REPORT

OF THE

PUBLIC ACCOUNTS COMMITTEE

ON THE

ACCOUNTS OF THE FEDERATION

FOR THE YEAR

2009-2010

NATIONAL ASSEMBLY SECRETARIAT
ISLAMABAD

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PREFACE

Under Article 171 of the Constitution of Islamic Republic of Pakistan, 1973 read with Rules 177 and 203 of Rules of Procedure and Conduct of Business in the National Assembly 2007, the Annual Report of the Auditor General of Pakistan relating to the Accounts of the Federation for the year AA 2008-09 & AR 2009-10 was referred to the Public Accounts Committee for examining the appropriation of the sums granted by the Assembly for the expenditure of the Government to ensure transparency through parliamentary oversight.

In view of the backlog of Audit Reports, the PAC had taken initiative to constitute sub-committees with the distribution of work on yearly basis. The sub-committee-III headed by Sardar Ashiq Hussain Gopang, MNA was allocated the AA 2008-09 & AR 2009-10 for discussion. The Committee had extensive meaningful meetings on the Audit Report where cooperation of Audit and the Ministries/Divisions paved the way for the committee to complete this hard task by submitting its draft report to the Public Accounts Committee, (PAC).

The accomplishment of this exercise is outcome of sincerity, hard work and enthusiasm of the Hon. Members of the Public Accounts Committee. They under the zealous support of the Hon. Chairman were able to complete the assignment. During whole of the exercise, Syed Khursheed Ahmed Shah, Chairman, Public Accounts Committee remained key strength, who provided motivation to the PAC Wing to channelize its working into the right direction.

The drafting, preparation and printing of this Report has been made possible due to the extensive cooperation and hard work of the officers/staff of the Public Accounts Committee Wing of the National Assembly.

I am confidence that the suggestions and recommendations of the Committee would encourage and assist the Government in strengthening up the system and procedure for the efficient financial management and transparency.

(TAHIR HUSSAIN)
Secretary
National Assembly Secretariat

Islamabad, the 11th April, 2018

INTRODUCTION

Parliamentary control over public finance in Pakistan is exercised in two stages: the 'proposals stage' and the 'results stage'. At the first stage, the Government comes forth with a Budget proposal for the National Assembly's approval. The Government must get the financial nod of the Public representatives to give effect to its policies and programmes. The second stage relates to the control over the expenditure of public money. This is the stage where the PAC comes into action when it examines the accounts of the Federal Government compiled by the Controller General of Accounts (CGA) and the Audit Reports thereof by the Auditor General of Pakistan. This process assigns responsibility to the public representatives to keep a check on public expenditure. Under Article 171 of the Constitution of the Islamic Republic of Pakistan, the Auditor General of Pakistan submits Annual Reports to the President who causes them to be laid before the National Assembly and Senate. For a detailed scrutiny, these reports are referred to the Public Accounts Committee.

1.1 The present 14th Public Accounts Committee was constituted on 21st August2013 which was consisting of twenty three (23) members of the National Assembly which later on expanded to 29 members after the addition of 6 senators and the Minister for Finance and Revenue as ex-officio member.

1.2 Syed Khursheed Ahmed Shah, MNA was unanimously elected as the Chairman of Public Accounts Committee on 11th December 2013.

1.3 Audit plays an important and primary role in promoting and strengthening the legislative oversight to enhance transparency and improve the efficiency and effectiveness of all Government activities. Audit follow-up is an integral part of good financial management of public funds, and is a shared responsibility of executive management officials and the auditors.

1. 4 It is a precedent that grants of the Appropriations Accounts and the Audit paras of the Audit Reports are initially examined by the Departmental Accounts Committee (DAC) which is always comprised of the Principal Accounting Officer as its Chairman and the D.G Audit, the Financial Advisor/Deputy Financial Advisor and the Chief Finance and Accounts Officer of concerned Ministry/Division as its Members. As per previous practice in this case as well all the issues were discussed at the DAC level and the paras which could not be finalized at the DAC level were presented to the PAC for examination. The Parliamentarians representing different parties exercised their necessary role in the Parliamentary oversight of public money during the meetings of PAC.

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE

1.	**Syed Khursheed Ahmed Shah, MNA**	**Chairman**
2.	Raja Muhammad Javed Ikhlas, MNA	Member
3.	Mr. Najaf Abbas Sial, MNA	Member
4.	Mr. Saeed Ahmed Khan Manais, MNA	Member
5.	Chaudhary Nazeer Ahmad, MNA	Member
6.	Shaikh Rohale Asghar, MNA	Member
7.	Syed Ghulam Mustafa Shah, MNA	Member
8.	Sardar Muhammad Jaffar Khan Leghari, MNA	Member
9.	Sahibzada Muhammad Nazeer Sultan, MNA	Member
10.	Rana Afzaal Hussain, MNA	Member
11.	Syed Naveed Qamar, MNA	Member
12.	Dr. Azra Fazal Pechuho, MNA	Member
13.	Mr. Shafqat Mahmood, MNA	Member
14.	Dr. Arif Alvi, MNA	Member
15.	Mr. Abdul Rashid Godil, MNA	Member
16.	Dr. Khalid Maqbool Siddiqui, MNA	Member
17.	Ms. Shahida Akhtar Ali, MNA	Member
18.	Syed Kazim Ali Shah, MNA	Member
19.	Sheikh Rasheed Ahmad, MNA	Member
20.	Mr. Mahmood Khan Achakzai, MNA	Member
21.	Sardar Ashiq Hussain Gopang, MNA	Member
22.	Ch. Pervez Elahi, MNA	Member
23.	Mian Abdul Mannan, MNA	Member
24.	Senator Ch. Tanvir Khan	Member
25.	Senator Sherry Rehman	Member
26.	Senator Muhammad Azam Khan Swati	Member
27.	Senator Molana Abdul Ghafoor Haideri	Member
28.	Senator Mushahid Hussain Syed	Member
29.	Senator Hidayat Ullah	Member
30.	Minister for Finance, Revenue and Economic Affairs	Ex-Officio Member

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EXECUTIVE SUMMARY

It is indeed a great honor to present 5th Report of 14th Public Accounts Committee on AA 2008-09 & Audit year 2009-10 before this august House. The Report of Auditor General of Pakistan for the year 2009-10 and AA-2008-09 was tabled in the House on 3rd May 2010 and was referred to the Public Accounts Committee for examination.

2. The 14th Public Accounts Committee of this House examined the Audit Report of year 2009-10 and AA-2008-09 in less than three years period. The PAC held 46 marathon sessions examining 1678 the paras and 137 grants. The Committee completed its task with the denotation, transparency and guidance to the Institutions for corrective action.

3. At the very outset of its tenure, the current National Assembly faced multitude of challenges, but still kept accountability and transparency high on its agenda because of the commitment of all parties representing in the National Assembly to up held and strengthen public accountability.

4. The members were cognizant of the fact that accountability and transparency was a sine qua non for establishing democracy on a strong footing for which all of them had rendered great sacrifices in the political history of the country.

5. As a result of the committee's efforts, huge amounts of Government funds were recovered through various sources. During the period of 03 years the Auditor General Office verified recoveries amounting to Rs.84, 241.52 million. The unresolved issues which remained unattended were resolved due to committee's pursuance and efforts. Similarly pending issues between various organizations were also resolved.

6. The proceedings of the PAC remained open throughout to the media. Reporting by the journalists, attending the meetings as observers, spurred public interest in the work of the committee.

7. The Committee also kept a regular check on the progress of implementation of previous and current directives issued to Ministries/Divisions and Departments etc.

ISSUES OF PUBLIC INTEREST:-

8. The Public Accounts Committee discussed and covered many important issues, keeping in view the fact that due to various forms of irregularities, unfair means and corrupt practices, the nation as a whole has suffered a lot. The PAC, in its sessions, discussed matters of public importance pertaining to Government Organizations, their

roles, functions, responsibilities, achievements and draw backs and tried to overcome these shortcomings for the overall benefits. Some of the public issues are as under:-

- Briefings were sought from the public entities with the purpose to entail them beneficial for the public.
- Huge pending recoveries were pointed out in FBR.
- Violation of PPRA rules were found in different institutions.
- Embezzlement of public money discouraged.
- Huge loss due to non realization of Gas Development Surcharge from M/s Mari Gas Company Limited.
- Loss due to illegal allotment of 20 acres plot for warehouse.
- Heavy loss due to late rolling out of locomotives.
- Loss occurred due to non-recovery of lease/rental charges.
- Un-authorized use of 147.47 acre land was deducted.
- Loss occurred due to short levy of tax due to grant of in admissible depreciation allowance.

ACHIEVEMENTS OF THE PAC:-

The Committee achieved the following in a short span:

- Completion of one year Audit reports for the year 2009-10 and AA 2008-09.
- Recovery of Rs. 84,241.52 million.
- Development of independent PAC website.
- Inclusion of Senators in the PAC.
- Resolution of inter-ministerial issues.
- Retrieval of Government land from illegal occupants through PAC directives.
- A number of organizations previously refused to get their accounts audited from AGP, were directed to submit their accounts for Audit and to appear before the PAC.

DIRECTIVES:-

09. All the above issues were discussed in detail and the following directives were issued:-

- Every Ministry should hold meetings of Departmental Accounts Committee (DAC) on regular basis.
- Financial discipline and rules should strictly be followed by the Ministries, Departments and Divisions and rules should be framed on urgent basis where lacking.
- The Principal Accounting Officer should be fully equipped with complete record and thorough knowledge before appearing in the Public Accounts Committee.
- Different inquiries directed by the PAC should be completed within the stipulated time frame with tangible results.
- Human resource dealing with the Accounts, Budget should be skilled and trained for such assignments to control the budgetary system.
- All Federal Ministers, Ministers of State, MNAs, Senators and PAOs should avail only those facilities as provided to them strictly according to their entitlement and should not be beyond their ceilings.
- The FIRs of theft cases, cases referred to FIA and NAB should be dealt on priority basis to discourage wrong doers. Verification of degrees of the employees was directed.
- Court cases should be given serious and personal attention by the PAOs. Best available lawyers should be provided through Law Ministry for a effective finalization of Court cases.
- Proper use of Government vehicles, their fuel expenditure and maintenance in the most economical manner should be ensured.
- It was emphasized to rationalize the car policy adopted by the different corporations/autonomous bodies to ensure the equality and transparency.
- All Organizations receiving public funds or established in the name of Government should ensure to get their accounts audited by the Auditor General of Pakistan under the Article 170-(2).

10. I pay my special compliments and thanks to the Honourable Speaker, Sardar Ayaz Sadiq for his continuous support and encouragement during the period.

11. I cordially thanks Mr. Ashiq Hussain Gopang, MNA convener of Sub Committee-III alongwith its members, Mr. Shaikh Rohale Asghar, MNA, Dr. Azra Fazal Pechuho, MNA, Dr. Arif Alvi, MNA and Ms. Shahida Akhtar Ali, MNA, Mr. Abdul Rashid Godil, MNA and Senator Muhammad Azam Khan Swati for making their successful efforts to complete the task.

12. I acknowledge the achievements of the PAC to all of my PAC colleagues, because without their cooperation, it would not have been possible to complete the task in such an efficient manner.

13. My special thanks to the Mr. Javed Jhangir, Auditor General of Pakistan and all the directors generals of Audit and their teams who worked hard in accomplishment of this task.

14. I also appreciate the efforts of the Principal Accounting Officers (PAOs) who cooperated with the Audit department, held their DAC's in time and implemented the PAC Directives.

15. I sincerely acknowledge the hard work and efforts of the National Assembly Secretariat/PAC Wing including Mr. Tahir Hussain, Secretary, Mr. Iftikhar Rahim Khan, Additional Secretary, Syed Fayyaz Hussain Shah, Joint Secretary, Mr. Aurangzeb Marral, Deputy Secretary, Mr. Nabeel Ahmed, Section Officer, Raja Tariq Aziz, Assistant Private Secretary, Ch. Ali Habib and Mr. Ali Raza my personal staff who worked with great zeal and zest in scheduling, arranging, coordinating frequent PAC working sessions and preparing/compiling the report. I appreciate their focused efforts for providing in time support within shortest span of time.

16. I appreciate the efforts of Media representatives who worked equally hard with their full devotion and highlighted all important issues discussed in the National and International media and press as well by the PAC.

17. The Committee recommends that:-

i. Suggestions, directives and recommendations made by the Public Accounts Committee (PAC) be implemented by the respective Ministries, Divisions and Departments to improve the financial, administrative and operational performance of the Federal Government.

ii. Media representatives and Officers/Officials of the PAC Secretariat who worked with me should be awarded with appreciation certificates for their outstanding performance.

SYED KHURSHEED AHMED SHAH
Chairman
Public Accounts Committee

(TAHIR HUSSAIN)
Secretary
National Assembly Secretariat

Islamabad, the 11th April, 2018

DETAILS OF EXCESS EXPENDITURE
FOR THE YEAR 2008-2009

EXCESS BUDGET STATEMENT FOR THE YEAR 2008-2009

SL #	Name of Ministry/Division/Department and Dates of Meetings	Grant No.& Name of Grant	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
01	Establishment Division 22-03-2018	7-Federal Public Service Commission	194,890,000	---	194,890,000	194,901,173	11,173	The PAC regularized the grant.
02	Prime Minister's Inspection Commission 21-03-2018	12-Chief Executive Inspection Commission	19,000,000	---	19,000,000	19,780,607	780,607	The PAC regularized the grant.
03	M/o Information, Broadcasting and National Heritage 29-11-2016	19- Culture Division	233,711,000	24,479,000	256,190,000	264,346,968	6,156,968	The PAC regularized the grant.
04	Ministry of Information, Broadcasting & National Heritage 07-04-2016	66-Directorate of Publications Newsreels and Documentaries	78,412,000	---	78,412,000	81,604,452	3,192,452	The PAC regularized the grant.
		68-Information Services Abroad	310,119,000	52,753,000	362,872,000	386,707,684	23,835,684	
05	Aviation Division 10-11-2017	22-Metrology	394,991,000	---	394,991,000	405,199,119	10,208,119	The PAC regularized the grant.
06	M/o Defence 28-12-2017	23-Survey of Pakistan	394,271,000	---	394,271,000	432,165,181	37,894,181	The PAC regularized the grant.
		21-Defence Division	2,200,753,000	280,746,000	2,481,499,000	2,662,417,905	180,918,905	
		24-FG EDUCATIONAL INSTITUTIONS (C/G)	1,741,658,000	---	1,741,658,000	1,922,847,427	181,189,427	
		25- Defence Services	295,306,908,000	13,612,717,000	308,919,625,000	331,752,846,443	22,833,221,443	The PAC regularized the grant.

