovery with the audit if Audit verify the record then para will settled.

13. **Para – 6 (c) (4)-97-98)**

UNNECESSARY/UNJUSTIFIED EXPENDITURE OF RS.6.476 MILLION ON PURCHASE/SUPPLY OF CHAPPALS, OVERCOATS AND WATERPROOF COATS TO THE NON-ENTITLED OFFICIALS.

Audit pointed out that 3516 pairs of Chappal, 837 Nos. Overcoats 867 Nos. Waterproof Coats purchased by the Divisional Transportation Officer, Lahore were supplied to the Assistant Executive Engineer, Lahore and Faislabad who distributed them to the non entitled officials during the period of 1994-95 to 1995-95 resulting in unnecessary and unjustified expenditure of Rs.6.476 million.

The PAO replied that matter was enquired into and as per findings of the Enquiry Reports, over coats were purchased correctly according to Dress Manual and recoveries of cost of chappals had been started.

PAC DIRECTIVE

The Committee directed the PAO to reconcile with the audit if Audit verify the record then para will settled.

14. **Para – 6 (c) (6)-97-98)**

LOSS OF RS.1.515 MILLION DUE TO PROCUREMENT OF SUBSTANDARD MATERIAL

Audit pointed out that Railways material valuing Rs.385,050 procured during 1991-92 to 1995-96 was declared sub-standard/unsuitable of ruse by the consumers but has not been replaced by the firm. Similarly, 29 rolls of Copper Steel Wire valuing Rs.1,129,700 procured in June 1994 were lying with District Controller of purchase (Inspection) for replacement being defective and sub-standard but have not been replaced so far.

The PAO stated the an amount of Rs.199,469 out of total recoverable amount viz. Rs.385,050 had been recovered. Regarding 2nd portion of the para, the material was accepted at ½% rebate and was being consumed without any complaint.

PAC DIRECTIVE

The Committee directed the PAO the reconcile with the audit if Audit verified the facts then para will stand settled.

15. **Para – 6 (c) (8)-97-98)**

WASTEFUL EXPENDITURE OF RS367,000 DUE TO UNNECESSARY PURCHASE OF LIME.

Audit pointed out that Assistant Engineers, Lodhran and Bahawal Nagar procured 40,010 kgs and 32,000 kgs lime (unslacked) during the period from January to June 1996 against the annual requirement of 2,000 to 3,000 kgs, and 2000 kgs respectively, contrary to para 103 of Pakistan Railways Code for the stores Department.

The PAO stated that May 2001 that an inquiry Committee consisting of Divisional Superintendent, Divisional Accounts Officer and Joint Director Vigilance, Multan was nominated by the Ministry of Railways to fix responsibility. The Inquiry Committee finalized and submitted the report to Ministry of Railways. The Inquiry Committee held Mr. Quresh Ahmed Ex-AEN, Lodhran, Mr. Faiz-ur-rehman AEN, Bahawal Nagar and Mr. Habibullah and Ex-DEN-III/Multan responsible for excessive procurement of lime. The decision of Ministry is awaited. The PAO further replied that Mr. Habibullah, the then Divisional Engineer-III, Multan was dismissed from service. Moreover, disciplinary action taken and

recovery position of the amount from other responsible persons as per enquiry report will be intimated in due course. The Inquiry Committee did not recommended any recovery to be made from the officer and officials as such recovery could not be affected from the officials held responsible. Moreover, the Deputy Director/FIA, Multan has intimated that the inquiry has been closed.

PAC DIRECTIVE

The Committee settled the para after detailed discussion of the Members, the Audit and PAO.

16. **Para – 6 (e) (2)-97-98)**

NON-RECOVERY OF RS 1.098 MILLION ON ACCOUNT OF WATER CHARGES

Audit pointed out that Railways administration supplied water to Scheme No.5 and 6 (including its extension) of Rawalpindi Railways Employees Co-operative Housing Society (PRRECHS), but water charges amounting to Rs.5,11,400 and Rs.5,86,234 for period from June 1990 to May 1997 and October 1989 to June 1996 respectively were not recovered from the RRECHS.

The PAO stated that total outstanding charges against Rawalpindi Railways Employees Co-operative Housing Society (RRCHS) for scheme No.. 5 & 6 were about Rs.1.3 million, which were much less than amount due from Pakistan Railways.

PAC DIRECTIVE

The Committee accepted the reply being in the interest of the Railways the Committee settled the para.

17. **Para – 6 (e) (3)-97-98)**

NON-RECOVERY OF LIQUIDATING CHARGES OF RS 9.450 MILLION FROM A FIRM.

Audit pointed out that a purchase order for the supply of 10 sets of Alkaline Tabular Batteries valuing Rs.12,894,750 was placed on a firm. The firm could not supply the material despite several extensions in the delivery period. The firm could only supply three sets in 1993 and four sets in 1995. The Railways administration failed to recover the L.D. charges of Rs.3,610,529 from the firm.

The PAO stated that National Bank of Pakistan is responsible for the non-recovery of LD charges from the beneficiary's bill. SAO/store's office also failed to point out this mistake intentionally or unintentionally. Regarding placement of 2nd contract to the firm, it was placed on the recommendations of Principal accounting Officer's Tender Committee and accepted by the General Manager. It was not correct that the offer was without earnest money. The firm was registered and had deposited Rs.10,000 as standing security. The firm

who had deposited standing securing money was exempted from depositing earnest money. However, Bank Guarantee for Rs.644,738 and Rs.70,000 had been en-cashed.

PAC DIRECTIVE

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

18. **Para – 5.1-97-98)**

SUSPECTED MIS-APPROPRIATION OF MATERIAL OF RS.2,296,953

Audit pointed out that during the check of S-48 account (ordinary maintenance) of PWIs of Lahore Division, it was observed that a heavy quantity of track material valuing Rs.2,296,953 was issued during the period from 7/96 to 6/98 against the allegedly missing material in the track but no report of theft of material was made available. It appears that the material was mis-appropriated by showing missing in the track.

The PAO replied that the track renewal (67-11KM) in the section of PWI/GRW was completed in 1963-64. No special work as Renewal (CTR) has been carried out since long. The track which was laid down there was about thirty eight years old which has been completed its life. Mostly rails have been wheel burnt and corroded. The wholes of sleepers have widened. Fittings and fastening remained loose due to above mentioned reasons. The track and its missing were increasing day by day which were not controllable. No material against missing ones has been by the PWI/NWL.

The Audit requested to the Committee direct the Ministry of conduct inquiry expeditiously and report thereof may be sent to Audit.

PAC DIRECTIVE

The Committee directed the PAO to conduct the fresh inquiry and submit report to Audit within one month.

SPECIAL AUDIT REPORT ON THE PERFORMANCE OF CONCRETE SLEEPER

FACTORIES IN PAKISTAN RAILWAYS

SPECIAL AUDIT REPORT ON ACCOUNTAL AND DISPOSAL OF RELEASED MATERIAL BY PERMANENT WAY INSPECTORS (PWI'S) OF LAHORE DIVISION

Audit recommended the above mentioned two Special Audit Reports for settlement.