SL #	Name of Ministry/Division/Department and Dates of Meetings	Grant No.& Name of Grant	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
07	Capital Administration and Development Division 27-12-2017	32- Federal Government Educational Institutions In the Capital & Federal Areas	2,058,105,000	1,000,000	2,059,105,000	2,498,061,209	438,956,209	The PAC regularized the grant.
		110-other expenditure of Social Welfare & Special Education	35,491,000	667,000	36,158,000	58,580,971	22,422,971	The PAC regularized the grant.
08	Ministry of Climate Change 20-01-2017	35- Zological Survey Department	11,362,000	---	11,362,000	12,237,345	875,345	The PAC regularized the grant.
09	Finance Division 31-01-2017	39- National Savings	1,000,000,000	---	1,000,000,000	1,005,571,067	5,571,067	
		41- Super Annuations Allowances and Pensions (OTC)	49,482,360,000	15,953,631,000	65,435,991,000	70,522,342,871	5,086,351,871	The PAC regularized the grant.
		Audit	1,211,305,000	29,390,000	1,240,695,000	1,243,755,203	3,060,203	
		F-Services of Domestic Debt	459,094,600,000	99,496,000,000	558,590,600,000	580,877,740,903	22,287,140,903	
		37-Controller General of Accounts	1,428,943,000	24,393,000	1,453,336,000	1,668,836,516	215,500,516	
10	FBR Division 27-02-2017	46- Land Customs and Central Excise	2,566,790,000	25,730,000	2,592,520,000	2,827,191,228	234,671,228	The PAC regularized the grant.
11	M/o Foreign Affairs 14-02-2017	53- Foreign Affairs (Missions Abroad)	6,061,181,000	950,833,000	7,012,014,000	7,227,221,729	215,207,729	The PAC regularized the grant.
12	M/o Housing & Works 1-07-2014	61-Federal Lodges	36,129,000	---	36,129,000	36,200,003	1.917 Million	The PAC regularized the grant.
13	M/o Industries and Production 12-03-2014	63-Department of Investment Promotion and Supplies	8,348,000	1,954,000	10,302,000	18,706,012	8, 404,012	The PAC regularized the grant.

SL #	Name of Ministry/Division/Department and Dates of Meetings	Grant No.& Name of Grant	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
14	Interior Division 24-03-2016 22-04-2014	72-Islamabad	1,855,678,000	466,816,000	2,322,494,000	2,580,807,717	258,313,717	The PAC regularized the grant.
		73-Passport Organization	324,379,000	301,636,000	626,015,000	638,882,400	12,867,400	
		74-Civil Armed Forces	10,601,680,000	411,960,000	11,013,640,000	14,061,822,286	3,048,182,286	
		75-Frontier Constabulary	2,228,520,000	25,700,000	2,254,220,000	2,849,166,037	594,946,037	
		76-Pakistan Coast Guards	455,157,000	---	455,157,000	504,306,012	49,149,012	
		77-Pakistan Rangers	5,746,536,000	39,000,000	5,785,536,000	6,811,415,734	1,025,879,734	
15	M/o Kashmir Affairs & Gilgit-Baltistan 30-01-2017	80- Other Expenditures of Kashmir Affairs & Northern Areas Divisions	10,335,024,000	---	10,335,024,000	10,372,292,563	37,268,563	The PAC regularized the grant.
		81- Northern Areas	3,546,083,000	223,246,000	3,769,329,000	5,248,262,503	1,478,933,503	
16	M/o Human Rights 22-3-2018	86- Human Rights Division	23,537,000	4,680,000	28,217,000	28,710,642	493,642	The PAC regularized the grant.
17	M/o Law & Justice 22-03-2018	87- Other Expenditures of Law & Justice Division	656,706,000	128,000,000	784,706,000	789,800,640	5,094,640	The PAC regularized the grant.
18	M/o Railways 04-04-2017	103- Pakistan Railways	38,269,946,000	2,500,000,000	40,769,946,000	46,210,134,000	5,440,188,000	The PAC regularized the grant.
19	M/o Religious Affairs and Interfaith Harmony 19-10-2017	106- Other Expenditures of Religious Affairs and Zakat and Ushr Division	206,792,000	36,753,000	243,545,000	244,727,588	1,182,588	The PAC regularized the grant.

SL #	Name of Ministry/Division/Department and Dates of Meetings	Grant No.& Name of Grant	Original Grant	Supplementary Grant	Final Grant	Actual Expenditure	Excess	PAC Recommendations
	1	2	3	4	5	6	7	8
20	M/o States and Frontier Regions 21-03-2018	113-Frontier Regions	1,976,940,000	---	1,976,940,000	2,470,871,914	493,931,914	The PAC pended the grant.
		116-Afghan Refugees	151,087,000	1000	151,088,000	153,552,692	2,464,692	
21	Federally Administrated Tribal Areas (FATA) 09-01-2018	114-Federally Administrated Tribal Areas	6,419,613,000	283,089,000	6,702,702,000	8,434,499,320	1,731,797,320	The PAC regularized the grant.
22	M/o National Food Security & Research 13-03-2014	123-Capital Outlay On Purchase of Food	19,869,000	8,000,000	27,869,000	27,962,618	93,618	The PAC regularized the grant.
23	Economic Affairs Division 20-01-2017	171-External Development Loans and Advances by the Federal Government(Charged)	23,638,133,000	---	23,638,133,000	56,338,118,323	32,699,985,323	The PAC regularized the grant.
		C-Foreign Loans Repayment	96,185,255,000	25,145,577,000	121,330,832,000	130,283,540,457	8,952,708,457	
24	Wafaqi Mohtasib Secretariat 21-03-2018	K-Wafaqi Mohtasib (Charged)	149,141,000	20,000,000	169,141,000	170,852,104	1,711,104	The PAC regularized the grant.
25	Tourism Division	118-Tourism Division	81,812,000	3,000	84,812,000	85,734,756	922,756	This grant was not discussed by the PAC
26	Statistics Division 21-03-2018	139- Development Expenditure of Statistics Division	130,879,000	1,000	130,880,000	116,875,522	4,244,730	The PAC regularized the grant.

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REPORTS

AVIATION DIVISION
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Aviation Division were examined by the PAC on 10th November, 2017.

- 46 paras were presented by the Audit Department which were examined by the Committee. Out of which 12 paras were settled whereas appropriate directions were accordingly issued for the remaining paras.

- The AGPR presented 01 grant which regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 10th November, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 and Audit Report for the year 2009-10 pertaining to the Aviation Division.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. **GRANT NO.22-METEOROLOGY**
EXCESS RS.10, 208,119/-

AGPR pointed out that the grant closed with an excess of Rs.10, 208,119 which worked out to 2.58 percent of the total grant.

PAC DIRECTIVE

The PAC recommended the excess in the above mentioned grant for regularization on the recommendation of AGPR.

AUDIT REPORT FOR THE YEAR 2009-10
AVIATION DIVISION

2. **PARA-2.2.1.1 PAGE 68 AR 2009-10**
FRAUDULENT ISSUANCE OF TICKETS BY SALES AGENT

Audit pointed out that as per para-10 of GFR Vol-I, every public officer is expected to exercise the same vigilance in respect of government expenditure as a person of ordinary prudence would exercise in respect of his personal expenditure. Contrary to above, during scrutiny of record of PIA Station at Toronto, it was observed that a sales agent viz Minfare Travel, Mississauga Toronto, fraudulently issued 42 tickets and as a consequence, PIA imposed a penalty of C$ 5,000 upon him as per letter YTO/PSI/07JJ/ 67-501066 dated February 22, 2008.

The PAO apprised the Committee that it was not ticket amount. The sales agent Minfare Travel, Mississauga Toronto, fraudulently issued 42 tickets and as a consequence, PIA imposed a penalty of C$ 5,000 upon him as per letter YTO/PSI/07JJ/ 67-501066 dated February 22, 2008. Actually no travel was took place on these tickets and the same were cancelled before travel.

PAC DIRECTIVE

The PAC pended the para with the direction to the PAO to hold DAC, to get all the issues as contained in the Audit para resolved and submit report to PAC within one month.

3. 1. **PARA-2.2.2.10 PAGE 76 AR 2009-10**
UN-AUTHORIZED EXPENDITURE ON DEPORTEES – DH 36,755 AND RO 1,342

2. **PARA-2.2.2.11 PAGE 77 AR 2009-10**
UN-AUTHORIZED PAYMENT OF VARIOUS ALLOWANCES TO COUNTRY MANAGER WITHOUT APPROVAL OF HEAD OFFICE – S$ 11,217 AND € 17,356

3. **PARA-2.2.2.12 PAGE 78 AR 2009-10**
UN-AUTHORIZED EXPENDITURE ON ACCOUNT OF LEGAL CHARGES - € 86,998

4. **PARA-2.2.2.13 PAGE 78 AR 2009-10**
UN-AUTHORIZED PAYMENT ON ACCOUNT OF INCOME TAX TO THE NETHERLAND GOVERNMENT FOR PAK BASED EMPLOYEES - € 266,115

5. **PARA-2.2.2.14 PAGE 79 AR 2009-10**
UN-AUTHORIZED EXPENDITURE ON ACCOUNT OF CONDOMINIUM CHARGES - € 6,681

6. **PARA-2.2.3.3 PAGE 70 AR 2009-10**
NON-RECOVERY OF IMMIGRATION FINES – C$ 10,498

7. **PARA-2.2.3.6 PAGE 83 AR 2009-10**
UN-AUTHORIZED EXPENDITURE ON ACCOUNT OF CARGO HANDLING & TRUCKING CHARGES - € 161,084

PAKISTAN INTERNATIONAL AIRLINES CORPORATION

8. **PARA-38 (ARPSE-2009-10) PAGE-55**
PURCHASE OF AAB-E-ZAM ZAM AT EXORBITANT RATES – SAR 1.680 MILLION (RS. 36.960 MILLION)

9. **PARA-39 (ARPSE-2009-10) PAGE-56**
IRREGULAR AWARD OF CONTRACTS FOR CONSULTANCY AND REFURBISHMENT OF CHAIRMAN SECRETARIAT – RS. 55.774 MILLION

10. **PARA-41 (I) (ARPSE-2009-10) PAGE-59**
IRREGULAR APPOINTMENT OF OFFICERS ON CONTRACT AND SUBSEQUENT PERMANENT ABSORPTION – RS. 44.492 MILLION

11. **PARA-41 (II) (ARPSE-2009-10) PAGE-59**
MALPRACTICES IN APPOINTMENT OF A PROGRAMMER – RS. 4.359 MILLION

12. **PARA-43 (ARPSE-2009-10) PAGE-63**
NON-RECOVERY OF DUES FROM PAX SALES AGENTS – RS. 24.860 MILLION

13. **PARA-44 (ARPSE-2009-10) PAGE-65**
NON-RECOVERY FROM PRIVATE PARTIES – RS. 4.439 MILLION

14. **PARA NO-46(PIAC) AR 2009-10**
NON-PRODUCTION OF AUDITABLE RECORD

15. **PARA NO-35 AR 2009-10**

16. **PARA NO-36 AR 2009-10**

17. **PARA NO-37 AR 2009-10**

18. **PARA NO-40 AR 2009-10**

19. **PARA NO-42 AR 2009-10**

20. **PARA NO-45 AR 2009-10**

21. **PARA NO-47(SKYROOMS) AR 2009-10**

22. **PARA NO-48(SKYROOMS) AR 2009-10**

23. **PARA NO-49(SKYROOMS) AR 2009-10**

PAC DIRECTIVE

On presentation of above mentioned 23 paras by Audit the PAC directed the PAO to hold DAC all the issues as contained in the above said paras resolved submit report to PAC within 15 days.

4. **PARA NO-2.1.1 PAGE-39 AR 2009-10**

LOSS DUE TO NON-IMPLEMENTATION OF CAA BOARD'S DECISION – RS. 1,089 MILLION

Audit pointed out that Civil Aviation Authority's Executive Board in its 92nd meeting held on 2nd June, 2001 while approving the Land Lease Policy, 2001 decided that rent should be increased 50% at the end of each five (5) years' tenure. The Chief Commercial & Marketing Officer, CAA executed five (05) lease agreements with private parties for thirty (30) years during 2007-08 with enhancement in rent at 100% on expiry of each ten years tenure according to Para 9 of Land Lease Policy dated 17th July, 2002 instead of enhancement of rent at 50% at the expiry of each five years tenure as approved by CAA Executive Board.

The PAO apprised the Committee that ground rent was charged in accordance with approved criteria of CAA Land Lease Policy 2001. Civil Aviation Authority's Executive Board in its 92nd meeting held on 2nd June, 2001 while approving the Land Lease Policy, 2001 decided that rent should be increased 50% at the end of each five (5) years' tenure. The CAA Board in its 141st meeting held on 28th June, 2012 decided "On the recommendations of CAA Audit Committee and to settle the Audit Para, CAA Board ratified its earlier decision that Rent should be charged @ 1/30th of land value initially and enhanced by 100% every 10 years".

PAC DIRECTIVE

The PAC recommended the para for settlement.

5. **PARA NO-2.1.2 PAGE-40 AR 2009-10**
LOSS TO AUTHORITY DUE TO WRONG DECISION – RS. 3.90 MILLION

Audit pointed out that according to letter No.JIAP/3446/472/Ten-Bpro/Com dated 24th July, 2008, the concession regarding establishment and operation of travel requisite shop and gift shop inside domestic departure at Jinnah terminal Jinnah International Airport, Karachi was proposed to be divided into two separate concessions with reserved price of Rs. 130,000 per month each. The Senior Manager Commercial, Jinnah International Airport, CAA, Karachi awarded the concession as a whole @ Rs. 162,000 per month for a period of three years.

The PAO apprised the Committee that due to high reserve price for the gift shops inside the domestic departure lounge in the Jinnah International Airport, Karachi, no party walked in for agreement even after publication in news papers. Thus, a rebate @ 33% was offered and the shops were leased out, at the reserved price of Rs. 130,000 per month, which was proposed to be divided into two concessions. Unfortunately the concessions were awarded as a whole @ Rs.160, 000 per month for a period of three years. Following the

recommendations of fact finding committee as well as DAC, the authority was going to blacklist the firm, but the firm went into court. The matter is sub-judice.

PAC DIRECTIVE

The PAC recommended the para for settlement.

6. **PARA NO-2.2.1.1-PAGE-42-43 AR 2009-10**
NON-RECOVERY OF RS. 151.10 MILLION

Audit pointed out that as per clause 3(b) of the agreement, If the license fee or any part thereof shall be in arrears for one month or more after the same has become due, whether demanded or not, the Airport Manager may terminate the license agreement and the licensor or his authorized representative may, upon such termination, enter into or upon the premises and take over the -+same without any right or remedy to the licensee's obligation to the licensor or impose financial charges 5% above the bank rate or impose a fine @ Rs. 500 for each day of such default.

The PAO apprised the Committee that out of total amount of Rs.151.1 Million, Rs. 68 Million has been recovered, Rs.16.04 Million has been written off by the legal forum and efforts to recover the remaining recovery are underway. An amount of Rs.4.5 Million outstanding against PIA was likely to be recovered in a couple of weeks. Whereas, recoveries form Pak refinery and Aeroplug are expected to be mature in near future.

PAC DIRECTIVE

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

7. **PARA NO-2.2.1.2-PAGE-42-43 AR 2009-10**
NON-RECOVERY OF RS.13.60 MILLION

Audit pointed out that as per clause 3(b) of the agreement, If the license fee or any part thereof shall be in arrears for one month or more after the same has become due, whether demanded or not, the Airport Manager may terminate the license agreement and the licensor or his authorized representative may, upon such termination, enter into or upon the premises and take over the same without any right or remedy to the licensee's obligation to the licensor or impose financial charges 5% above the bank rate or impose a fine @ Rs. 500 for each day of such default.The Senior Manager Commercial, Jinnah International Airport, CAA, Karachi failed to recover the outstanding dues of the Authority from nine new licensees during the year 2008-09. This resulted in non-recovery of Rs. 13.6 million.

The PAO apprised the Committee that out of total recovery of Rs. 13.6 Million an amount of Rs. 13.28 Million has been recovered and the same will be got verified from Audit.

PAC DIRECTIVE

The PAC directed the PAO to affect all the recovery including the balance amount and get it verified from Audit under report to PAC. The para would be treated as settled on satisfaction by Audit.

8. **PARA NO-2.2.2 PAGE-44 AR 2009-10**
NON-RECOVERY OF DUES FROM THE LICENSEES – RS. 11.40 MILLION

Audit pointed out that para 23 of CAAO No.11-04 in respect of commercial policy provides that it is personal responsibility of the Airport Manager to ensure that the dues are realized from the licensees as soon as they become due. The Airport Manager, Allama Iqbal International Airport, Lahore, CAA did not realize the dues recoverable from twelve (12) licensees for Rs. 14.5 million upto 30th June, 2009.

The PAO apprised the Committee that all the recovery on account of dues for the licenses has been made except an amount of Rs. 173,000 incurred on utilities bills during the World Squash Championship, Lahore. The PAO also requested the PAC of PAC to settle the para by writing off the said amount.

PAC DIRECTIVE

The PAC while acceding to the request of PAO, directed to get written off the said amount form the Board. The para would be treated as settled on written off of the said amount by Board.

9. **PARA NO. 2.3 PAGE 45-46 AR 2009-10**
UNAUTHORIZED EXPENDITURE ON ACCOUNT OF PAY & ALLOWANCES – RS. 9 MILLION

Audit pointed out that according to Cabinet Secretariat's (Establishment Division) letter dated 6th May, 2000, the contract appointment where justified may be made for a maximum period of 2 years on standard terms & conditions. Ministry of Defence's letter dated 24th April, 2002 provides that service ratio will be rationalized for the officers on deputation from the Defence forces. Job Cards for senior positions will be specified in detail for requisition of officers on deputation and appointment on contract.

PAC DIRECTIVE

The PAC recommended the para for settlement on the recommendations of DAC.

10. **PARA NO-2.4 PAGE-47-48 AR 2009-10**
NON-DELIVERY OF AIRCRAFT SPARE PARTS – US$ 40,429 (RS. 3.2 MILLION)

Audit pointed out that schedule of stores of contract agreement No. CAA / 2175/1/2550/Sup (Proc) dated 3rd September, 2007 provides that M/s Hawker Beechcraft Corporation will deliver spares worth US$ 53,290 with aircraft. Technical & Logistics Directorate, CAA received spares in Supply Depot valuing US$ 12,861.49 upto June 2008 despite full payment in advance for US$ 53,290 through Letter of Credit. Spare parts worth US$ 40,428.51 (Rs. 3.2 million @ Rs 80 per US$) were not delivered by the supplier.

The PAO apprised the Committee that new aeroplanes were purchased, parts were returned back to the company being new and no discrepancy had occurred in the whole process.

PAC DIRECTIVE

The PAC recommended the para for settlement.

11. **PARA NO-2.5 PAGE-48 AR 2009-10**
NON-FORFEITURE OF AVAILABLE BALANCE – RS. 1 MILLION

Audit pointed out that clause 2B (a) of the contract agreement states that if the contract agreement of the contractor is rescinded, all the available balance of the defaulting contractor would be forfeited to the Authority. The Airport Manager, Allama Iqbal International Airport, Lahore, CAA rescinded the agreement of the Landscaping and Horticulture work at AIIAP Lahore due to non-execution of work at site but did not forfeit the available balance of the contractor M/s AFCO amounting to Rs. 1 million.

PAC DIRECTIVE

The PAC recommended the para for settlement.

PARAS RECOMMENDED FOR PURSUANCE AT DAC LEVEL

12. 1. **PARA-2.2.2.8 PAGE 75 AR 2009-10**
UN-AUTHORIZED EXPENDITURE ON ACCOUNT OF PAY AND ALLOWANCES OF LOCAL BASED STAFF - DH 1.123 MILLION

2. **PARA-2.2.2.9 PAGE 75 AR 2009-10**
UNAUTHORIZED PAYMENT OF ENTERTAINMENT ALLOWANCE - DH 329,685 AND RO 22,390

3. **PARA-2.2.3.1 PAGE 80 AR 2009-10**
UN-NECESSARY PAYMENT ON ACCOUNT OF INCENTIVES TO SALES AGENTS WITHOUT INCREASE IN SALES – C$ 310,920

4. **PARA-2.2.3.2 PAGE 80 AR 2009-10**
NON-RECOVERY OF OUTSTANDING AMOUNT FROM DEBTORS – C$ 13,587

5. **PARA-2.2.3.4 PAGE 82 AR2009-10**
UN-AUTHORIZEDEXPENDITURE INCURRED WITHOUT BUDGETARY ALLOCATIONS - S$ 153,502, C$ 1,375, RO 12,860, DH 16.530 MILLION, BHT 43.824 MILLION AND KD 71,573

6. **PARA-2.2.3.5 PAGE 82 AR 2009-10**
UN-AUTHORIZED EXPENDITURE INCURRED IN EXCESS OF BUDGET ALLOCATIONS RS. 7.546 MILLION, RO 77,272, DH 3.435 MILLION, BHT 21.838 MILLION AND KD 54,895

7. **PARA-2.2.3.7 PAGE 84 AR 2009-10**
UN-AUTHORIZED PAYMENT OF HOTEL CHARGES TO ACCOMMODATE AIR CREW - € 345,786

8. **PARA-2.2.3.8 PAGE 85 AR 2009-10**
UN-NECESSARY / UN-WISE BUDGETARY ALLOCATIONS WHICH REMAINED UN-UTILIZED – BHT 560.073 MILLION

PAC DIRECTIVE

The PAC referred the above mentioned 8 paras for pursuance at DAC level.

PARAS RECOMMENDED FOR SETTLEMENT
AVIATION DIVISION

13. 1. **PARA-2.2.2.13 PAGE 78 AR 2009-10**
UN-AUTHORIZED PAYMENT ON ACCOUNT OF INCOME TAX TO THE NETHERLAND GOVERNMENT FOR PAK BASED EMPLOYEES - € 266,115

CIVIL AVIATION AUTHORITY

2. **PARA NO-2.1.3 PAGE-40-41 AR 2009-10**
LOSS DUE TO AWARD OF CONCESSION AT LESSER RATE – RS. 3.1 MILLION

3. **PARA NO-2.1.4 PAGE-41-42 AR 2009-10**
LOSS DUE TO NON-ACCEPTANCE OF HIGHEST BID – RS. 749,016

4. **PARA NO-2.2.1.3-PAGE-43-44 AR 2009-10**
NON-RECOVERY OF RS. 0.514 MILLION ON ACCOUNT OF LICENCE FEE AND ALLIED CHARGES

5. **PARA NO-2.2.3-PAGE-45 AR 2009-10**
NON-RECOVERY ON ACCOUNT OF COST OF PLANT, SOIL AND MANURE NOT REPLACED BY THE CONTRACTOR – RS. 1 MILLION

6. **PARA NO-2.6 PAGE-48-49AR 2009-10**
UNJUSTIFIED REIMBURSEMENT ON ACCOUNT OF CLUB MEMBERSHIP – RS. 300,000

7. **PARA NO-2.7 PAGE-49-50 AR 2009-10**
IRREGULAR PROMOTION BY VIOLATION OF PRESCRIBED POLICY

PAC DIRECTIVE

The PAC recommended the above mentioned 7 paras for settlement on the recommendations of Audit.

BOARD OF INVESTMENT
AA-2008-09

OVERVIEW

Appropriation Accounts for the year 2008-09 pertaining to the Board of Investment examined by the PAC on 22nd March, 2018

- The AGPR presented 02 grants which were regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 22nd March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 pertaining to the Board of Investment.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. I. **GRANT NO.100 –INVESTMENT DIVISION**
SAVING RS.2,154,088/-

AGPR pointed out that the grant closed with a saving of Rs.2,154,088 which worked out to 51.43 percent of the total grant.

The PAO apprised the Committee that the funds were kept under the head Discretionary Grant for the Minister, however, the same was not incurred by the Minister, hence saving occurred. Funds were kept under different heads of Procurement Machinery and Equipment for newly established Investment Division. However, due to non-completion of codal formalities the funds could not be utilized.

II. **GRANT NO.101 –BOARD OF INVESTMENT**
SAVING RS.9,135,259/-

AGPR pointed out that the grant closed with a saving of Rs.9,135,259 which worked out to 8.46 percent of the total grant.

The PAO apprised the Committee that the numbers of conferences/seminars were planned to organize, however, those conferences could not be materialized, hence, saving occurred.

PAC DIRECTIVE

The PAC regularizes the Savings in the above mentioned two grants as explained by the Department.

CABINET DIVISION
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Cabinet Division examined by the PAC on 25th August, 2016 and 03rd October, 2016.

- 66 paras were presented by the Audit Department which were examined by the Committee. Out of which 25 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 08 grants which were regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the PAC meeting held on 25th August, 2016 under the convenership of Sardar Ashiq Hussain Gopang, MNA to examine the Appropriation Accounts for the year 2008-09, pertaining to the Cabinet Division are as under:

APPROPRIATION ACCOUNTS CIVIL VOL-I (2008-2009)

1. i. **GRANT NO. 1-CABINET**
SAVING OF RS. 4,863,536/-

ii. **GRANT NO.2-CABINET DIVISION**
SAVING OF RS. 21,780,696/-

iii. **GRANT NO. 3-EMERGENCY RELIEF & REPATRIATION**
SAVING OF RS. 25,261,917/-

iv. **GRANT NO. 4-OTHER EXPENDITURE OF CABINET DIVISION**
SAVING OF RS. 453,116,059/-

v. **GRANT NO. 14-STATIONERY & PRINTING**
SAVING OF RS. 294,646/-

vi. **GRANT NO. 126-CAPITAL OUTLAY ON LAND REFORMS**
SAVING OF RS. 500,000/-

vii. **GRANT NO. 129-DEVELOPMENT EXPENDITURE OF CABINET DIVISION**
SAVING OF RS. 11,032,957,752/-

viii. **GRANT NO.129-A-OTHER DEVELOPMENT EXPENDITURE OF CABINET DIVISION**
SAVING OF RS. 18,761,633,939/-

PAC DIRECTIVE

The PAC regularized the savings in the above mentioned eight grants, however, directed that canons of propriety and utmost financial prudence should be observed by all the stakeholders while dealing with such matters in future.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR OF 2009-10

2. **PARA-1.3 PAGE NO.09 (AR 2009-10)**
ALLOCATION OF BULLET PROOF VEHICLES TO VVIPS WITHOUT APPROVED POLICY / RULES

Audit observed that the Prime Minister Secretariat (Internal) vide UO. No. 26(70)-T/T/2007 dated 26 May 2008 issued an order returning 33 bullet proof vehicles, held by the Prime Minister Secretariat (Internal), to Cabinet Division. However, these vehicles were not physically handed over to the Cabinet Division. Further, six out of these thirty three bullet proof vehicles, had been in the use of non-government functionaries for more than two years. In the absence of such rules, the allotment and use of such vehicles was open to misuse at public expense.

The PAO informed that following the Audit observation, rules for allocation of vehicles were framed and got approved from Prime Minister Secretariat. As far as the allocation of thirty three vehicles was concerned, it is stated that for eleven vehicles, they received a letter from the PM Secretariat whereas, for the remaining twenty two vehicles, a list from the PM Secretariat was received.

PAC DIRECTIVE

The PAC directed the PAO to provide both the letter as well as the list of the PM Secretariat to Audit for verification. The para would be treated as settled subject to satisfaction of Audit.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of thePAC meeting held on 3rd October, 2016 under the convenership of Sardar Ashiq Hussain Gopang, MNA to examine the Audit Report for the Year 2009-10, pertaining to the Cabinet Division are as under:

AUDIT REPORT 2009-10
CABINET DIVISION

3. **PARA-1.3 PAGE NO.09 (AR 2009-10)**
ALLOCATION OF BULLET PROOF VEHICLES TO VVIPS WITHOUT APPROVED POLICY / RULES

The Audit pointed out that the Cabinet Division framed Staff Car Rules 1980 under Rules of Business 1973 and has amended these rules from time to time to govern the use of staff cars. However, rules for managing bullet proof cars don't exist.

Audit observed that the Prime Minister Secretariat (Internal) vide UO. No. 26(70)-T/T/2007 dated 26 May 2008 issued an order returning 33 bullet proof vehicles, held by the Prime Minister Secretariat (Internal), to Cabinet Division. However, these vehicles were not physically handed over to the Cabinet Division. Further, six out of these 33 bullet proof vehicles, had been in the use of non-government functionaries for more than two years. In the absence of such rules, the allotment and use of such vehicles was open to misuse at public expense.

PAC'S DIRECTIVES (25.08.2016)

The PAC directed the PAO to provide both the letter as well as the list of Prime Minister Office to Audit for verification. The para would be treated as settled subject to satisfaction of Audit.

The PAO apprised the Committee that the requisite record has been provided to Audit for verification.