PAC DIRECTIVE

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

19. **Para – 6 (a)(4)-97-98)**

FRAUDULENT DRAWAL OF RS. 131,398/- ON ACCOUNT OF PENSIONARY BENEFITS

- 20 Para – 6 (a)(6)-97-98)
LOSS OF RS. 322,130/- DUE TO MISAPPROPRIATION OF SPARE PARTS ON TRACK MACHINE
- 21 Para – 6 (b)(3)-97-98)
LOSS OF RS. 1.585 MILLION ON ACCOUNT OF COMMISSION OF SALE OF TICKETS
- 22 Para – 6 (b)(4)-97-98)
WASTFUL EXPENDITURE OF RS. 1.840 MILLION OF REPAIR OF BRIDGE
- 23 Para – 6 (b)(6)-97-98)
UNPRODUCTIVE/WASTEFUL EXPENDITURE OF RS. 2.357 MILLION ON PAY AND ALLOWANCES
- 24 Para – 6 (b)(8)-97-98)
EXTRA EXPENDITURE OF RS. 1.603 MILLION DUE TO EXECUTION OF A WORK AT THROUGH RATE INSTEAD OF COMPOSITE SCHEDULE OF RATES 1990
- 25 Para – 6 (b)(9)-97-98)
WASTEFUL EXPENDITURE OF RS. 1.397 MILLION DUE TO SUPPLY OF OVER COATS TO THE STAFF OF SUKKUR DIVISION
- 26 Para – 6 (b)(11)-97-98)
LOSS OF RS. 1.905 MILLION DUE TO ACCEPTANCE OF TENDER AT HIGHER RATES
- 27 Para – 6 (b)(12)-97-98)
LOSS OF RS. 1.651 MILLION DUE TO PAYMENT OF EXTRA FRIGHT
- 28 Para – 6 (b)(15)-97-98)
LOSS OF RS. 465,000/- DUE TO SHORT RECEIPTS OF AXLE OIL
- 29 Para – 6 (c)(5)-97-98)
LOSS OF RS. 97,000/- DUE TO UN NECESSARY PURCHASE OF MEDICINES
- 30 Para – 6 (c)(10)-97-98)
UNNECESSARY PURCHASE OF BRICKS WORTH RS. 349,430/-
- 31 Para – 6 (c)(13)-97-98)
DEAD SURPLUS STOCK VALUING RS. 4.069 MILLION
- 32 Para – 6 (d)(2)-97-98)
PURCHASE OF MATERIAL AT HIGHER RATES CAUSING LOSS OF RS. 0.106 MILLION
- 33 Para – 6 (d)(3)-97-98)
LOSS OF RS. 408,000/- DUE TO UNJUSTIFIED ACCEPTANCE OF HIGHER RATES
- 34 Para – 6 (e)(4)-97-98)
LOSS OF RS. 188.295 MILLION BY CHARGING RIDICULOUSLY LOW RATES FOR INSTALLING HOARDING/CORRUGATED BOARDS, PLASTIC SIGNS AND NEON SIGNS ON RAILWAY LAND ON BOOK STALLS AT RAILWAY STATIONS
- 35 Para – 6 (f)(1)-97-98)
IRREGULAR PURCHASE OF VEHICLES VALUING RS. 4.129 MILLION INCLUDING A LOSS OF RS. 66,000/-
- 36 Para – 6 (f)(2)-97-98)
IRREGULAR EXPENDITURE OF RS. 118.214 MILLION DUE TO APPOINTMENT OF GANGMEN AGAINST THE RULES
- 37 Para – 6 (g)(2)-97-98)
UNJUSTIFIED EXPENDITURE OF RS. 3.470 MILLION INCURRED ON PIECE WORK PROFIT

Audit recommended the above mentioned nineteen para for settlement.

PAC DIRECTIVE

The Committee settled the above nineteen paras on the recommendation of the Audit.

MINISTRY OF SOCIAL WELFARE AND SPECIAL EDUCATION
1997-98

39. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Social Welfare and Special Education were examined by the Sub-Committee PAC-III on 30th July, 2010.

- 39.1 Three grants and one para were presented by the AGPR and Audit.
- 39.2 The Committee settled all the grants and the para after detailed discussion of the Members, AGPR, Audit and PAO.
- 39.3. During the course of discussion, the Committee observed that the budgeting planning and mechanism in the Ministry and its attached Departments was very poor. The Committee recommended to make vigilant planning before requesting budget from Finance in future and record should be verified by the Audit where necessary.

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 1997-98 of Ministry of Social Welfare and Special Education, are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. **Grant No 119 - WOMEN DEVELOPMENT, SOCIAL WELFARE AND SPECIAL EDUCATION DIVISION**

(Total Grant - Rs.1,578,385,000) (Saving - Rs.795,719,696)

The AGPR pointed out that the grant closed with a saving of Rs.795,719,696/- which worked out to 50.41% of the total grant. An amount of Rs.16,481,610 (0.05%) was surrendered leaving net saving of Rs.779,238,086 (1.93%).

The PAO explained that saving of Rs.19.139 Million was due to vacant posts (202-officers and 38-staff) pertaining to DGE in various Special Education Centres. Whereas, saving of Rs.758.990 Million was due to non-release of funds by Finance Division to National Zakat Foundation and Pakistan Bait-ul-Mal, respectively.

PAC DIRECTIVE

The Committee directed the PAO to get all the record verified from AGPR within one month and submit report to the PAC. The saving in the grant will settled on the verification by the AGPR.

2. i) **Grant No 120 - OTHER EXPNDITURE OF WOMEN DEVELOPMENT, SOCIAL WELFARE AND SPECIAL EDUCATION DIVISION**

(Total Grant - Rs.11,593,000) (Saving - Rs.261,000)

The AGPR pointed out that the grant closed with a saving of Rs.261,000/- which worked out to 2.25% of the total grant. An amount of Rs.250,000 (2.15%) was surrendered leaving net saving of Rs.11,000 (0.09%)

The PAO explained that the saving was due to non submission of utilization reports by three NGOs out of twenty seven to the Ministry so funds could not be released.

ii) **Grant No 155 - DEVELOPMENT EXPENDITURE OF WOMEN DEVELOPMENT, SOCIAL WELFARE AND SPEICAL EDUCATION DIVISION**
(Total Grant - Rs.95,463,000) (Saving - Rs.32,941)

The AGPR pointed out that the grant closed with a saving of Rs.32,491/- which worked out to 0.03% of the total grant. An amount of Rs.493,359 (0.51%) was surrendered resulting into an excess of Rs.460,418 (0.48%).

The PAO explained that saving and excess occurred mainly due to sixteen development projects.

PAC DIRECTIVE

The Committee settled the above mentioned two grants, however, observed that budgeting mechanism evolved at that time in the Ministry and its Sub-ordinate and 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 zero excess in future as was the direction of Chairman PAC.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES (1997-98)

Prepared by DG (CA&E) Lahore

3. **PAKISTAN BAITUL MAL**
(Para – ,350 Page 246-ARFG-1997-98)

Audit pointed that a huge amount of Rs. 4.361 million has been adjusted by stating prior year adjustment without detail explanation in notes to the accounts. The detail of amount with justification was stressed upon the management.

The PAO replied that the amount of Rs 4.361 million represented the reversal of expenses wrongly debited by Pakistan Bait-ul-Mal Provincial Office Punjab in the pervious year. This represented the Individual Financial Assistance time barred cheques. The adjustment of amount was shown in income & expenditure accounts for 1995-96 under the Head of Administrative Expenses. The PAO further apprised that the record has also been got verified by Audit.

The DG Audit agreed to the reply of PAO and confirmed verification of record.

PAC DIRECTIVE

The Committee settled the para.

STATISTICS DIVISION
1997-98

40. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 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 the grants after detailed discussion.

40.3 The Committee considered Audit's comments and explanation given by the Principal Accounting Officer (PAO) and made its recommendations that record of regularization should be verified by the AGPR.

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 1997-98 of Statistics Division, are summarized as under:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. **Grant No 52 - Statistics Division**

(Total Grant - Rs.1,550,996,000) (Saving - Rs.224,497,741)

The AGPR pointed out that the grant closed with an saving of Rs.224,497,741/- which worked out to 14.47% of the total grant. An amount of Rs.6,578,800 (0.42%) was surrendered leaving net saving of Rs.217,918,941 (14.05%) A Supplementary grant of Rs.3,212,000 was sanctioned but not included in the Supplementary Schedule of Authorized Expenditure.

The PAO explained that saving occurred due to the reason that a cheque for Rs.200 million was drawn from AGPR, Islamabad and delivered to Pak Armed Forces for the services rendered by them in connection with Housing/Population Census, but, the payment was returned by them with the request to make payment to M/o Defence through Book Adjustment. Consequently, the case for issuance of revised sanction for making payment to M/o Defence through Book Transfer was sent to Finance Division through Statistics Division, but, no such sanction was received till the close of financial year 1997-98 and a saving of Rs.7,048,448/- was due to the Publicity and Advertisement as bids received from advertisement agencies were less than estimated.

He further told that Saving of Rs.1,011,842/- was due to the amount kept reserved to meet unforeseen expenditure on purchase of census material/logistic requirements to be used by the Armed Forces of Pakistan in some left over census areas of NWFP/AJK/Baluchistan and a saving of Rs.2,205,179/- occurred due to postponement of census in some areas of FATA, NWFP, Baluchistan and KANA being snow bound hilly areas.

He explained that some saving was due to the amount kept under different sub-heads was also to pay honoraria to officers and staff of PCO and a saving of Rs. 838,300/- occurred because most of officers and officials transferred from other Provincial and Regional Census Offices to PCO Head Office, Islamabad for editing and coding work, either did not report Head Office or did not submit TA and DA by June, 30th, 1998.

PAC DIRECTIVE

The Committee directed the PAO to get all the stated facts and requisite record verified from AGPR within one month and submit report to the PAC-III. The saving in the grant will be considered as regularized on the verification by the AGPR.

2. **Grant No 138 - Development Expenditure of Statistics Division**
(Total Grant Rs.20,062,000) (Saving of Rs.3,521,499)

The AGPR pointed out that the grant closed with a saving of Rs.3,521,499/- which worked out to 17.55% of the total grant. A Supplementary Grant of Rs.270,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO explained that the case for release of funds amounting to Rs.2.5 million for April & May 1998, was referred to Finance Division on 21st May 1998, but Finance Division released the funds on 30th June, 1998. Due to late finalization of the proposal for release of funds for April & May 1998, the balance of Rs.1.5 million for June 1998 could not be surrendered. Hence the funds could neither be utilized nor surrendered.

The AGPR informed the Committee that the record of stated facts has been verified, and saving in the grant was recommended for settlement.

PAC DIRECTIVE

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

MINISTRY OF STATES & FRONTIER REGIONS

1997-98

41. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of States & Frontier Regions were examined by the Sub-Committee PAC-III during two series of meetings were held on 10th August, 2010 and subsequently on 16th March, 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.

- 41.1 Four grants and one para was discussed in the meeting.
- 41.2 Four grants were recommended for regularization and one para was settled.
- 41.3 The Committee observed that budgetary mechanism evolved at that time was very poor and recommended the present management to further strengthen their financial system 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 1997-98 of Ministry of States & Frontier Regions are summarized below:-:

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. i) **Grant No 91 - Kashmir Affairs, Northern Areas and States and Frontier Regions Division**

(Total Grant - Rs.108,507,000) (Saving - Rs.2,995,919)

The AGPR pointed out that the grant closed with a saving of Rs.2,995,919/- which worked out to 2.76% of the total grant. An amount of Rs.3,654,000 (3.36%) was surrendered resulting into an excess of Rs.658,081 (0.60%). A supplementary grant of Rs.136,612/- was sanctioned but not included in supplementary schedule of authorized expenditure.

The PAO explained that excess occurred mainly due to payment of Ad-hoc Relief at the rate of 300/- per month to the employees of BPS-1 to 16 w.e.f. 1-3-1997.

ii) **Grant No 92 - Frontier Regions**

(Total Grant - Rs.692,777,000) (Excess - Rs.41,097,995)

The AGPR pointed out that the grant closed with an excess of Rs.41,097,995/- which worked out to 5.93% of the total grant.

The PAO explained that excess occurred mainly due to payment of Ad-hoc Relief at the rate of 300/- per month to Levies and Khassadars, payment of Local Compensatory Allowance and enhancement of Medical Allowances from Rs.60/- to Rs.90/- per month.

iii) **Grant No 96 – Maintenance Allowances to Ex-Rulers**

(Total Grant - Rs.13,034,000) (Saving - Rs.45,500)

The AGPR pointed out that the grant closed with a saving of Rs.45,500/- which worked out to 0.34% of the total grant.

The PAO explained that saving occurred due to the fact that according to the standing instructions of Finance Division, Maintenance Allowances to Ex-Rulers were made on quarterly basis from the Federal Budget and debited in the Provincial Budget at the end of financial year. The District Accounts Officer, Dir, however, allowed full payment of Maintenance Allowance of Rs.45,500/- during the year 1997-98, to dependents of Ex-Nawab of Dir. But, the provision was not made in Federal side at the beginning of the year and funds

of Rs.45,600/- were sanctioned later by the Finance Division through supplementary grant so it could not be utilized.

iv) **Grant No 98 - Afghan Refugees**
(Total Grant - Rs.265,759,000) (Saving - Rs.182,004,277)

The AGPR pointed out that the grant closed with a saving of Rs.182,004,277/- which worked out to 68.48% of the total grant. An amount of Rs.179,282,600 (67.46%) was surrendered leaving net saving of Rs.2,721,677 (1.02%).

The PAO explained that saving occurred mainly due to retrenchment of five posts of officers which could not be surrendered due to non-receipt of details from field offices.

PAC DIRECTIVE

The Committee settled the above mentioned four grants after detailed discussion of the Members, the AGPR and PAO. However, 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 to ensure zero saving and zero excess in future as is direction of the Chairman PAC as well.

AUDIT REPORT PUBLIC SECTOR ENTERPRISE 1997-98

Prepared by DG (CA&E) Lahore

Fata Development Corporation

2. **(Para – 343, Page 238-ARFG-97-98)**
BLOCKADE OF CAPITAL AMOUNTING TO RS. 17.897 MILLION DUE TO PURCHASE OF MACHINERY AND SPARE PARTS LYING IDLE

Audit pointed out that Fata Development Corporation purchased earth moving machinery and spare parts worth Rs. 17.897 million for construction of small dams from M/s Jaffer Brother (Pvt.) Ltd. Karachi in 1992. The machinery was lying idle with the formation since the date of purchase and was not put to use for which the same was originally purchased by the management. As a result of non-utilization of the machinery, funds to the tune of Rs. 17.897 million have been blocked which fact goes to prove that purchase was made without assessing any urgent and genuine requirements of the machinery.

The PAO replied that FATA DC started Small Dams activities during 1988-89 and simultaneously engaged services of consultants who identified 147 sites and prepared detailed feasibility and PC-Is of twenty seven Small Dams. Milward Small Dam in Khyber Agency was approved on 8-2-1990 and four other Small Dam Schemes were approved on 26-9-1993. After approval, FATA DC procured Earth Moving Machinery in 1992. Since

Milward Small Dam was already approved, work on above Dam was started on 6/92, but, due to financial constraints, the work was stopped in 10/93 and remained as such till 12/99.

PAC DIRECTIVE

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

MINISTRY OF SPORTS

1997-98

42. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Sports were examined by the Sub-Committee PAC-III on 22nd December, 2010.

42.1 Nine paras were reported by the Audit.

42.2 After detailed discussion of the Members, Audit and PAO, the Committee settled nine paras.

42.3 The Committee stressed for the completion of codal formalities i.e regularization from Finance Division and for verification of record where necessary.

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 1997-98 of Ministry of Sports are summarized as under:-

MINISTRY OF SPORTS FOR THE YEAR (1997-98)

Prepared by (DG Federal Audit)

1. **Para – 1.4 (Page 14-AR-97-98)**
SUSPECTED MISAPPROPRIATION OF RS.2.269 MILLION ON HIRING OF TRANSPORT

Audit pointed out that during International Muslim Invitation Games organized by Women Sports Board (WSB) in October 1996, an expenditure of Rs.2.269 million was incurred on hiring of transport. Bids of firms responding to tender were turned down on flimsy grounds. Instead requests were made to some Islamabad based firms for quotations and ultimately a firm was awarded the works though their rates were not the lowest.