PAC DIRECTIVE

The PAC recommended the para for settlement on the recommendation of Audit.

PRINTING CORPORATION OF PAKISTAN (PVT) LIMITED

4. **PARA-02 ARPSE-2009-10**
MISAPPROPRIATION OF STORE ITEMS – RS. 0.588 MILLION

The Audit pointed out that as per Para-23 of General Financial Rules, every government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other government officer to the extent for which it may be shown that he contributed to the loss by his own action or negligence.

The PAO apprised the Committee that departmental inquiry was conducted, but the report was not accepted by the competent authority due to certain shortcomings. Thereafter a fresh inquiry was conducted which found that Audit observation regarding non maintenance of record was correct. The said inquiry report was accepted by the competent authority (MD/PCP) and same was provided to Audit.

PAC DIRECTIVE

The PAC pended the para till its next meeting with the direction to the PAO to examine as to whether the decision not to accept the first inquiry was right or wrong and submit report to PAC/Audit. However the department was directed to ensure verification of record on monthly basis.

5. **PARA-03 ARPSE-2009-10**
LOSS DUE TO NON-IMPOSITION OF L.D. CHARGES- RS. 0.397 MILLION

The Audit pointed out that as per Clause 10 of contract dated December 17, 2008 between PCP and M/s. Architectonic (Pvt) Ltd., in case of failure to supply the store within stipulated time liquidated damages @ 0.5% per week or a part thereof on pro-rata basis on the value of goods delivered late will be levied. Printing Corporation of Pakistan (Pvt.) Limited awarded a contract to M/s. Architectonic (Pvt) Ltd. Rawalpindi for procurement of 85 M. ton paper of different sizes @ Rs. 82,880 per M. ton on December 17, 2008. The delivery period was 15 to 30 days i.e. up to January 18, 2009 but the firm failed to supply the requisite paper within stipulated period. Director Finance recorded dissenting note on file dated April 20, 2009 that the firm had applied for extension after 2 ½ months of delivery period, and there was neither any strike nor was any other reason for the delay.

The PAO apprised the committee that sequence wise details of the case regarding date of purchase order, contractual date of delivery, actual date of

delivery and extension granted by the MD, PCP were not provided to Audit for verification.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to verification of above mentioned facts of PAO by Audit.

6. **PARA-01&1.1 ARPSE-2009-10**

The Audit pointed out that Printing Corporation of Pakistan (Pvt.) Limited was incorporated on January 1, 1969 as a private limited company under the Companies Act 1913 (now Companies Ordinance 1984). The entire shares of the Corporation are held by the Government of Pakistan. The Corporation is principally engaged in the printing of Government publications. Government of Pakistan approved privatization of the Corporation. Consequently the Privatization Commission appointed consultants to carry out the privatization process and determine net worth of the Corporation. According to the report of the consultants, the Corporation is in process of transferring title of assets in its own name.

The PAO apprised the Committee that the department is making proper feasible business plan to make it a profitable and trying best to overcome its losses. The department purchased new machines recently and doing our best to skill the unskilled staff.

PAC DIRECTI VE

The PAC pended the para and directed the M/o Finance to support the department due to its importance.

7. **PARA-1.2 ARPSE-2009-10**

The Audit pointed out that trade debtors increased by 31.42% from Rs. 111.502 million as on June 30, 2008 to Rs. 146.537 million as on June 30, 2009. It included a provision for doubtful debts of Rs. 8.310 million.

The PAO apprised the committee that a feasible recovery plan from the other departments is also being evolved.

PAC DIRECTIVE

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

8. **PARA-1.3 ARPSE-2009-10**

Audit pointed out that Contributory Provident Fund amounting to Rs. 586.730 million (2008: Rs. 562.009 million) including accrued interest as on June, 30, 2009 had not been paid to the Trust which was against the provision of section 227 of the Companies Ordinance 1984. It needs to be justified.

The PAO apprised the committee that an amount of Rs. 1.72 million has been paid to workers on account of gratuity.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to decrease the cases of gratuity to zero percent and report to PAC within three months.

PAKISTAN TOURISM DEVELOPMENT CORPORATION LIMITED

9. **PARA-235 ARPSE - 2009-10**
NON-TRANSPARENTHIRING OF BUILDING FOR OFFICE – RS. 6.316 MILLION

Audit pointed out that in terms of Rule-12 of PP Rules 2004 procurement above Rs. 2 million shall be advertised on Authority's website in the manner and format specified by regulation by the Authority from time to time. These procurement opportunities shall be advertised in the media. Rule-13 provides that time for receipt of bids or proposals in no circumstances shall be less than 15 days.

The PAO apprised the Committee that matter pertains to Year 2008. All the employees of that period has almost retired. The BoD of PTDC in its 74th meeting held on 17-07-2008 had accorded Ex Post Fecto approval for the amount.

PAC DIRECTIVE

The PAC recommended the para for settlement however, expressed its displeasure for non observing the rules by the then management. The Committee also directed that this practice should not be repeated in future.

10. **PARA-234 ARPSE - 2009-10**

Audit pointed out that Pakistan Tourism Development Corporation Limited (PTDC) was incorporated on March 30, 1970 under the Companies Act, 1913 (now the Companies Ordinance, 1984) as a public corporation limited by shares. The principal objective of the Corporation is the promotion and development of tourism industry in Pakistan and to carry on business in Pakistan and elsewhere.

PAC DIRECTIVE

The PAC recommended the para for settlement.

PTDC MOTELS NORTH (PRIVATE) LIMITED

11. **PARA-236.3 ARPSE - 2009-10**

The Audit pointed out that amount due to associated companies increased from Rs. 6.701 million as on June 30, 2008 to Rs.15.193 million as on June 30, 2009 which indicated that liabilities were not being settled in time. Efforts are required for early settlement of liabilities.

PAC DIRECTIVE

The PAC recommended the para for settlement.

PAKISTAN BAIT-UL-MAL

12. **PARA-226 ARPSE - 2009-10**
DISBURSEMENT UNDER FOOD SUPPORT PROGRAMME (FSP) TO INVALID BENEFICIARIES – RS. 926.655 MILLION

Audit pointed out that as per clause 6.1.1 of Food Support Programme (FSP), on the false declaration or provision of wrong information, may result in recoveries and permanent ineligibility or debar from all PBM schemes. As per clause 6.8.1 of the policy, original Computerized National Identity Card (CNIC) and pass book of the beneficiary are necessary documents to be produced at the time of disbursement.

13. **PARA-227 ARPSE - 2009-10**
WITHDRAWAL OF FSP INSTALLMENT UNDER DUPLICATE ACCOUNTS – RS. 66.702 MILLION

The Audit pointed out that the PBM District Office is the secretariat of District Food Support Steering Committee (DFSSC) and is responsible for maintenance of Union Council wise computerized updated lists of FSP beneficiaries. Pakistan Bait-ul-Mal (PBM) failed to develop computerized system. The management could develop a computerized software system for FSP prior to disbursement of 13th installment. The record disclosed that 43,157 accounts of beneficiaries were duplicate. The payment on duplicate accounts resulted in fraudulent withdrawal of Rs. 129.471 million from the Government treasury.

The PAO apprised the Committee that record for disbursement of Rs. 2.5 Million was available at Provincial offices which was being compiled. There was a

district steering committee for nomination of an amount of Rs. 3000/- to needy after three months.

PAC DIRECTIVE

The PAC clubbed the above mentioned two paras and directed the MD to submit the record to Audit for verification with a report to PAC within one month.

14. **PARA-228 ARPSE - 2009-10**
EMBEZZLEMENT IN FOOD SUPPORT PROGRAMME – RS. 14.601 MILLION

Audit pointed out that as per FSP policy the PBM was required to develop a computerized management system for the program. According to clause 6.1.1 of the said policy false declaration or provision of wrong information may result in recoveries and permanent ineligibility or debar from all PBM schemes. As per Clause 6.8.1 of the policy original Computerized National Identity Card (CNIC) and pass book of the beneficiary are necessary documents to be produced at the time of disbursement.

The MD apprised the Committee that following the recommendations of DAC, the matter for recovery of Rs. 1,329,000/- was taken with the post office department. A committee consisting of representatives of Pakistan Bait-Ul-Maal and Pakistan Post, investigated the issue and found that no duplication or triplicate payment has ever been made. Thus, there remains no outstanding amount.

PAC DIRECTIVE

The PAC recommended the para for settlement.

15. **PARA-229 ARPSE - 2009-10**
MIS-UTILIZATION OF INDIVIDUAL FINANCIAL ASSISTANCE – RS. 7.240 MILLION

Audit pointed out that as per policy, selection of beneficiaries and activity monitoring involves steps like inviting prospective beneficiaries, selection of beneficiaries, and assessment of proposal, activity monitoring and nature & quantum of assistance. Funds of Rs. 206 million were distributed amongst the passed out students of Vocational Training Institute (VTI) by arranging functions in different cities of Pakistan.

The MD apprised the Committee that incompliance to the recommendations of DAC, ToR's / SoP for provision of financial assistance had been developed.

SUB-COMMMITTEE DIRECTIVE

The PAC recommended the para for settlement and directed the PAO that this practice should not be repeated in future.

16. **PARA-232 ARPSE-2009-10**
MIS-UTILIZATION OF GRANT-IN-AID BY NGO – RS. 0.655 MILLION

Audit pointed out that one of the objectives of Pakistan Bait-ul-Mal is to provide grant-in-aid to registered Non-Government Organizations (NGOs) for their projects established for rehabilitation of poor and deserving persons of the society. As per undertaking given by the NGO, in case of failure to utilize the grant-in-aid, the same would be refunded to the PBM.

The MD apprised the Committee that a FIR was lodged against the defaulting NGO as well as black listed the NGO. The furniture and fixtures of NGO has also been retrieved.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to verification of record of write off action of the BoD by Audit.

17. **PARA-225.2 ARPSE-2009-10**

Audit pointed out that advances, deposits and other receivables included advances to suppliers Rs. 8.235 million (2007-08: Rs. 0.785 million) and other advances Rs. 11.62 million (2007-08: Rs. 6.796 million). The increase under these heads needs justification.

The MD apprised the Committee that incompliance to the recommendations of DAC, adjustment of Rs. 786,716/- has been made.

PAC DIRECTIVE

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

PAKISTAN TELECOMMUNICATION AUTHORITY

18. **AUDIT PARA NO.1.3 PAGE NO. 7 AUDIT REPORT 2009-10**
NON RECOVERY OF OUTSTANDING DUES – RS. 7,474.451 MILLION

The Audit pointed out that as per Section 10 Sub Section (2) of Access Promotion Regulations, 2005, “An LDI licensee shall make payment into the

designated bank account within a time period not exceeding ninety (90) days from the close of the month to which such payment relates".

The PAO apprised the committee that ninety four percent of the amount has been recovered and record has been provided to Audit for verification.

PAC DIRECTIVE

The PAC recommended the para for settlement upto the recovered amount. The Committee also directed that the remaining amount be recovered and got verified from Audit within one month. The para would be considered as settled on full recovery and its verification from Audit.

19. **AUDIT PARA NO. 1.4 PAGE NO. 7 AUDIT REPORT 2009-10**
NON RECOVERY OF RS. 112.180 MILLION FROM MOBILE AND TELECOM OPERATORS

Para 4.4.1 of general conditions of license requires that the licensee shall pay all annual fees to the Authority within 120 days of the end of the financial year to which such fees relate. Furthermore, according to Section 30 of Pakistan Telecommunication (Re-organization) Act, 1996, all fees, fines or other amounts due or payable to the Authority may be recovered as arrears of land revenue. PTA failed to recover an amount of Rs. 112,180,613 from the mobile and telecom operators during 2008-09.

The PAO apprised the Committee that 47% amount has been recovered and it has also been verified by the Audit and we are pursuing vigorously to recover the remaining amount from Insta Phone. It relates to the licence fee. The case is in the court of law.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to pursue the case in the court of law vigorously. The department was however directed to make legislation from the legislatures for protection of the PTA interest.

20. **AUDIT PARA NO.1.5 PAGE NO. 8 AUDIT REPORT 2009-10**
NON RECOVERY FROM OPERATORS – RS. 81.394 MILLION

The Audit pointed out that Para-7 (2) of Card Pay Phone Service Regulations, 2004 states that the licensee shall make payment of the annual license fee to the authority in arrears but not later than 120 days of the close of financial year of the licensee. Furthermore, Section-30 of Pakistan Telecommunication (Re-organization) Act, 1996 stipulates that all fees, fines or other amounts due or payable to the authority may be recovered as arrears of land revenue.PTA did not recover an amount of Rs. 81,394,351 from CVAS, RBS, CPPS, ISPs and

other operators during 2008-09 on account of license fee out of total recoverable of Rs. 95,329,547 in violation to the above.

The PAO apprised the Committee that 96% recovery has been made and record has been provided to Audit for verification and requested to settle the para.

PAC DIRECTIVE

The PAC recommended the para for settlement.

21. i. **AUDIT PARA NO. 1.8 PAGE NO. 11 AUDIT REPORT 2009-10 IRREGULAR PAYMENT OF HONORARIA (PROFICIENCY INCENTIVE) – RS. 5.406MILLION**

ii. **AUDIT PARA NO. 1.9 PAGE NO. 11 AUDIT REPORT 2009-10 EXCESS PAYMENT OF HOUSE RENT ALLOWANCE – RS. 11.904 MILLION**

iii. **AUDIT PARA NO. 1.10 PAGE NO. 12 AUDIT REPORT 2009-10 IRREGULAR EXPENDITURE OF EXTRA ALLOWANCES – RS. 15.514 MILLION**

iv. **AUDIT PARA NO.1.11PAGE NO. 13 AUDIT REPORT 2009-10 INADMISSIBLE PAYMENT OF LEAVE ENCASHMENT - RS. 14.451 MILLION**

FREQUENCY ALLOCATION BOARD

v. **AUDIT PARA NO. 2.6 PAGE NO. 23 AUDIT REPORT 2009-10 INADMISSIBLE EXPENDITURE – RS. 2.503 MILLION**

The PAO apprised the Committee that the matter was referred to Ministry of Law, Justice for seeking clarification. The Ministry of Law, Justice issued legal opinion on the section 10(3) of the Telecom Act 1996 with the prior approval of Federal Law Minister under rule 14(3) of rules of Business related to the power of the Authority to make PTA's Employees Service Regulation which covers departments stance.

PAC DIRECTIVE

On presentation of above five paras by Audit the PAC referred the same to the main PAC for their consideration due to Policy matters involved.

22. **AUDIT PARA NO. 1.12 PAGE NO. 14 AUDIT REPORT 2009-10 IRREGULAR PAYMENT OF GRATUITY – RS. 1.494 MILLION**

The Audit pointed out that According to Sl.No.7 (Chapter-II, Section A) of the hand book on autonomous bodies, the officers, other than serving/retired civil or military officers, holding Management Scale posts (M-I to M-III) shall be allowed gratuity at the rate of one month's pay for each completed year of service payable after rendering a minimum of five year service. The Cabinet Division vide their letter No.1/28/2000-TL-I/RA-I/PTA dated 28th November, 2008 has also clarified that gratuity at the rate of one month's pay is admissible in such cases. PTA management however paid gratuity of Rs 2,934,000 to the Ex-Chairman during 2008-09 on the basis of gross salary (inclusive of all allowances) instead of pay which caused an overpayment of Rs. 1,494,000.

The PAO apprised the Committee that in pursuance to DAC directive, the amount of gratuity was recalculated and Ex-Chairman PTA was requested time and again for return of the excess amount of Rs. 1,494,000/- paid to him by PTA on account of gratuity.

PAC DIRECTIVE

The PAC pended the para till recovery of the amount and its subsequent verification by Audit.

23. **AUDIT PARA NO. 1.13 PAGE NO. 15 AUDIT REPORT 2009-10 IRREGULAR EXPENDITURE ON ACCOUNT OF POL – RS. 13.839 MILLION**

The Audit pointed out that According to Clause 9 of PTA Accounting Procedure the payments against claims shall be made by the DDO by a crossed cheque. No claim/bill shall, however, be processed for payment unless it is on a proper format; supported with sanction of the competent authority; and pre-audited by the Accountant in the light of prescribed rules. PTA incurred an expenditure of Rs. 13,839,066 on account of payment to the officers/officials for POL charges without the supporting documents i.e. invoices, sanction of the competent authority and pre-audit during 2008-09. The expenditure without production of the invoices was considered irregular by Audit.

The PAO apprised the Committee that expenditure incurred on account of POL was in confronting with the monetization policy of Government.

PAC DIRECTIVE

The PAC recommended the para for settlement.

24. **AUDIT PARA NO. 1.17 PAGE NO. 18 AUDIT REPORT 2009-10**
IRREGULAR PAYMENT ON ACCOUNT OF LEGAL FEE – RS. 7.063 MILLION

Ministry of Law, Justice and Human Rights Division circular No.20 (1)/ 87-LA dated 22.11.2004 provides that no Legal advisor, advocate or consultant shall be appointed or engaged by any department, in future without the prior approval of Ministry of Law, Justice & Human Rights.PTA management hired legal counsel in 2008-09 and paid an amount of Rs. 7,062,500 as legal fee to the counsel without prior approval of the Law, Justice & Human Rights Division, Islamabad.

The PAO apprised the Committee that PTA act empowers BoD to hire the lawyers according to our requirement.

PAC DIRECTIVE

The PAC recommended the para for settlement.

FREQUENCY ALLOCATION BOARD

25. **AUDIT PARA NO. 2.5 PAGE NO. 22 AUDIT REPORT 2009-10**
EXCESS PAYMENT OF HOUSE RENT ALLOWANCE – RS. 10.650 MILLION

The Audit pointed out that house Rent Allowance @ 60% on the running basic pay was not approved by the Finance Division vide O.M No. F.4(15)R-4/2004 (Vol-II) dated 26.08.2008 and Cabinet Division's Notification No.3/5/2004-RA-1/PTA, dated 25th July, 2007. Hence, according to Finance Division letter No.F.1 (1) Imp/2005, dated 1st July, 2005, House Rent Allowance @ 45% of the minimum of pay scale is admissible.FAB management allowed payment of House Rent Allowance @ 60% on the running basic pay to all employees of the Board which resulted in excess payment amounting to Rs. 10,650,047 during 2008-09. It is pertinent to mention here that the decision regarding payment of HRA at enhanced rates was pending with Finance Division. In the absence of clear instructions, the management continued paying House Rent Allowance at excess rates.

The PAO apprised the Committee that the matter regarding payment of HRA at the rate of 60% on running basic pay instead of 45% of maximum of pay scale has been referred to Finance Division for clarification and regularization of expenditure.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to regularization of excess payment from the Finance Division and its subsequent verification by Audit.

26. **AUDIT PARA NO. 2.6 PAGE NO. 23 AUDIT REPORT 2009-10**
INADMISSIBLE EXPENDITURE – RS. 2.503 MILLION

The Audit pointed out that according to Finance Division (Regulation Wing) letter No.F-4(8) R-4/2004, dated 19th July, 2004, any proposal for revision in the salaries, allowances and perquisites of the supervisory and executive staff of public sector, corporations/autonomous/semi- autonomous organizations is required to be carried out by the Board of Directors/Governors with the approval of the Finance Division. Frequency Allocation Board paid an amount of Rs. 2,502,750 on account of entertainment allowance, newspapers/ magazine and POL charges during 2008-09 without prior approval of the Finance Division.

PAC DIRECTIVE

The PAC directed that the Committee should consult the main PAC for taking its guideline on the above matter.

PARAS REFERRED TO DAC

27. i. **PARA NO.1.1 PAGE NO. 1 AUDIT REPORT 2009-10**
AUDIT COMMENTS ON ACCOUNTS

ii. **PARA NO. 1.2 (A) PAGE NO. 1 AUDIT REPORT 2009-10**
AUDIT COMMENTS ON ACCOUNTS

iii. **PARA NO. 1.2 (B) PAGE NO. 3 AUDIT REPORT 2008-09**
AUDIT COMMENTS ON ACCOUNTS

iv. **PARA NO. 1.2 (C) PAGE NO. 3 AUDIT REPORT 2008-09**
AUDIT COMMENTS ON ACCOUNTS

v. **PARA NO.1.2 (D) PAGE NO. 3 AUDIT REPORT 2009-10**
AUDIT COMMENTS ON ACCOUNTS

vi. **PARA NO. 1.2(E) PAGE NO. 4 AUDIT REPORT 2009-10**
AUDIT COMMENTS ON ACCOUNTS

vii. **PARA NO. 1.2 (F) PAGE NO. 5 AUDIT REPORT 2009-10**
AUDIT COMMENTS ON ACCOUNTS

viii. **PARA NO. 1.2 (G) PAGE NO. 5 AUDIT REPORT 2009-10**
AUDIT COMMENTS ON ACCOUNTS

ix. **PARA NO. 1.2 (H) PAGE NO. 5 AUDIT REPORT 2009-10**
AUDIT COMMENTS ON ACCOUNTS

x. **PARA NO. 1.2(I) PAGE NO. 6 AUDIT REPORT 2008-09**
AUDIT COMMENTS ON ACCOUNTS

xi. **AUDIT PARA NO. 1.14 PAGE NO. 16 AUDIT REPORT 2009-10**
IRREGULAR DEPOSIT OF RS.6.045 MILLION IN DDO ACCOUNT

xii. **AUDIT PARA NO. 1.6 PAGE NO. 9 AUDIT REPORT 2009-10**
NONE RECOVERY OF LAW PAYMENT CHARGES – RS.33.904 MILLION (COURT CASE)

PAC DIRECTIVE

The PAC referred the above mentioned 12 paras for their examination by DAC and report to PAC within one month.

PARAS RECOMMENDED FOR SETTLEMENT:-
PRINTING CORPORATION OF PAKISTAN (PVT) LIMITED

28. i. **PARA-1.4 ARPSE-2009-10**
PTDC MOTELS NORTH (PRIVATE) LIMITED

ii. **PARA-236&236.1 ARPSE-2009-10**

iii. **PARA-236.2 ARPSE-2009-10**

iv. **PARA-236.4 ARPSE-2009-10**

OIL AND GAS REGULATORY AUTHORITY (OGRA)

v. **ANNEXURE-I SERIAL NO.I NON SUBMISSION OF ACCOUNTS**

PAKISTAN BAIT-UL-MAL

vi. **PARA-230 ARPSE-2009-10**
PROVISION OF GRANT TO NON-VIABLE NGO'S – RS. 1.752 MILLION

vii. **PARA-231 ARPSE-2009-10**
MISAPROPRIATION OF FSP FUNDS – RS. 1.182 MILLION

viii. **PARA-225&225.1 ARPSE-2009-10**

ix. **PARA-225.3 ARPSE-2009-10**

x. **PARA-225.4 ARPSE-2009-10**

PAKISTAN TELECOMUNICATION AUTHORITY

xi. **AUDIT PARA NO. 1.7 PAGE NO. 10 AUDIT REPORT 2009-10 NON RECOVERY OF NUMBERING CHARGES OF RS. 8.664 MILLION AND PENALTY – RS. 866,400**

xii. **AUDIT PARA NO. 1.15 PAGE NO. 16 AUDIT REPORT 2009-10 IRREGULAR EXPENDITURE OF RS. 1.080 MILLION ON RENT OF BUILDING AND COMMISSION TO PROPERTY DEALER – RS. 45,000**

xiii. **AUDIT PARA NO. 1.16 PAGE NO. 17 AUDIT REPORT 2009-10 IRREGULAR EXPENDITURE OF RS. 18 MILLION ON PURCHASE OF HOUSE & COMMISSION TO PROPERTY DEALER – RS. 180,000**

xiv. **AUDIT PARA NO. 1.18 PAGE NO. 19 AUDIT REPORT 2009-10 IRREGULAR PROCUREMENT OF GREY TRAFFIC MONITORING EQUIPMENT OF RS. 145.377 MILLION**

FREQUENCY ALLOCATION BOARD

xv. **PARA NO. 2 PAGE NO. 20 AUDIT REPORT 2009-10**

xvi. **PARA NO.2.1 PAGE NO. 20 AUDIT REPORT 2009-10**

xvii. **AUDIT PARA NO.2.2 PAGE NO. 20 AUDIT REPORT 2009-10 INADMISSIBLE PAYMENT OF ALLOWANCES – RS. 10.255 MILLION**

xviii. **AUDIT PARA NO.2.3 PAGE NO. 21 AUDIT REPORT 2009-10 IRREGULAR EXPENDITURE ON PURCHASE OF VEHICLES – RS. 1.884 MILLION**

xix. **AUDIT PARA NO.2.4 PAGE NO. 22 AUDIT REPORT 2009-10 INADMISSIBLE EXPENDITURE ON ACCOUNT OF LEAVE ENCASHMENT – RS. 826,534**

PAC DIRECTIVE

The PAC recommended the above mentioned 19 paras for settlement on the recommendations of Audit.

CAPITAL ADMINISTRATION AND DEVELOPMENT DIVISION
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Capital Administration and Development Division examined by the PAC on 27th December, 2017.

- 08 paras were presented by the Audit Department which were examined by the Committee. Out of which 02 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 04 grants which were regularized by the committee.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 27th December, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 and Audit Report for the year 2009-10 pertaining to the Capital Administration and Development Division.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. i. **GRANT NO.32- FEDERAL GOVERNMENT EDUCATIONAL INSTITUTIONS IN THE CAPITAL AND FEDERAL AREAS EXCESS RS. 438,956,209**

The AGPR pointed out that the grant closed with an excess of Rs. 438, 956, 209 which worked out to 21.32% of the total grant.

ii. **GRANT NO.109 –SOCIAL WELFARE AND SPECIAL EDUCATION DIVISION NET SAVING RS. 5,347,872,163**

The AGPR pointed out thatthe grant closed with a saving of Rs.5, 348,556,860 which worked out to 75.28 percent of the total grant. An amount of Rs.684, 697 was surrendered leaving net saving of Rs.5, 347,872,163 (75.27%).

iii. **GRANT NO. 110 –OTHER EXPENDITURE OF SOCIAL WELFARE AND SPECIAL EDUCATION DIVISION NET EXCESS/SAVING RS. 22,422,971**

The AGPR pointed out thatthe grant closed with an excess of Rs.22, 422,971 which worked out to 62.01 percent of the total grant. The department pointed out excess booking of expenditure of Rs.22, 449,304.

iv. **GRANT NO.162 –DEVELOPMENT EXPENDITURE OF SOCIAL WELFARE AND SPECIAL EDUCATION DIVISION SAVING RS. 61,638,859**

The AGPR pointed out that the grant closed with a saving of Rs.142, 375,859 which worked out to 27.05 percent of the total grant. An amount of Rs.80, 737,000 (15.34%) surrendered leaving net saving of Rs.61, 638,859 (11.71%).

The PAO apprised the Committee that Budget reduced due to cut imposed by Finance Division. Due to this reason we couldn't surrender the budget in time.

PAC DIRECTIVE

The PAC recommended the savings/excess in the above mentioned 4 grants for regularization on the recommendation of AGPR.

AUDIT REPORTS FOR THE YEAR 2009-10

PAKISTAN INSTITUTE OF MEDICAL SCIENCES (PIMS)

2. **PARA NO. 10.5 PAGE NO. 60 (AR 2009-10)**
LOSS DUE TO PURCHASE OF MEDICINE AT HIGHER RATES RS.4.98 MILLION

Audit pointed out that as per provisions of Para 36 (b) (ix) of PPRs 2004 the lowest quoted rates may be accepted and work order should be awarded accordingly. PIMS management purchased 30 medicines from the bidders other than the lowest ones which caused loss of Rs.4.982 million to the public exchequer. In some cases the work was awarded to the 3rd, 4th and 5thlowest bidders. Detail is provided in the Annexure VII. All the lowest bidders whose rates were rejected were registered with the Ministry of Health and fulfilled all the requirements including the lab test reports.

The PAO apprised the Committee that in the instance case 1003 items were selected on the basis of the lower price and only 30 (3%) life savings medicines were selected for items includes the life savings antibiotics and anesthesia drugs on which no compromise on quality and efficacy can be made. The drugs/medicines mentioned in audit observation were recommended by end users/consultants on the basis of quality.

PAC DIRECTIVE

The PAC recommended the para for settlement.

3. **PARA NO. 10.7 PAGE NO. 61-62 (AR 2009-10)**
LOSS OF RS.15.71 MILLION DUE TO WAIVING OFF TEST FEE OF THE NON ENTITLED PATIENTS

Audit pointed out that as per provision of Para-26 of GFR, it is the responsibility of every controlling officer to see that all sums due to government are regularly and promptly assessed and realized. PIMS waived off the tests / hospital charges of a large number of patients who were neither entitled nor Mustahqeen-e-Zakat nor admitted as emergency patients. Management had not been

delegated any powers in this regard from the Ministry of Health or the Ministry of Finance.