Audit stated that Women Sports Board invited open tenders through National press in September, 1996 to hire forty six vehicles of different categories for the period from 16th to 25th October, 1996 to provide transportation facility to Foreign officials and Foreign Technical Delegates etc.

The PAO agreed that they will verify the record to Audit within one week.

PAC DIRECTIVE

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

2. **Para – 1.5 (Page 15-AR-97-98)**
SUSPECTED MISAPPROPRIATION OF RS.2.982 MILLION ON MESS EXPENSES

Audit pointed out that Women Sports Board (WSB) incurred an expenditure of Rs.2,982 million on mess charges of trainee sportswomen during the 1995-97. The following irregularities were observed that neither attendance register nor confirm number of trainees attending mess was provided and advances were granted to different persons unauthorizedly to purchase food items on daily basis. Further, an unauthorized Commercial Ban account was being operated without the approval of Finance Division.

The PAO agreed that they will get the record verified from the Audit.

PAC DIRECTIVE

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

3. **Para – 3.8 (Page 26-AR-97-98)**

MISUSE OF DEVELOPMENT GRANT AMOUNTING TO RS 1.002 MILLION

Audit pointed out that Pakistan Sports Board (PSB), has been operating two bank accounts separately for Development and Non-Development expenditure. An amount of Rs.1.002 million from development grant was transferred to non-development bank account. The action of the department was against the provisions of General Finance Rules.

Audit recommended the para for settlement subject to ex post facto regularization from Finance Division.

The PAO agreed that they will get the record verified of record from the Audit.

PAC DIRECTIVE

The Committee directed the PAO that the irregularity should be regularized by Finance Division within two weeks. The Committee settled the para after detailed discussion and directed that record should be verified by the Audit.

4. **Para – 3.15 (Page 30-AR-97-98)**

NON ADJUSTMENT OF DEVELOPMENT FUNDS AMOUNTING TO RS 39.324 MILLION AND NON-PRODUCTION OF AUDIT CERTIFICATES

Audit pointed out that Pakistan Sports Board (PSB) released development grants of Rs.393.24 million to various provincial executing agencies for different projects, during 1991-97 through the Annual Development Programmes but their adjustment accounts and audit certificates were not obtained in violation of General Financial Rules nor the condition of reporting activities to the Ministry at the end of each financial year was followed. False utilization certificates were given to the Finance Division to obtain fresh releases.

The PAO stated that the record will be verified with Audit within one week.

PAC DIRECTIVE

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit and directed the Ministry to submit a report to PAC within two week.

5. **Para – 3.20 (Page 34-AR-97-98)**

NON-SURRENDER OF RS 35.555 MILLION AT THE CLOSE OF FINANCIAL YEAR 1994-95, 1995-96

Audit pointed out that two amounts of Rs.41.300 million were released to Women Sports Board (WSB) during 1994-96 out of which Rs.5.746 million were spent and the balance of Rs.35.554 million was not surrendered at the close of financial years, instead the amounts were kept in a commercial bank account and expended during 1995-97 in violation of the

General Financial Rules and the Constitution. As per WSB rules, the funds received from the Government in the form of grant in aid were to be kept in a manner prescribed by the Finance Division.

The PAO stated that the record will be verified with Audit within one week.

PAC DIRECTIVE

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

6. **Para – 3.23 (Page 36-AR-97-98)**

IRREGULAR EXPENDITURE OF RS 0.771 MILLION ON PRINTING WORK WITHOUT FLOATING OPEN TENDERS

Audit pointed out that Women Sports Board (WSB) spent Rs.0.771 million on printing of different items during 1996-97, without floating open tenders in press to obtain competitive rates, in violation of financial rules of the Printing Corporation of Pakistan. Further the material printed was not taken on stock register so its utilization could not be ascertained.

The PAO stated the record will be verified with Audit within one week.

PAC DIRECTIVE

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

7. **Para – 3.24 (Page 37-AR-97-98)**

REGULAR EXPENDITURE OF RS 0.405 MILLION ON ENTERTAINMENT

Audit pointed out that Women Sports Board (WSB) incurred an expenditure of Rs 0.405 million on 19-10-1996 on purchase of 6900 lunch boxes for school children on the inaugural ceremony of international Women Invitation Games, without getting approval of Ministry of Finance in violation of Government instructions. Further, no tenders were invited to obtain competitive rates, as prescribed in General Financial Rules. The expenditure was incurred with the approval of Organizing Secretary who was not competent to do so. The expenses were met from Miscellaneous head of the budget. Suggestion of prior approval of this expenditure from Finance Sub Committee of the Games was ignored. No list of participants and students was available with the Board to supplement the expenditure. Audit thus suspected all the expenditure and held it was irregular and unauthorized.

The PAO stated that the record will be verified by the Audit within one week.

PAC DIRECTIVE

The Committee settled the para after detailed discussion and directed that record should be verified by the Audit and directed the Ministry to submit report to PAC within two weeks.

8. **Para – 4.2 (Page 43-AR-97-98)**
INFRACTUOUS EXPENDITURE OF Rs 88.843 ORGANISING WOMEN ISLAMIC SOUDARITY GAMES.

Audit pointed out that Cabinet decided on 08-05-1995 to host 2nd Islamic Countries Women Solidarity Games in 1997. Women Sports Board (WSB) spent Rs 88.843 million under development and non-development heads till 30-06-1998. The Government decided to call off games on 22-04-1997 due to financial stringency. A brotherly Muslim country was learnt to have made a written commitment to donate sports equipment worth Rs 44.00 million to Pakistan on this occasion by May, 1997. Twenty-six countries had consented to participate in these games by sending more than 2000 athletes and officials. This was expected to generate an estimated revenue of \$ 1.680 million in foreign exchange. Audit thus held the whole expenditure of Rs 88.843 million as wasteful.

The PAO stated that the Federal Cabinet decided to host the 2nd Islamic Countries Women Sports Solidarity Games in October, 1997. As a rehearsal, International Muslim Women Invitation Games were also organized in October, 1996 in which 11 Muslim Countries participated. Later, the then Government, for reasons not known to WSB, on 22-04-1997 decided not to host the 2nd Islamic Countries Women Sports Solidarity Games scheduled to be held in October, 1997.

Accordingly, W.S.B arranged a detailed briefing for the then Minister for Sports. The Minister was requested to convince the Cabinet to review the decision but could not.

Since, Invitational Games was the rehearsal of 2nd Islamic Countries Women Sports Solidarity Games, therefore, expenditure incurred can not be termed as “wasteful”. He further added that final games were held in Iran.

Audit requested PAC that PAO may be asked to explain circumstances which led to cancellation of 2nd Islamic Countries Sports Solidarity Games 1997 as the Federal Government had already incurred expenditure for this activity.

PAC DIRECTIVE

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

9. **Para – 5.2 (Page 49-AR-97-98)**
UNAUTHORISED PAYMENT OF Rs 1.027 MILLION ON ACCOUNT OF HOUSE RENT ALLOWANCE TO THE STAFF AND NON-DEDUCTION OF 5% HOUSE RENT CHARGES.

Audit pointed out that Pakistan Sports Board, Pakistan Sports Complex and its other Subordinate offices paid house rent of Rs 0.732 million to the staff at the rate of 45% of the

running pay, instead of minimum of the scale, in violation of Government instructions. In addition these organizations did not deduct 5% of rent amounting to Rs 0.295 million during 1993-97 from the Employees who had privately hired accommodation in violation of Government Rules / orders.

The PAO stated that the record will be verified from the Audit within one week.

PAC DIRECTIVE

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

SENATE SECRETARIAT
1997-98

43. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Senate Secretariat were examined by the Sub-Committee PAC-III on 22nd December, 2010.

43.1 Only one grant was presented by the AGPR.

43.2 The Committee considered AGPR's point of view, explanation given by the Principal Accounting Officer (PAO) and settled the grant.

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 1997-98 of Senate Secretariat , are summarized as under:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. **Grant No 106 – The Senate**

(Total - Appropriation Rs.78,013,000) (Saving - Rs.5,201,409)

(Charged)

The AGPR pointed out that Charged section closed with a saving of Rs.5,201,409/- which worked out to 6.66% of the total Appropriation. An amount of Rs.4,838,000 (6.20%) was surrendered leaving net saving of Rs.363,409 (0.46%).

Other Than Charged

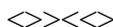
(Total - Grant Rs.76,183,000) (Saving - Rs.12,659,877)

The AGRR pointed out that in Other Than Charged section the grant closed with a saving of Rs.12,659,877/- which worked out to 16.61% of the total grant. An amount of Rs.9,928,000 (13.03%) was surrendered leaving net saving of Rs.2,731,877 (3.58%).

The PAO stated that saving was due to less bills for publicity and advertisement, due to non withdrawl of some Senators salary, allowances, medical bills and session allowances etc.

PAC DIRECTIVE

The Committee settled the grant.



MINISTRY OF SCIENCE & TECHNOLOGY
1997-98

44. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Science and Technology were examined by the Sub-Committee PAC-III during two series of meetings were held on 22nd December, 2010 and subsequently on 7th March, 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.

44.1 Four grants were presented by the AGPR.

44.2 All the grants were settled by the Committee.

44.3 The Committee directed the PAO to ensure zero saving and zero excess in future.

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 1997-98 of Ministry of Science and Technology, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) VOL-I- 1997-98

1 **Grant No 116 –Scientific and Technological Research Division**

(Total - Grant Rs.94,471,000) (Saving - Rs.25,954,865)

The AGPR pointed out that the grant closed with a saving of Rs.25,954,865/- which worked out to 27.47% of the total grant. An amount of Rs.12,904,831 (3.07%) was surrendered leaving net saving of Rs.13,050,034 (13.81%).

The PAO stated that saving and excess occurred due to less expenditure incurred on TA, POL, Telephone and funds which could not be spent by National Accreditation Council, (NAC) cash reward to Scientists and Technologists were to be granted on the recommendation of National Commission for Science and Technology (NCST) and the meeting of NCST could not be convened.

PAC DIRECTIVE

The Committee settled the grant.

2. **Grant No 117 – Other Expenditure of Scientific and Technological Research Division**

(Total - Grant Rs.623,492,000) (Saving - Rs.12,792,539)

The AGPR pointed out that the grant closed with a saving of Rs.12,792,539/- which worked out to 2.05% of the total grant. An amount of Rs.2,455,200 (0.39%) was surrendered leaving net saving of Rs.10,337,339 (1.65%).

The PAO stated that saving occurred due to non release of 4th quarter funds to STEDEC. Finance Division made some observations on request of release of 4th quarter of STEDEC, but they did not reply the observations of the Finance Division in time which caused saving.

PAC DIRECTIVE

The Committee settled the grant.

3. **Grant No 153 – Development Expenditure of Scientific and Technological Research Division**

(Total - Grant Rs.131,636,000) (Saving - Rs.6,029,365)

The AGPR pointed out that the grant closed with a saving of Rs.6,029,365/- which worked out to 4.58% of the total grant. An amount of Rs.3,475,000 (2.64%) was surrendered leaving net saving of Rs.2,554,365 (1.94%).

The PAO stated that the saving occurred due to non submission of reimbursement cases of air tickets by some scholars, and due to non release of funds by the Finance Division.

PAC DIRECTIVE

The Committee settled the grant.

4. **Grant No 194 – Capital outlay on Scientific and Technological Research Division**
(Total - Grant Rs.49,203,000) (Saving - Rs.400)

The AGPR pointed out that the entire saving was utilized.

PAC DIRECTIVE

The Committee settled the grant.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR (1997-98)

Prepared by DG (CA&E) Lahore

The report was settled at DAC level and the Committee was briefed about the discussion and decisions made.

MINISTRY OF TOURISM
1997-98

45. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Tourism were examined by the Sub-Committee PAC-III on during two series of meetings were held on 22nd December, 2010 and subsequently on 16th March, 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.

45.1 One grant and 14 paras were reported by the AGPR and Audit.

45.2 After detailed discussion the Committee settled the grant and all paras and recommended to verify the record of recovery and documents of regularization from Finance and financial management should be improved and rules should be followed strictly. The Committee also recommended that serious steps should be taken for recovery.

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 1997-98 of Ministry of Tourism, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I-1997-98)

1. **Grant No 131 – Development Expenditure of Culture, Sports, Tourism and Youth Affairs Division**
(Total - Grant Rs.88,969,000) (Saving - Rs.35,549,206)

The AGPR pointed out that the grant closed with a saving of Rs.35,549,206/- which worked out to 39.95% of the total grant. An amount of Rs.801,000 (0.90%) was surrendered leaving net saving of Rs.34,748,206 (39.05%).

The PAO stated that non accountal of surrender order amounting to Rs.34,437,706 (surrender on 30-06-1998) was mainly under the Projects that Pakistan Institute of Tourism and Hotel Management Karachi and Establishment of Austrian Pakistani Institute of Tourism and Hotel Management, Guli Bagh Swat.

The PAO explained that saving was due to non clearance of release by DGPR Karachi and Audit Office Hyderabad due to late issuance of sanction by the Department.

PAC DIRECTIVE

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

MINISTRY OF TOURISM FOR THE YEAR (1997-98)

Prepared by DG (Federal Audit)

2. i) **Para – 2.4 (Page 19-AR-97-98)**
IRREGULAR EXPENDITURE OF RS 0.436 MILLION ON ACCOUNT OF MEDICAL/ HOSPITALIZATION CHARGES.

Audit pointed out that Pakistan Institute of Tourism and Hotel Management Karachi (PITHM) during 1993-97 incurred expenditure of Rs 0.436 million on medical and hospitalization without approval of Health and Finance Division in absence of Health Rules duly vetted by Health and Finance Divisions. Audit thus held the expenditure was irregular and unauthorized.

- ii) **Para – 3.1 (Page 19-AR-97-98)**
IRREGULAR/UNAUTHORIZED RETENTION & INVESTMENT OF RS 4.584 MILLION IN COMMERCIAL BANKS.

Audit pointed out that Pakistan Institute of Tourism and Hotel Management (PITHM)

Karachi during 1987 to 1997 kept Rs 4.584 million in commercial bank accounts without approval of Ministry of Finance and in violation of General Financial Rules. It was suspected that these accounts were opened to avoid surrender of public funds, utilize interest and to show inflated figures of expenditure for getting maximum budget in next year. Audit held that retention of money was un-authorized.

iii) **Para – 3.5 (Page 24-AR-97-98)**

IRREGULAR EXPENDITURE OF RS 0.393 MILLION ON PURCHASE OF STATIONERY ITEMS WITHOUT ALLOWING OPEN TENDERS.

Audit pointed out that Tourism Division purchased different stationery items amounting to Rs 0.393 million during 1992-97 by splitting up the expenditure to avoid calling of tenders by violating General Financial Rules thus depriving the Government the benefits of competitive rates. “No objection certificate” from Department of Stationery and Forms was also not obtained as required under Government instructions. Audit held the expenditure was irregular.

iv) **Para – 3.11 (Page 28-AR-97-98)**

UNAUTHORIZED UTILIZATION OF GOVERNMENT RECEIPTS AMOUNTING TO RS 3.963 MILLION.

Audit pointed out that Pakistan Institute of Tourism and Hotel Management(PITHM) Karachi, during 1993-97, received Rs 3.963 million as tuition fee, interest on securities, sale proceeds etc. as revenue but the same was deposited into commercial bank account, instead of public account, without authority. These receipts were not deducted from the grants received from Government either. The amounts received were being utilized unauthorisedly by the Institute. Audit thus held the utilization of receipts as unauthorized and opening of commercial bank account as irregular and in violation of instruction issued by the Finance Division.

v) **Para – 3.12 (Page 28-29-AR-97-98)**

IRREGULAR EXPENDITURE OF RS 3.061 MILLION FROM DEVELOPMENT GRANT.