PAC DIRECTIVE

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

4. **PARA NO. 10.8 PAGE NO. 62-63 (AR 2009-10)**
UN-AUTHORIZED EXPENDITURE ON THE PROVISION OF VEHICLE TO THE MINISTER RS. 960,647

Audit pointed out that in terms of Federal Ministers Privileges Act 1975 and Staff Cars Rule 1980, every Federal Minister / Minister of State is entitled to one vehicle for official and private use at Government expenses. Vehicle No.IDL-3652 (Nissan Petrol Jeep 4146 CC) was provided to the Minister by the PIMS management. The total expenditure incurred on account of POL, repair and salary of driver up to December, 2009 worked out to be Rs. 960,647. Further, the vehicle provided was of higher specification than that admissible to the Minister under rules.

The PAO apprised the Committee that a cell was established by PIMS with the then Health Minister's Office. The vehicle mentioned above was being used to commute the staff of the Minister to and from PIMS.

PAC DIRECTIVE

The PAC recommended the para for settlement with the direction to the PAO that such practice should not be repeated in future.

5. **PARA NO. 10.9 PAGE NO. 63-64 (AR 2009-10)**
IRRATIONAL FIXING OF RENT OF SHOPS RESULTING IN LOSS RS.23.8 MILLION

Audit pointed out that in terms of Para-26 of GFR, it is the responsibility of every controlling officer to see that all sums due to government are regularly and promptly assessed and realized. PIMS management was receiving less rent from the shopkeepers. Management called open tender in 2005 and allotted the shops to the bidders who had quoted the highest rates. After two years the management fixed the rents without competition which were lower than the market rates. Similarly some shops were being run in the PIMS premises without rent to the management. The action of PIMS management cost the public exchequer a loss of Rs.23.80 million.

The PAO apprised the Committee that bids were used to be invited for competition or rent of the shops, stores, canteens. There used to be a number of

complaints and administrative issues on quality and rates of the items sold on these shops, stores and canteens. To address this issue of the shops, stores and canteens and invited the bids for competition of the rate and quality of items sold. In addition to above the contractors have been assailed their petitions in the Court of Law. Efforts are being made to get the issue settled through Court at earliest and necessary action in accordance with judgment of the court of law as and when will be implemented.

PAC DIRECTIVE

The PAC directed the PAO to hold initial inquiry regarding the all issues as pointed out in audit para, fix responsibility against all those found involved and submit report to the Ministry, Audit and PAC within one month.

6. i) **PARA-5.1 PAGE NO. 28 (AR 2009-10)**
WASTEFUL EXPENDITURE ON PURCHASE AND MAINTENANCE OF 3 DOUBLE CABIN VEHICLES – RS. 8.08 MILLION

Audit pointed out that the according to the Summary dated January 08, 2007 approved by the Prime Minister, Finance Division issued NOC to the Ministry of Education for purchase of 03 double cabin pickups subject to the condition that the vehicles would be permanently based in Baluchistan and Northern Areas. Accordingly, the Ministry purchased 03 double cabin vehicles in June 2007 for Rs. 7.092 million. Audit observed that these vehicles were used in Islamabad.

ii) **PARA-5.3 PAGE NO. 29 - 30(AR 2009-10)**
RECOVERY OF UNSPENT BALANCES – RS. 2,391.03 MILLION

Audit pointed out that the Para 85 of GFR Vol-I states that all unspent balance lapses at the close of financial year and is not available for utilization in the following year. In December 2001, the government launched an Education Sector Reform (ESR) Project to improve literacy rate and quality of education through curriculum reforms, teachers training, and elimination of gender discrimination. Audit noted that the Ministry of Education released Rs. 4,998.504 million to four Provinces, FATA / FANA, AJK and ICT during the years 2001 to 2008-09 under nine ESR projects. Out of the released amount, only Rs. 2,607.475 million was utilized by the executing agencies and Rs. 2,391.03 million remained unutilized. Detail of project-wise releases and utilization.

iii) **PARA-5.4 PAGE NO. 30 - 31(AR 2009-10)**
IMPROPER USE OF CONSULTANCIES AND WASTAGE- RS. 48.45 MILLION

Audit pointed out that the Ministry of Education hired services of four consultants in MP-I/MP-II scales in January 2006 for revising curriculum of different subjects. The consultants were engaged for two years and the Ministry estimated that the curriculum revision would cost Rs. 48.45 million. Audit noted that till expiry of their contracts in January 2008, the three consultants revised the curriculum of only 23 out of 83 subjects. In terms of progress, the consultants achieved less than 30% of the target. Similarly, performance of the fourth consultant who was assigned the subjects of social sciences was also not up to the mark.

The PAO apprised the Committee that the above three paras does not relate to the CADD.

PAC DIRECTIVE

The PAC clubbed the above mentioned three paras and referred the above three paras to the Ministry of Federal Education & Professional Training on the recommendations of Audit.

PARA RECOMMENDED FOR PURSUANCE AT DAC LEVEL
MINISTRY OF SOCIAL WELFARE (DEFUNCT)

7. **PARA NO. 23.1 PAGE NO. 131 (AR 2009-10)**
PAYMENTS OF CONVEYANCE ALLOWANCE TO EMPLOYEES AVAILING PICK AND DROP FACILITY RS. 2.91MILLION

PAC DIRECTIVE

The PAC referred the above mentioned para for pursuance at DAC level.

MINISTRY OF CLIMATE CHANGE
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Climate Change examined by the PAC on 20th January, 2017.

- 02 paras were presented by the Audit Department which were examined by the Committee. Out of which 01 paras was settled whereas appropriate directions were accordingly issued for the other one.

- The AGPR presented 04 grants which were regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the PAC meeting held on 20th January, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, to examine the Appropriation accounts for the year 2008-09, and Audit Report for the year 2009-10 pertaining to the Ministry of Climate Change are as under:

MINISTRY OF CLIMATE CHANGE
APPROPRIATION ACCOUNTS CIVIL VOL-I (2008-09)

1. i. **GRANT NO. 33 – ENVIRONMENT DIVISION**
SAVINGS RS.19, 096,562/-

The AGPR pointed out that the grant closed with a saving of Rs.19, 956,562 which worked out to 11.51 percent of the total grant. An amount of Rs.860, 000 (0.49%) was surrendered leaving net saving of Rs.19, 096,562 (11.02%).

ii. **GRANT NO. 34 – FOREST**
SAVINGS RS. 4,080,501/-

The AGPR pointed out that the grant closed with a saving of Rs.4,080,501 which worked out to 5.30 percent of the total grant.

iii. **GRANT NO. 35 – ZOOLOGICAL SURVEY DEPARTMENT**
EXCESS RS. 875,345 /-

The AGPR pointed out that the grant closed with an excess of Rs.875,345 which worked out to 7.70 percent of the total grant.

iv. **GRANT NO.141 – DEVELOPMENT EXPENDITURE OF ENVIRONMENT DIVISION**
SAVINGS RS. 677,253,506/-

The AGPR pointed out that the grant closed with a saving of Rs.2, 169,953,506 which worked out 79.69 percent of the total grant. An amount of Rs.1, 492,700,000 (54.82%) was surrendered leaving net saving of Rs. 677, 253,506 (24.87%).

PAC DIRECTIVE

The PAC recommended the excess/savings in the above mentioned four grants for regularization.

AUDIT REOPRT FOR THE YEAR 2009-10
MINISTRY OF CLIMATE CHANGE

PAKISTAN ENVIRONMENTAL PLANNING AND ARCHITECTURAL CONSULTANTS (PVT) LIMITED

2. **PARA-64 ARPSE-2009-10**
MISAPPROPRIATION THROUGH FAKE ADJUSTMENT– RS. 0.625 MILLION

The Audit pointed out that as per para 12 of GFR, a controlling officer must see that the funds allotted to spending units are expended in the public interest and upon the objects for which money was provided. An officer of Pakistan Environmental Planning and Architectural Consultants (Pvt) Limited (PEPAC), Islamabad drew an advance of Rs. 533,000 for hiring of consultants of Tax Advisory Services for recovery of tax refunds vide BPV No. 21 dated February 25, 2006. Subsequently, the advance amounting to Rs. 625,000 was adjusted as consultancy fees in respect of two firms by the officer concerned on March 1, 2006. The scrutiny of record revealed that a fake adjustment of Rs. 0.625 million was made by a Deputy Manager which caused loss to that extent.

The management apprised the Committee that the full recovery has been made from the both officers.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to verification or record by Audit. The PAO was, however, directed to ensure maintain financial discipline in the Ministry as well as its subordinate/attached departments.

PARA RECOMMENDED FOR SETTLEMENT

3. **PARA-63 ARPSE-2009-10**

PAC DIRECTIVE

The PAC recommended the para for settlement on the recommendation of Audit.

MINISTRY OF COMMERCE
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Climate Change examined by the PAC on 19th January, 2017.

- 73 paras were presented by the Audit Department which were examined by the Committee. Out of which 40 paras was settled whereas appropriate directions were accordingly issued by the remaining paras.
- The AGPR presented 02 grants which were regularized by the committee.
- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the PAC meeting held on 19th January, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, to examine the Appropriation accounts for the year 2008-09, and Audit Report for the year 2009-10 pertaining to the Ministry of Commerceare as under:

APPROPRIATION ACCOUNTS CIVIL VOL-I 2008-09
MINISTRY OF COMMERCE

1. i. **GRANT NO.15 – COMMERCE DIVISION**
SAVINGS RS.1, 149,051,578/-

The AGPR pointed out that the grant closed with a saving of Rs.1, 198,571,578 which worked out to 27.55 percent of the total grant. An amount of Rs.49, 520,000 (1.14%) was surrendered leaving net saving of Rs.1, 149,051,578 (26.41%).

ii. **GRANT NO. 132 –DEVELOPMENT EXPENDITURE OF COMMERCE DIVISION**
SAVINGS RS.12, 046,925/-

The AGPR pointed out that the grant closed with a saving of Rs.351, 502,075 which worked out to 75.91 percent of the total grant. An amount of Rs.363, 549,000 (78.52%) was surrendered resulting into an excess of Rs.12, 046,925 (2.60%).

PAC DIRECTIVE

The PAC recommended the savings in the above mentioned two grants for regularization.

AUDIT REPORT FOR THE YEAR 2009-10
MINISTRY OF COMMERCE

2. **PARA NO. 3.1 PAGE NO. (AR 2009-10)**
EMBEZZLEMENT OF PUBLIC MONEY – RS. 24.05 MILLION

The Audit pointed out that the National Tariff Commission (NTC) under Ministry of Commerce maintained lapsable Personal Ledger Account (PLA) with Federal Treasury Office (FTO) Islamabad upto Dec, 2008 and an assignment account from Jan, 2009 to June, 2009. Audit observed an embezzlement of public money

amounting to Rs. 24,053,902during the period FY 2000-01 to 2008-09 as detailed below:

The PAO apprised the Committee that disciplinary action against the accused officials in the light of findings of Departmental Inquiry Committee has been completed by imposing major penalty of dismissal from service on the following: Mr. Maqsood-ul-Hassan, Deputy Director, Mr. Muhammad Zubair, Cashier, Mr. Sajjad Anwar, Stenographer, Mr. Idrees Ahmad, Assistant, Mr.Ghulam Sarwar, Naib Qasid. Dismissal letter was issued on 10.09.2011. A copy of Departmental Inquiry Report was sent to the Federal Audit as well as Ministry of Commerce on 05.09.2011. NTC has provided the available addresses of the absconders and also asked the FIA to bring them back and recover the embezzled amount from all culprits. As per inquiry report of FIA, an amount of Rs. 120,000 was recovered from Mr. Ghulam Sarwar, Naib Qasid and deposited in the court.

PAC DIRECTIVE

The PAC directed the Ministry to seek legal opinion from Ministry of Law & Justice for further course of action in the matter. The Management was however directed to pursue the court case along with FIA vigorously.

3. **PARA NO. 3.2 PAGE NO. (AR 2009-10)**
NON-RECONCILIATION OF EXPENDITURE OF PERSONAL LEDGER ACCOUNT (PLA) WITH FEDERAL TREASURY OFFICE (FTO), ISLAMABAD

The Audit pointed out that according to the provisions of para 5(d) of Finance Division O.M.No.3(2)Exp.III. 2006 dated September 13, 2006, the National Tariff Commission (NTC) is required to carry out proper reconciliation with the Federal Treasury Officer (FTO) to ensure the accuracy of the accounts. The difference in the accounts is required to be analyzed properly and reasons thereof recorded.

The PAO apprised the Committee that the FTO vide letter dated 09.09.2013 confirmed that record for the period from July 2003 to January 2004 was lost in Lal Masjid incident and record for financial year 2007-08 was handed over to FIA which was still in their custody. The NTC vide letter dated 13.9.2013 followed by reminder dated 05.03.2014 has also requested the FIA to provide the record in their custody for completion of reconciliation but the same has not yet been provided. Except the unavailable record mentioned above, all other transactions of the entire period have been recorded in the reconciliation statement.

PAC DIRECTIVE

The PAC directed the management to provide a copy of report containing reconciliation statements of accounts of June 2016 to Audit for verification immediately under report to Committee. Moreover, the PAC directed the PAO to get reconcile all the accounts between NTC and FTO within one month and

submit report to Audit/PAC. The Finance Division was, however, directed to ensure the provision of missing record by the FTO to the NTC.

4. **PARA NO. 3.3 PAGE NO. (AR 2009-10)**
NON DEPOSIT OF ANTI-DUMPING DUTY IN FEDERAL CONSOLIDATED FUND – RS. 630.66 MILLION

The Audit pointed out that as per provision of Para-26 of GFR, it is the responsibility of every controlling officer to see that all sums due to government are regularly and promptly assessed and realized.

Controller General of Accounts (CGA) allocated following heads of account vide Correction Slip No.59 dated 17.1.2008 for the National Tariff Commission (NTC) to deposit anti-dumping duty in the Federal Consolidated Fund.

The PAO apprised the Committee that as per decision of DAC, NTC has deposited Rs. 687.829 million into the Federal Consolidated Fund and the record has been verified by the Audit. Moreover, the CGA vide its U.O. dated 04.12.2014 was requested to devise a mechanism for direct collection and refund of Anti-Dumping duty by the NTC as is done in the case of Income Tax and Sale Tax etc, as required by the Audit but response from CGA was still awaited.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to verification of stated facts of the PAO by Audit. The para would be treated as settled on satisfaction by Audit. The management was, however, directed to evolve the system for refund mechanism of anti-dumping duty under report to Audit/PAC.