Audit pointed out that Pakistan Institute of Tourism and Hotel Management, Karachi(PITHM) during 1993-97, transferred and spent Rs 3.061 million from the development grant to meet non-developmental expenditure. The Audit held such transfers and expenditure as irregular and unauthorized.

vi) **Para – 4.5 (Page 46-AR-97-98)**

IRREGULAR PAYMENT OF RS 0.288 MILLION AGAINST INSURANCE OF GOVERNMENT VEHICLES.

Audit pointed out that in Pakistan Institute of Tourism and Hotel Management (PITHM) Karachi, it was observed that during 1987 to 1997 the Government vehicles were being

insured in violation of instructions in Staff Car Rules and General Financial Rules. The amount of Rs.0.288 million was spent which was held as irregular by the audit.

vii) **Para – 5.1 (Page 49-AR-97-98)**

NON RECOVERY OF OUTSTANDING GOVERNMENT DUES AMOUNTING TO RS 13.787 MILLION.

Audit pointed out that in the office of Deputy Controller of Tourism Peshawar, penalties amounting to Rs.13.787 million were not recovered from various hotels in N.W.F.P. during 1990-97 in violation of Act of Parliament. These penalties were imposed by the Department for non-registration of these hotels and were recoverable as arrears of Land Revenue under the Act. The delay in effecting recoveries by the Department was also in contravention of General Financial Rules. Further, no efforts were made by the Department to register hotels and restaurants in tourist rich Malakand Division. The Government was being deprived of the benefits of receipts and the opportunity cost.

PAC DIRECTIVE (22-12-2010)

The Committee clubbed the above mentioned 7 paras and directed the PAO that amounts should be got regularized from the Finance Division within in two weeks. Report should be submitted to Audit for their verification. Paras will be considered as settled subject to verification of record by the Audit.

PAC DIRECTIVE (16-03-2011)

The Committee settled the above mentioned 7 paras with the observation that expenditure after regularization should be verified by the Audit. The Committee also directed that PPRA rules should be followed strictly and financial management should be improved. Audit was asked to follow up the verification and regularization or write off process.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
(FOR THE YEAR 1997-98)

Prepared by DG (CA&E) Karachi

There was no para.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
(FOR THE YEAR 1997-98)

Prepared by DG (CA&E) Lahore

3. i) **Para – 25 (Page 36-37-ARPSE-97-98)**

Audit pointed out that Pakistan Tourism Development Corporation Limited was incorporated in March, 1978 as unquoted Public Company and was principally engaged in the promotion and development of tourism in Pakistan.

The authorized capital cost of the Corporation was Rs.50 million which was increased to Rs.200 million to accommodate the increase of share of Federal Government equivalent to the amount of Development grants.

The PAO stated that the financial results reproduced by the Audit pertains to the operational results of PTDC Hotels namely Flashman's, Falettis, Dean's and Cecil. These hotels were centuries old and need proper repair and renovation. However, PTDC Hotels are under privatization, leased since 1990. During 1991-95, these hotels were offered on lease to private sector for which all exercises were completed but finalization of their lease were not completed. Again in 1997, these hotels were put up for privatization through Privatization Commission. Out of four, two hotels were already auctioned alongwith receivables and liabilities. Hotel Falettis was closed to privatization. Dispute, was being settled with Army concerning Flashman's Hotel and the case was in the Court. However, during 2000-2001, the PTDC Hotels have a profit of Rs. 9.50 million which was earned due to increase in sale, retrenchment of contractual staff of Flashman's, and economy measures.

ii) **Para – 26 (Page 37-ARPSE-97-98)**

Audit pointed out that Trade Debtors unsecured stood at Rs.5.937 million during 30.6.97 as against Rs.6.415 million during the previous year. Provision for doubtful debt increased from Rs.3.721 million during 1995-96 to Rs.3.950 million during 1996-97. Steps were required to be taken to recover the outstanding dues in order to minimize the risk of default.

PAC DIRECTIVE

The Committee clubbed the above two paras and directed the PAO to recover the balance amount and record should be submitted to Audit. Paras will be settled after verification of record by the Audit.

4. **Para – 27 (Page 37-ARPSE-97-98)**

Audit pointed out that the amount due from subsidiaries stood at Rs.29.729 million as against Rs.27.149 million as on 30-6-1996. A provision of Rs.2.512 million against doubtful receivable has been made against the amount receivable from PTDC Motels South (Pvt.) Ltd. The amount of the provision needs to be justified.

The PAO stated that inter-company transactions take place throughout the year between the PTDC and its subsidiaries. These were accumulated balances and were supposed to change every time. The receivables from subsidiaries increased when recorded in the books of accounts as payable and were not cleared due to liquidity constraints. Since these transactions were mostly recorded at the end of year it caused increase in the balances, however, at the

beginning of the following year, these balances decreased with the discharge of liabilities by the subsidiaries.

Audit stated that receivable from subsidiaries stood at Rs. 52.782 million on June 30th, 2009, which included doubtful recoverable of Rs. 0.462 million from PTDC Motels South (Pvt) Limited.

Audit recommended the para for settlement subject to provision of traceable record and references.

PAC DIRECTIVE

The Committee directed the PAO to take serious steps to recover amount, including recovery through Land Revenue Department, within 2 weeks and submit report to Audit. Para will be considered as settled subject to verification by the Audit.

5. **Para – 28 (Page 37-ARPSE-97-98)**

Audit pointed out that advances, deposits, prepayments and other receivables stood at Rs.27.328 million on 30-6-97 as against Rs.18.715 million during the previous year ending June 30th, 1996. Efforts are required to be made to recover/adjust the receivable at the earliest.

The PAO stated that a Committee has been constituted by the Managing Director, PTDC, to prepare a policy document for these advances. The committee has formulated its recommendations and implementation is being ensured on monthly basis.

PAC DIRECTIVE

The Committee directed the PAO to take serious steps to effect recovery, including recovery through Land Revenue Department, within two weeks and submit report to Audit. Para will be considered as settled subject to verification by the Audit.

6. **Para – 31 (Page 38-39-ARPSE-97-98)**

LOSS OF RS.2.494 MILLION ON ACCOUNT OF NON-RECOVERY OF ADVANCE FROM A FIRM

Audit pointed out that the management of Pakistan Tourism Development Corporation invited sealed tenders for the supply of two 26 seater coasters and three Hilux Double Cabin 4 x 4 pick up vehicles. In response to, the lowest rate quoted by M/s. Auto Trading Centre 3-A Jail Road, Lahore i.e. Rs. 1,045,000 each for 26 seater Toyota Coaster and Rs.582,500 each for Toyota pick up was accepted. The agreement was signed on April 24th, 1993, and supply order issued on April 15th, 1993. The firm was given 65% advance amounting to Rs.2,494,375 on April 27th,1993, without obtaining the equivalent Bank Guarantee under the terms of Agreement.

The PAO stated that matter has already been referred to the FIA as well as NAB for investigation. The Ministry of Tourism has also been requested to pursue the matter with the above Agencies to get this outstanding issue resolved.

Audit complained that neither the progress of the case was reported nor responsibility was fixed for not safeguarding the interest of the Company as per directive of DAC.

Audit requested the PAC to direct the management to take effective steps for the recovery of the entire amount and fix responsibility upon the person(s) as fault for not safeguarding the public interest.

PAC DIRECTIVE (22-12-2010)

The Committee directed the PAO that responsibility should be fixed, amount should be recovered within two weeks, report and copy of FIR should be submitted to the Audit and PAC-III.

The PAO informed that responsibility has been fixed and recovery was under process.