5. **PARA NO. 3.4 PAGE NO. (AR 2009-10)**
NON-TRANSFER OF ANTI-DUMPING DUTY FROM FEDERAL BOARD OF REVENUE – RS. 70.26 MILLION

The Audit pointed out that according to the Anti Dumping Duty Ordinance 2000, anti-dumping duty collected by the Federal Board of Revenue (FBR) is required to be passed onto the National Tariff Commission (NTC) for immediate deposit into non-lapsable personal ledger account (PLA) of NTC maintained with Federal Treasury Office (FTO) Islamabad. As per Finance Division endorsement No. 3(1) BR-II/2009-603-135-1 dated 03.08.2001 and Controller General of Accounts letter No. CGA/a/c-1/CoA/Vol-I-XVI/407 dated March 17 2008, the remaining unspent balances after assessment of due refunds be transferred to Government account.

The PAO apprised the Committee that NTC had collected Rs. 219.538 million anti-dumping duty in 2011-12 including Rs. 70.26 million (not transferred at the

time of audit) out of which an amount of Rs. 183.95 million had been deposited into Federal Consolidated Fund. Audit authorities had already verified the record.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to verification of record by Audit. The management was, however, directed to evolve system for proper assessment and prompted realization of anti-dumping duty from FBR under report to Audit/PAC.

6. **PARA NO. 3.5 PAGE NO. (AR 2009-10)**
NON-INVESTMENT OF CONTRIBUTORY PROVIDENT FUND- RS. 2.62 MILLION

The Audit pointed out that according to rule-8 of the Contributory Provident Fund (CPF) Rules 2008; NTC is to pay the profit on all sums deposited in the CPF at the same rate as determined by the Federal Government from time to time. The income generated from the fund is to be placed to the credit of each depositor yearly.

Audit observed that the management drew from the PLA, the employees' and employer's contributions in the CPF on monthly basis and deposited the same in a current bank account. Thus, the amounts were not invested / deposited in some interest bearing account for profit. The closing balance of the Bank Account as on 30thJune, 2009 was Rs. 2.62 million.

The PAO apprised the Committee that the amount realized from Contributory Provident Fund has been deposited in the National Saving Centre and there was no financial loss to public exchequer.

PAC DIRECTIVE

The PAC recommended the para for settlement.

7. i. **PARA-6.2.2.1 PAGE 109 AR 2009-10**
OVERPAYMENT ON ACCOUNT OF 15% INCIDENTAL CHARGES - US$ 1,315

ii. **PARA-6.2.2.2 PAGE 109 AR 2009-10**
UN-AUTHORIZED PAYMENT OF EDUCATION SUBSIDY - US$ 5,386, BRS 2,341 AND CHF 8,470

iii. **PARA-6.2.2.3 PAGE 110 AR2009-10**
UN-AUTHORIZED EXPENDITURE INCURRED ON PURCHASE OF FURNITURE - €15,420

iv. **PARA-6.2.2.5 PAGE 112 AR2009-10**
UN-AUTHORIZED EXPENDITURE ON ACCOUNT OFCONTINGENT PAID STAFF - € 9,000 AND RS. 451,432

v. **PARA-6.2.2.6 PAGE 112 AR2009-10**
UN-AUTHORIZED PURCHASE OF VEHICLES- €19,400 AND RS. 1,820,803

vi. **PARA-6.2.2.10 PAGE 115 AR2009-10**
IMPRUDENT/UN-JUSTIFIED EXPENDITURE ON ACCOUNT OF RENT FOR BUILDINGS HIRED FOR COMMERCIAL WING - € 99,000

vii. **PARA-6.2.2.11 PAGE 116 AR2009-10**
WASTEFUL EXPENDITURE ON ACCOUNT OF RENT OF BUILDING HIRED FOR COMMERCIAL WING US$ 113,200

viii. **PARA-6.2.2.14 PAGE 117 AR2009-10**
EXCESS EXPENDITURE ON ACCOUNT OF ENTERTAINMENT CHARGES - US$ 890

ix. **PARA-6.2.2.15 PAGE 118 AR2009-10**
UN-AUTHORIZED CASH PAYMENT - BRS 23,083 AND US$ 28,151

x. **PARA-6.2.2.18 PAGE 120 AR2009-10**
UN-AUTHORIZED EXPENDITURE ON VARIOUS PURCHASES – RS.319,560 AND A$2,414

xi. **PARA-6.2.2.22 PAGE 122 AR2009-10**
EXCESS EXPENDITURE INCURRED ON ACCOUNT OF RENT OF RESIDENTIAL BUILDINGS -DH 40,650 AND US$ 9,667

xii. **PARA-6.2.2.23 PAGE 123 AR2009-10**
UN-AUTHORIZED EXPENDITURE INCURRED ON ACCOUNT OF CONSTRUCTION IN HIRED BUILDING - A$ 4,950

xiii. **PARA-6.2.3.1 PAGE 125 AR2009-10**
NON-ADJUSTMENT OF TA/DA ADVANCES DRAWN BY THE GOVERNMENT EMPLOYEES - US$ 6,120, € 20,099, DH 3,605, KD 1,338 AND TK 67,519

xiv. **PARA-6.2.3.2 PAGE 125 AR2009-10**
OVERPAYMENT OF PAY & ALLOWANCES – RS. 54,275

xv. **PARA-6.2.3.3 PAGE 126 AR2009-10**
NON-RECOVERY OF UNSPENT BALANCE OF TA/DA – RS. 269,946

PAC DIRECTIVE

On presentation of above mentioned 15 paras by Audit the PAC directed the PAO to hold an inquiry, fix responsibility against all those found involved for financial and other irregularities, take action(s) against them and submit report to Committee/Audit within 60 days.

NATIONAL INSURANCE COMPANY LIMITED

8. **PARA-05 (ARPSE-2009-10) PAGE-12**
NON-RENTING OUT OF VACANT SPACE OF A BUILDING – RS. 17.476 MILLION

The Audit pointed out that as a matter of prudence, property owned by an organization should be utilized for the purpose for which it was purchased or constructed. In National Insurance Company Limited (NICL), the following spaces were lying vacant in NICL Building located at Abbasi Shaheed Road adjacent to Shahra-e-Faisal, Karachi for renting purpose till audit in October 2009.

The management of NICL informed that due to limited parking facility, the building has not been rented out and possible efforts have been made for renting out the building, but could not utilized. However, several efforts for acquiring adjacent plots were made with M/s SLIC and M/s AWT to convert the same into parking place but in vain.

PAC DIRECTIVE

The PAC recommended the para for settlement, however, Committee endorsed the recommendations of DAC and directed the management to explore other options for renting out the building for commercial activities and matter may be placed before the Board of Directors.

9. **PARA-06 (ARPSE-2009-10) PAGE-13**
IRREGULAR APPOINTMENT OF A CONSULTANT – RS. 2.400 MILLION

The Audit pointed out that the guidelines issued by the Establishment Division, Government of Pakistan through UO.No.11-3/2001-MSW-III, dated January 25, 2002 regulating the appointment of consultants for strict compliance by all Ministries / Divisions / Departments / Organizations provide mainly as under:

i. Consultant should not be appointed to perform routine functions of an organization.
ii. Consultancy should be widely advertised indicating the requirements as specified in the guidelines.
iii. The advertisement shall indicate the range of compensation package.

iv. The applicants shall be short listed and prioritized by an In-house Committee of the client organization.

The Management apprised the Committee that Mr. S.K Ahmed was appointed on 19th January 2007 as a consultant for Risk Management of Re-insurance Business after retirement of Mr. Adul Sattar Khan, Acting ED & Ms. Padma Guruwardene who left the company on 06-04-2007. As the company was in process of launching new business of crop insurance it required an experienced officer to look after the risk management in the company. Since the company was directed by the honorable Prime Minister to immediately launch crop insurance it was decided in 29th BOD meeting held on 19-12-2006 to hire services of Mr. S.K Ahmed as consultant who held extensive experience in field of insurances. Keeping in view the urgency, the company could not go for advertisement.

PAC DIRECTIVE

The PAC recommended the para for settlement.

PAKISTAN RE-INSURANCE COMPANY LIMITED

10. **PARA-10 (ARPSE-2009-10) PAGE-19**
NON-RECOVERY OF INSURANCE PREMIUM DUE TO DELAYED RECONCILIATION – RS. 28.706 MILLION

The Audit pointed out that the Section-43(1) of the Insurance Ordinance, 2000 binds the insurers to pay their premiums on account of reinsurance timely by levying a penalty in case of default for the period during which the default continues as payable to the reinsurance company calculated on the amount of the defaulted premium at the base rate prevailing on the date on which the default first occurred. Moreover, Section-43(2) makes it obligatory upon the insurers to submit to the Company in such manner and form and within such period as may be prescribed by regulations, a statement relating to his business reinsured with the Company.

The Management informed that matter was sub-judice in the court of Law.

PAC DIRECTIVE

The PAC pended the para till outcome of courts verdict. The Committee directed the management to pursue the court case vigorously under report to Audit/PAC.

STATE LIFE INSURANCE CORPORATION OF PAKISTAN

11. **PARA-13 (ARPSE-2009-10) PAGE-24**
NON-RECOVERY OF DUES FROM TENANTS UPON VACATION OF PREMISES – RS. 18.760 MILLION

The Audit pointed out that the rule-26 of GFR provides that it is the duty of the departmental controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and duly credited in the Public Account. Moreover, Rule-31 of GFR provides that the Head of the Department concerned will be responsible for the due recovery of the rent of the building owned by the department.

PAC DIRECTIVE

The PAC endorsed the recommendations of DAC and directed the management to pursue the court case more vigorously under report to Audit. Moreover, to get write off the small irrecoverable amounts in which the legal cost is higher than the material amount, from BoD under intimation to Audit/PAC.

TRADING CORPORATION OF PAKISTAN (PVT.) LIMITED

12. **PARA-15.5 (ARPSE-2009-10) PAGE-28**

The Audit pointed out that the External Auditors offered eight qualification remarks on the accounts for the year 2008-09 as detailed below:

i. Sufficient appropriate audit evidence could not be obtained to verify various trade receivables and payables. Reconciliation of wheat imported and delivered to provinces could not be finalized, as Credit Sales made to Provinces has not been fully acknowledged by them.
ii. Provision for gratuity was not based on actuarial valuation.
iii. Provision for deferred tax was not made.
iv. Reasonable assurance could not be obtained about completeness of contingencies and commitments.
v. Provision of disputed tax liability of Rs. 2.353 million at subsidy income was not booked.
vi. Margin has not been reversed for expired bank guarantees of Rs. 25 million of RECP (defunct).
vii. Title of Assets was not transferred to TCP of RECP (defunct) and CEC (defunct), taken over by it as a result of merger.
viii. Provision of a specific liability of Rs. 541.284 million regarding Liverpool Cotton Association (award against defunct CEC) was not booked. This was disclosed as a contingent liability.

The management informed that in pursuance of the Federal Government directives, the Honourable High Court of Sindh had passed order giving effect to the merger of RECP & CEC into TCP as per judgment announced on 19-01-2001. As a result of the merger, all the activities, operations, assets and liabilities belonging to the two defunct Corporations (RECP & CEC) have been transferred to the TCP by virtue of judgment. So far, TCP has succeeded in changing the title of the following properties of defunct RECP and CEC in the name of TCP:-

- Title of two shops of RECP at Al-Syed Centre, Landhi
- 10 acres & 15 acres plot of defunct CEC Godowns at Multan.

To get the titles of other properties transferred in the name of TCP persistent efforts were underway.

PAC DIRECTIVE

The PAC endorsed the recommendations of DAC and directed the management to continue its efforts to get titles of other properties transferred in the name of TCP vis-a-vis pursue the court case vigorously under report to Audit/PAC.

13. **PARA-16 (ARPSE-2009-10) PAGE-29**
UNDUE FAVOUR TO SUGAR CARTEL BY DEFYING THE DIRECTIVES FOR PROCUREMENT CAUSING CRISIS / INCREASE IN PRICES

The Audit pointed out that one of the laid down objectives of Trading Corporation of Pakistan (TCP) is that the Organization will strive to stabilize market conditions and neutralize effect of high market prices resulting from unwarranted escalation by private importers and post facto act as a check on disparity between import prices and scarcity prices. The objective manifests TCP's responsibility to ensure stability in prices of the commodities it deals with.

The management informed that the directives of Ministry of Commerce, TCP was constrained to buy only 25,000 MT against the 1st tender opened on 28-02-2009. Two more tenders of 50,000 MT each were opened on 16th and 23rd May, 2009 and awarded to the lowest bidders. Thus TCP successfully procured 125,000 MTs against the ECC decision for procurement of 200,000 MTs leaving a balance quantity of 75,000 MTs. The import of sugar was slowed down in compliance of the instructions of both the Ministries. Later on, as desired by the line Ministries/ ECC, TCP imported additional quantity of 100,000 MTs sugar, besides the balance quantity of 75,000 MT sugar.

PAC DIRECTIVE

The PAC recommended the para for settlement.

14. **PARA-17 (ARPSE-2009-10) PAGE-31**
IRREGULAR / IMPRUDENT PROCUREMENT OF SUGAR – RS.4.668 BILLION

The Audit pointed out that the laid down objective of Trading Corporation of Pakistan (TCP) is that the Organization will strive to stabilize market conditions and neutralize effect of high market prices resulting from unwarranted escalation by private importers and post-facto act as a check on disparity between import prices and scarcity prices. The objective manifests TCP's responsibility to ensure stability in prices of the commodities it deals with.

PAC DIRECTIVE

The PAC recommended the para for settlement on the recommendations of DAC.

15. **PARA-26 (ARPSE-2009-10) PAGE-43**
IMPROPER MANAGEMENT OF REAL ESTATES LEADING TO UNAUTHORIZED OCCUPATION

The Audit pointed out that the Article No. III (9) of the Memorandum of Association, Trading Corporation of Pakistan (TCP) provides that the Corporation will let on hire all or any of the property whether movable or immovable. The objective manifests TCP's responsibility to utilize profitably its movable / immovable property rather than allowing illegal occupations by unauthorized persons.

The management apprised the Committee that efforts had been made to get vacated the illegal occupation.

PAC DIRECTIVE

The PAC directed the management to continue its efforts more vigorously under intimation to Audit/PAC.

PAKISTAN TOBACCO BOARD

16. **PARA-27 ARPSE-2009-10**
The Audit pointed out that the Pakistan Tobacco Board was established under an Ordinance (Ordinance No.1 of 1968, dated 8th February, 1968) as a semi autonomous body under the control of Ministry of Commerce. The main functions of the Board are to regulate, control and promote the export of tobacco products, levy and collect cess at the rates prescribed by the Government from time to time not exceeding 3% ad valorem.

The management apprised the Committee that accounts under observation have been provided to audit.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to submission of accounts for 2015-16.