PAC DIRECTIVE (16-03-2011)

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

7. **Para – 33 (Page 39-40-ARPSE-97-98)**

NON-RECOVERY OF SERVICE CHARGES RS.0.362 MILLION FROM THE INFLUENTIAL PERSONS

Audit pointed out that the management of Faletti's Hotel provided services to its customers and licensees on credit basis without obtaining advance from them. Resultantly the management failed to recover a sum of Rs.0.362 million from such influential parties who did not pay room rent or service charges after availing the facility provided by the Hotel Management.

The management of Faletti's Hotel provided credit services to the customers and licensees and a sum of Rs. 362,000/ was outstanding. Hotel Management has issued reminders to defaulters due to which an amount Rs.34102.00 have been recovered.

Audit stated that Management did not provide any documentary evidence in support of recovery and adjustment.

Audit requested the PAC to direct the management to take effective steps for the recovery of the entire amount and produce documentary evidence for adjustment /recovery effected for audit verification.

PAC DIRECTIVE

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

8. **Para – 34 (Page 40-ARPSE-97-98)**
LOSS OF RS.6.095 MILLION DUE TO NON-RECOVERY OF OUTSTANDING HOTEL DUES

Audit pointed out that in Flashman's Hotel, Rawalpindi and Cecil Hotel, Murree, an amount of Rs.2,406,165 was lying outstanding against various persons/ formations since 1975. Due to non-recovery the; Hotel also sustained interest loss amounting to Rs.3,688,509. In terms of Hotel Manual, "in the event of non-payment, within the credit period, the recovery was to be made from the monthly salary of the Manager on whose authority the credit had been granted" but this action was also not taken. Thus the Hotel sustained a loss of Rs.6.095 million.

The PAO stated that Government Commercial Auditors, in Audit Report on the Accounts of Flashman's Hotel, pointed out that a sum of Rs. 2,345,503.79 was lying outstanding against various debtors since 1981-82 to 1991-92. Due to non-recovery of outstanding dues, Hotel also suffered loss of interest of Rs.3,612,076.16.

As per latest details given by the Flashman's Hotel, a sum of Rs. 1,097,559.99 has been recovered out of Rs. 23,45,503.79. For remaining outstanding, recovery notices have been issued. D.O. Letters were also issued in respect of Government Departments. Legal Notices were being issued. However, Cecil's Hotel has been sold out to private party on "as is where is" basis and books have been closed. Hotel was sold to private party alongwith liabilities and receivables.

Audit requested the Committee to direct the management to take effective steps for the recovery of the entire amount.

PAC DIRECTIVE (22-12-2010)

The Committee directed the PAO that the Ministry should write to all concerned on behalf of PAC directives and amount should be recovered.

PAC DIRECTIVE (16-03-2011)

The Committee settled the para on the basis that Ministry was devolving.

WAFaqI MOHTASIB **1997-98**

46. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Wafaqi Mohtasib were examined by the Sub-Committee PAC-III during two series of meetings were held on 22nd December, 2010 and subsequently on 16th March, 2011. During the 1st round of meeting the Committee issued its directions and other round of meeting were held to ensure the implementation of the PAC directive issued during the 1st round.

46.1 Only one grant was presented by the AGPR.

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

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 1997-98 of Wafaqi Mohtasib, are as summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) VOL-I- 1997-98

1. **Wafaqi Mohtasib Charged**

(Total Appropriation Rs.47,413,000) (Saving - Rs.2,616,641)

The AGPR pointed out that the Appropriation closed with a saving of Rs.2,616,641/- which worked out to 5.51% of the total Appropriation. An amount of Rs.1,658,641 (3.49%) A supplementary grant of Rs.480,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

The PAO stated that excess occurred under the head of pay of officers and due to payment of encashment of LPR to two officers, which was an unforeseen expenditure.

PAC DIRECTIVE

The Committee settled the grant.

MINISTRY OF WATER AND POWER
1997-98

47. OVERVIEW

Appropriation Accounts and Annual Audit Reports for the year 1997-98 pertaining to the Ministry of Water and Power were examined by the Sub-Committee PAC-III during three series of meetings were held on 4th January, 11th April, 2011 and subsequently on 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.

47.1 One grant was presented by the AGPR and 6 paras were reported by the Audit besides Special Audit Reports on Privatization of Kot Addu Power Complex Project, Lower Indus Right Bank Irrigation and Drainage and Sukker Water and Power Development Authority.

47.2 After detailed discussion the grant was recommended for regularization and the paras were settled.

47.3 For Special Audit Report on Kot Addu Power Project, the Privatization was summoned to respond the paras relating to this report. The Committee after listening the PAO Privatization Commission and Audit settled the report.

47.4 The Committee recommended regularization of the grant, taking up court cases on priority and remaining recovery of the amounts where required. Generally the Committee showed displeasure for pending recoveries and inquiry cases.

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, 2011 and 2nd June, 2011, regarding Appropriation Accounts and Audit Reports for the year 1997-98 of Ministry of Water and Power, are summarized below:-

APPROPRIATION ACCOUNTS (CIVIL) (VOL-I) (1997-98)

1. **Grant No 171 – Capital Outlay on Irrigation and Electricity**
(Total Grant - Rs.117,119,000) (Saving - Rs.57,297,630)

The AGPR pointed out that the grant closed with an saving of Rs.57,297,630/- which worked out to 48.92% of the final grant.

The PAO replied that the amount was kept for the development of Khalabat Township. However, the World Bank did not agree.

PAC DIRECTIVE (04-01-2011)

The Committed deferred the grant and directed the PAO to hold fresh DAC and submit report to PAC-III within one month.

Audit recommended the grant for settlement.

PAC DIRECTIVE (11-04-2011)

The Committee settled the grant.

AUDIT REPORT (WAPADA) FOR THE YEAR (1997-98)

Prepped by DG Audit WAPDA Lahore

2. **Para - 8-AR-97-98)**
NON-RECOVERY OF LIQUIDATED DAMAGES FROM M/S KOHINOOR ENERGY LTD. U.S. \$ 4.98 MILLION

Audit pointed out that According to Power Purchase Agreement with M/S Kohinoor Energy Ltd. (KEL), the complex was to be commissioned on or before the Required Commercial Operation Date (RCOD) to be determined after twenty two months of the date of financial closing. In case the complex was not commissioned upto the RCOD, the company would pay to WAPDA liquidated damages at the rate of \$ 2.5 per KW of the estimated dependable capacity (120 M.W in this case) per month until the Commercial Operation Date (COD), The company achieved financial closing on June 13th, 1995 and as such the RCOD on April 13th, 1997. But the Commercial Operation Date was not achieved and U.S. \$ 4.98 million was recoverable upto August 31, 1998, which was not recovered. The matter was reported to the authorities concerned in November, 1997.

The PAO replied that WAPDA's Authority accepted the Commercial Operation Date of KEL to implement the Government of Pakistan's directive to enforce the settlement of special committee with the company. Therefore, liquidated damages due to delay in commissioning, as per Section 9.4 (a) of the PPA cannot be claimed after acceptance of Commercial Operation Date.

PAC DIRECTIVE

The Committee settled the para.

3.

Para -9-AR-97-98)

DOUBTFUL EXPENDITURE OF RS.8.772 MILLION ON ACCOUNT OF PHOTO STAT, AMMONIA PRINT AND TRACING CLOTH

Audit pointed out that in Scarp Construction Circle, Lahore an expenditure of Rs.8.772 million was incurred during the period from January, 1995 to June, 1996 on account of photo stat, ammonia print and purchase of tracing cloth. The photo copier and ammonia printers were also available in the project office. The vouchers in support of these heavy payments did not bear the name of document or its reference.

The PAO stated that an inquiry order has been issued.

The representative of Department apprised the Committee that already an inquiry has been made and, according to finding of the inquiry, seventeen employees were dismissed from service, who were re-instated by the Federal Services Tribunal It was also informed that the case was closed by the NAB and FIA.

PAC DIRECTIVE (04-01-2011)

The Committee directed to enquire the issues, fix responsibility and submit report to PAC within one month.

PAC DIRECTIVE (11-04-2011)

The Committee directed the PAO to look into the matter personally and submit a comprehensive report to the Audit within one month and referred to the 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.

4. i)

Para - 10-AR-97-98)

NON-RECOVERY OF RS.11.588 MILLION FROM AN INDUSTRIAL CONSUMER

Audit pointed out that in Operation Division (E) Muridke an industrial consumer (Ref. No.1531 009122) was defaulter due to non-payment of electricity bills for eleven months aggregating Rs.11,588,544.

ii)

Para - 11-AR-97-98)

LOSS OF REVENUE OF RS.5.901 MILLION

Audit pointed out that in Operation Division No.II (E) Larkana, there was no

consumer on an 11 KV feeder during 1996-97. However 1.475 million units were shown as lost (100% line losses). The irregularity was pointed out to the Authority in December, 1997. The PAO replied that 1523 consumers related to another feeder were billed on this feeder in 6/97, however the matter was investigated by an enquiry committee which recommended that strict disciplinary action should be taken against SDO and XEN for negligence, inefficiency and non-attending audit remarks. The PAO further informed that the action was under process and the matter was under investigation with N.A.B upto April, 2011.

PAC DIRECTIVE (04-01-2011)

The Committee clubbed the above two audit paras. The Committee directed to enquire the issues, fix responsibility and submit report to PAC within one month.

The PAO informed that the action has been taken for recovery through Revenue act. He further told the Committee that NAB was also investigating the case.

PAC DIRECTIVE (11-04-2011)

The Committee directed the NAB to further process this case for recovery and submit report to Audit.

5. **SPECIAL AUDIT REPORT ON KOHINOOR ENERGY LIMITED (SAR-29)**

PAC DIRECTIVE

The report was discussed in PAC and after detailed discussion and recommendation of the Audit the Committee settled the above mentioned Special Audit report.

**SPECIAL AUDIT REPORT ON PRIVATIZATION OF
KOT ADDU POWER COMPLEX PROJECT (SAR-30)**

Prepared DG Audit WAPDA Lahore

6. **(Para – 2, Page 7-SAR-97-98)**
LOSS OF INTEREST ON ESCROW ACCOUNT

Audit pointed out that the amount of US\$ 43 million was kept in Escrow account for varying periods for which only a nominal interest was paid to WAPDA which ranged from 0.912% to 5.309%. Audit pointed out that it would have been more beneficial if the amount was received by the Government/ WAPDA. The loss worked out to US\$ 3,142,665 by working out interest at 10% and US\$ 6,473,952 at 18%.

The Chairman Privatization Commission explained that interest rate on ESCRO Account never exceeded 4 or 5 %. He further stated that interest rate pointed out by Audit has never prevailed and he also informed the Committee that ESCRO Account was maintained with City Bank as per agreement and there was no loss to the government.

PAC DIRECTIVE

The Committee settled the para after detailed discussion of the Members, the Audit and PAO.

7. **(Para – 4, Page 9-SAR-97-98)**

LOSS OF US\$ 6.7 MILLION DUE TO SALE OF 10% ADDITIONAL SHARE OF KAPCO

Audit pointed out that the on June, 27th 1996, 26% share of Kot Addu Power House were sold to M/s National Power Co. for US\$ 215 million Government of Pakistan decided to sell a further 10% share to the same investor. The Economic Co-ordination Committee (ECC) in its meeting dated October 9th 1996, approved the sale of additional 10% shares to M/s National Power Co. at the same price (in dollar terms) on pro rata basis at which 26% share were sold previously.

The Chairman Privatization Commission explained that this was decided in the Cabinet meeting which was headed by the then Prime Minister. The minutes of that meeting were recorded by the then concerned Minister for Privatization. He further assured the Committee that the additional 10 % shares were sold to the Company at the best rates after prolonged deliberations.

PAC DIRECTIVE

The Committee settled the para subject to verification of record by the Audit and directed the Privatization Commission to provide record to the Audit, through Ministry of Water and Power, within ten days.

SPECIAL AUDIT REPORT ON LOWER INDUS RIGHT BANK IRRIGATION AND DRAINAGE PROJECT (STAGE-I), RIGHT BANK IRRIGATION AND DRAINAGE PROJECT (STAGE-I), SUKKUR (SAR-32) WATER & POWER DEVELOPMENT AUTHORITY FOR THE YEAR 1997-98

Prepared DG Audit WAPDA Lahore

8. **(Para – 3.13 (h), Page 14-SAR-97-98)**

LOSS OF TO DELAY IN RECOVERY OF MOBILIZATION ADVANCE RS.1.828

Audit pointed out that according to the contract of RTD-I work, Mobilization advance was recoverable two month before completion date i.e 20-07-1997 but the recovery was not affected according to the schedule. Due to delay in recovery, Authority sustained a loss of Rs.1.828 million on account of interest charges for the period from 20-07-1997 to 11-02-1998 i.e one hundred ninety five days.

Audit recommended the para for settlement subject to decision of the Court.

PAC DIRECTIVE

The Committee settled the para subject to verification by the Audit, after the decision of the court, and referred the para to the Monitoring and Implementation Committee because the matter is pending in the court.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR (1997-98)

Prepared by DG (CA&E), Lahore

9. i) **Para - 355- Page – 252-ARPSE-97-98)**

Audit pointed out that the contract fee receivable increased from Rs.462.820 million as on June 30, 1997 to Rs.509.730 million as on June 30, 1998 despite decrease in business of the company as compared to the previous year which needs to be justified.

ii) **Para - 356- Page – 252-ARPSE-97-98)**

Audit pointed out that a sum of Rs.9.488 million has been provided in the accounts for the year under review against doubtful recovery of contract receivables raising its balance to Rs.44.324 million as on June 30, 1998. The circumstances in which the amount turned into bad debts and non recovery of the same need be stated and justified.

The PAO informed that Committee these receivables were from the Government institutions which is an on- going process.

Audit recommended that these two paras for settlement.

PAC DIRECTIVE

After detailed discussion, the Committee settled the above two paras on the recommendation of the Audit.

LIST OF COURT CASES ENQUIRES AND RECOVERIES 1997-98

Ministry/Division/Department	Submission Enquiry Report	Recovery	Court Cases	S.V.R
Central Board of Revenue	1	-	-	2
Ministry of Commerce	6	1	1	12
Ministry of Communication	8	9	1	10
Ministry of Culture	1	1	-	16
Ministry of Defence Production	2	5	3	2
Ministry of Defence	1	-	-	12
Ministry of Defence (Pakistan International Airlines Corporation)	-	-	-	3
Ministry of Defence (Civil Aviation Authority)	2	-	10	10
Ministry of Environment	-	-	-	1
Ministry of Foreign Affairs	4	28	-	16
Finance Division	1	2	2	1
Ministry of Food & Agriculture	3	-	-	4
Higher Education Commission	4	-	1	10
Ministry of Housing & Works	8	9	7	3
Ministry of Information Technology & Telecom	-	-	-	3
Ministry of Information & Broadcasting	-	2	-	-
Ministry of Industries & Production	-	2	8	5
Ministry of Kashmir Affairs, and Gilgit-Baltistan	-	5	-	-
Ministry of Labour Manpower	1	-	-	13
Ministry of Local Government & Rural Development	-	-	-	27
Overseas Pakistanis Division	-	-	-	1
Ministry of Population Welfare	-	-	-	-
Ministry of Postal Services	-	-	-	15
Ministry of Religious Affairs	-	7	-	1
Ministry of Railways	2	1	-	8
Ministry of States & Frontier Regions	-	-	-	1
Ministry of Sports	-	-	-	9
Ministry of Tourism	-	-	-	13
Total:	44	71	33	300

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
IIU	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 Ordinance 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