17. i) **PARA-28 ARPSE-2009-10**
EMBEZZLEMENT OF CASH- RS. 9.097 MILLION

The Audit pointed out that in accordance with para 13 of GFR Vol-I, every controlling officer is required to ensure that adequate provisions exist to prevent and detect errors and irregularities in the financial proceedings; guard against waste and loss of public money and inspect at least once in every financial year to see whether:

i. Rules of handling and custody of cash are properly understood and applied.
ii. Satisfactory arrangement exists for systematic and proper maintenance of books of accounts and other ancillary record concerned with the initial accounts.

ii) **PARA-33 ARPSE-2009-10**
MISAPPROPRIATION BY FICTITIOUS ADJUSTMENT – RS. 0.528 MILLION

The Audit pointed out that as per paras 4 & 5 of GFR Vol-I, all transactions to which any officer of government is a party in his official capacity must be brought to account without delay. Moneys received as dues of government or for deposit in the custody of government should be credited into the Public Account in accordance with the Treasury Rules.

PAC DIRECTIVE

The PAC pended the above mentioned two paras and directed the PAO to pursue the court case more vigorously under report to Audit/PAC.

18. **PARA-30 ARPSE-2009-10**
UN-AUTHORIZED PROCUREMENT OF IMPORTED VEHICLE – RS. 3.620 MILLION

The Audit pointed out that in terms of Para-C of the Cabinet Division OM dated July 22, 2005, the ban imposed on procurement of new vehicles was lifted and the summary for relaxation of the ban to the Prime Minister was not required. The instructions with reference to imported vehicles circulated vide Cabinet Division's D.O letter dated February 28, 2000 were applicable to Ministries/Divisions attached departments/ Autonomous/Semi autonomous Bodies and Corporations.

The management apprised the Committee that the matter has been taken up with Finance Division for ex-post facto approval from PM Secretariat. However, Finance Division is of the view that the matter will be regularized as per direction of PAC.

PAC DIRECTIVE

The PAC directed the management to get it approved from the Finance Division.

PARAS REFERRED TO DAC

MINISTRY OF COMMERCE

19. I) **PARA-6.2.2.12 PAGE 116 AR 2009-10**
UN-AUTHORIZED EXPENDITURE INCURRED ON PAY OF LOCAL BASED STAFF-B, RS. 36,694

ii) **PARA-6.2.2.13 PAGE 117 AR 2009-10**
UN-JUSTIFIED CASH WITHDRAWAL AND ADJUSTMENT THEREOF - US$ 43,530

iii) **PARA-6.2.2.16 PAGE 118 AR 2009-10**
NON-RECOVERY OF CHARGES INCURRED ON SHIFTING OF RESIDENCE - ZLOTY 1,497

iv) **PARA-6.2.2.20 PAGE 121 AR 2009-10**
NON-RECOVERY OF UTILITY CHARGES FROM TRADE MINISTER - US$ 660

PAC DIRECTIVE

The PAC referred the above mentioned four paras for pursuance at DAC level.

PARAS RECOMMENDED FOR SETTLEMENT

20. I) **PARA-6.2.2.17,PAGE-119,AR-2009-10**
UN-AUTHORIZED EXPENDITURE ON ACCOUNT OF SALARY OF TRADE DEVELOPMENT OFFICER - RS. 8.55 MILLION

ii. **PARA-6.2.2.19 PAGE 121 AR2009-10**
UN-AUTHORIZED PAYMENT ON ACCOUNT OF CHILDREN EDUCATION PASSAGE

iii. **PARA-04.1ARPSE-2009-10**

iv. **PARA-04.2 ARPSE-2009-10**

v. **PARA-04.3 ARPSE-2009-10**

vi. **PARA-7 ARPSE-2009-10**
IRREGULAR ACCEPTANCE OF CARGO LEGAL LIABILITY CLAIM - US$ 12,815 (RS.1.050 MILLION)

vii. **PARA-8 ARPSE-2009-10**

viii. **PARA-8.1 ARPSE-2009-10**

ix. **PARA-8.2 ARPSE-2009-10**

x. **PARA-8.3 ARPSE-2009-10**

xi. **PARA-8.4 ARPSE-2009-10**

xii. **PARA-8.5 ARPSE-2009-10**

xiii. **PARA-9 ARPSE-2009-10**
DISCRETIONARY PAYMENTS OF RE-INSURANCE COMMISSION WITHOUT SET CRITERIA – RS. 477.655 MILLION

xiv. **PARA-11 ARPSE-2009-10**
IRREGULAR ACCEPTANCE OF FACULTATIVE INSURANCE CLAIMS IN DEFAULTED PREMIUM/EXPIRED INSURANCE CASES – RS. 32.814MILLION

xv. **PARA-12 ARPSE-2009-10**

xvi. **PARA-12.1 ARPSE-2009-10**

xvii. **PARA-12.2 ARPSE-2009-10**

xviii. **PARA-12.3 ARPSE-2009-10**

xix. **PARA-12.4 ARPSE-2009-10**

xx. **PARA-14 ARPSE-2009-10**
NON-RECOVERY OF SALE PROCEEDS FROM ZONAL HEADS – RS. 0.988 MILLION

xxi. **PARA-15 ARPSE-2009-10**

xxii. **PARA-15.1 ARPSE-2009-10**

xxiii. **PARA-15.2 ARPSE-2009-10**

xxiiv. **PARA-15.3 ARPSE-2009-10**

xxv. **PARA-15.4 ARPSE-2009-10**

xxvi. **PARA-18 ARPSE-2009-10**
LOSS DUE TO IMPORT OF SUGAR AT HIGHER RATES – RS. 74.194 MILLION

xxvii. **PARA-19 ARPSE-2009-10**
IRREGULAR INCREASE IN TRANSPORTATION RATES OF WHEAT - RS. 3.021 BILLION

xxviii. **PARA-20 ARPSE-2009-10**
DELIVERY OF WHEAT AT GAWADAR PORT CAUSED EXTRA TRANSPORTATION CHARGES – RS. 1.088 BILLION

xxvix. **PARA-21 ARPSE-2009-10**
PAYMENT OF DEMURRAGE ON WHEAT CARRIERS - US$ 11.626 MILLION EQUIVALENT TO RS. 930.133 MILLION

xxx. **PARA-22 ARPSE-2009-10**
LOSS ON ACCOUNT OF PURCHASE OF RICE AT INFLATED PRICE - RS. 762.500 MILLION

xxxi. **PARA-23 ARPSE-2009-10**
UNJUSTIFIED CHANGE IN THE TENDER OPENING DATES OF RICE AND NEGOTIATION WITH OTHER BIDDERS AFTER OPENING TENDERS (VIOLATION OF PPRA RULES -2004)

xxxii. **PARA-24 ARPSE-2009-10**
VIOLATION OF PUBLIC PROCUREMENT RULES IN AWARD OF TIME FOR SUBMISSION OF BIDS

xxxiii. **PARA-25 ARPSE-2009-10**
NON-RECOVERY OF GODOWN SHORTAGE FROM THE CUSTODIAN OF TCP PIPRI GODOWN – RS.11.080 MILLION

PAKISTAN TOBACCO BOARD

xxxiv. **PARA-29 ARPSE-2009-10**
UNAUTHORIZED PROCUREMENT OF VEHICLES – RS. 4.800 MILLION

xxxv. **PARA-31 ARPSE-2009-10**
NON-RECOVERYOF OUTSTANDING ADVANCES – RS. 1.100 MILLION

xxxvi. **PARA-32 ARPSE-2009-10**
SHORTAGE OF CASH – RS. 0.668 MILLION

xxxvii. **PARA-34 ARPSE-2009-10**
IRREGULAR EXPENDITURE DUE TO RE-EMPLOYMENT – RS. 0.403 MILLION

PAC DIRECTIVE

The PAC recommended the above mentioned 37 Paras for settlement on the recommendations of Audit.

MINISTRY OF COMMUNICATION (POSTAL SERVICES & NHA)
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Communications (Postal Services & National Highway Authority) examined by the PAC on 06th March, 2013, 25th October, 2016, 04th, 5th July, 2017 and 17th August, 2017.

- 155 paras were presented by the Audit Department which were examined by the Committee. Out of which 82 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 02 grants which were regularized by the committee.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

MINISTRY OF COMMUNICATIONS (POSTAL SERVICES)
ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of the Public Accounts Committee held on 6th March, 2013, regarding Appropriation Accounts for the year 2008-09 pertaining to Ministry of Communications (Postal Services) are summarized as under:

APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 2008-09

1. **GRANT NO. 17-A- POSTAL SERVICES DIVISION (SAVING RS. 12,188,797)**

The Audit pointed out that the grant closed with a saving of Rs. 12, 188, 797 which worked out to 60.94 percent of the total grant.

The PAO explained that surrender order of Rs. 10, 171, 626/- was issued on 29-06-2009 (after codal date). Therefore, it was not taken into account by the AGPR.

PAC DIRECTIVE

The PAC settled the grant with the direction that financial management in the Ministry be improved.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the PAC meeting held on 25th October, 2016 under the convenership of Sardar Ashiq Hussain Gopang, MNA to examine the Appropriation Accounts for the Year 2008-09 and Audit Report for the Year 2009-10, pertaining to the Ministry of Communications(Postal Services) are as under:

M/O COMMUNICATIONS (POSTAL SERVICES)
APPROPRIATION ACCOUNTS CIVIL-VOL-I (2008-09)

2. **GRANT NO.18 PAKISTAN POST OFFICE**
SAVING RS.43, 791,708/-

PAC DIRECTIVE

The PAC recommended the grant for settlement.

AUDIT REPORT 2009-10

3. **PARA NO.2.1 PAGE NO.13-14 AR (PPO 2009-10)**
FRAUDULENT PAYMENT TO MILITARY PENSIONERS FOR RS. 32.390 MILLION

The Audit pointed out that according to Article 24 of PT&T Initial Account Code, Vol-I and Serial No.7 of Appendix-2 to GFR Vol-I, loss and fraud cases are required to be reported to audit office immediately on occurrence. In all such cases, departmental proceedings should be instituted at the earliest against all the delinquents even against a government servant being prosecuted in a criminal court. Moreover, Para 238(5) of Post Office Manual Vol-VIII prescribes that the inspecting officer will not be relieved of his responsibility for contributing to the commission of any fraud or defalcation of government money which has remained undetected during inspection by him. Audit unearthed a fraud in GPO Sialkot where numerous fraudulent transactions of Rs. 32,390,266 were made by officials of GPO through fake payments of arrears and bogus entries in the deposits of Post Saving Bank accounts of military pensioners. Further, entries of payments of Rs. 66,780,674 were found deleted from the computerized record (PSB-II and computerized ledgers) which destroyed the evidence. Thus, there was a failure of supervisory controls and the inspecting officers who carried out periodical inspections but could not detect the fraud.

The PAO replied that following the recommendations of the DAC dated 17 October 2016 a Committee comprising of one member from Ministry of Communications, one member from Postal and one IT expert has been

constituted which will submit its report to the Committee to the Secretary Communications and Audit within one month.

PAC DIRECTIVE

The PAC directed the PAO to finalize the report of the inquiry committee at the earliest and submit the same to Audit. The department however was directed to provide all the record to FIA for investigation of the case under report to Audit/PAC.

4. **PARA NO.2.2 PAGE NO.14-15 AR (PPO 2009-10)**
LOSSES, FRAUDS AND MISAPPROPRIATIONS OF RS. 22.682 MILLION

The Audit pointed out that according to Article 24 of PT&T Initial Account Code, Vol-I and Serial No.7 of Appendix-2 to GFR Vol-I, loss and fraud cases are required to be reported to audit office immediately on occurrence. In all such cases, departmental proceedings should be instituted at the earliest against all the delinquents even against a government servant being prosecuted in a criminal court. Moreover, Para 238 (5) of Post Office Manual Vol-VIII prescribes that the inspecting officer will not be relieved of his responsibility for contributing to the commission of any fraud or defalcation of government money which has remained undetected during inspection by him.

The DG (Post) explained the Committee that out of Rs. 26.8 million, Rs. 13.5 million have recovered, Rs. 13.2 million were outstanding and Rs. 49,000 were for right off . Eleven cases have been referred to NAB and FIA. FIR have been launched of 18 cases with police.

PAC DIRECTIVE

The PAC pended the para, and directed the PAO to provide details of already referred cases to NAB and FIA in the next meeting along with the representatives from NAB and FIA.

5. **PARA NO.5.13 PAGE NO.44 AR (PPO 2009-10)**
LOSS OF RS. 3.630 MILLION DUE TO NON-POSSESSION OF LAND

The Audit pointed out that according to Para 10 (i) of GFR Vol-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. PMG, Hyderabad purchased a plot measuring four (04) acres land from Hyderabad Development Authority (HDA) in Kohsar Housing Scheme vide letter dated 14.10.1991 and 1st installment of Rs. 2,250,000 was paid on 08.02.1992. The balance amount of Rs. 1,380,000 was paid on 02.5.2003.

The DG (Post) explained the Committee that the PMG Hyderabad has been directed to take up the issue with Hyderabad Development Authority for its resolution.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to look into the matter personally, fix responsibility and report to NAB/Audit/PAC.

6. **PARA NO.5.14 PAGE NO.44-45 AR (PPO 2009-10)**
LOSS OF MILLIONS OF RUPEES DUE TO UNAUTHORIZED OCCUPATION OF POSTAL PROPERTY HAVING PRICE OF RS. 7.877 MILLION

The Audit pointed out that according to Rule 25(4) (d) of the Accommodation Allocation Rules 2002, a person other than a Federal Government servant shall be liable to criminal proceedings for being in illegal possession of government property. Moreover, according to Para 10 (i) of GFR Vol-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.
The PAO explained the Committee that he contacted the Chief Secretary Sindh for implementation of Supreme Court decision in regard to vacate the Government residential accommodation.

PAC DIRECTIVE

The PAC settled the para upto the extent of vacation of property and directed the department to continue its efforts for vacation of all the properties under report to Audit/PAC.

7. **PARA NO.4.4 PAGE NO.22-24 AR (PPO 2009-10)**
NON-RECOVERY OF RENT AMOUNTING TO RS. 24.702 MILLION

The Audit pointed out that Rule 5-A (1) of Urban Rent Restriction Ordinance, 1959 requires that the rent of non-residential buildings shall stand automatically increased at the end of every three years of its tenancy by 25% or 10% every year of the rent paid by the tenant. Moreover, as per Ministry of Housing and Works letter No.F.2 (1)/2009-Policy dated 14th April, 2008 the rent for commercial and residential buildings has been revised.

The PAO explained the Committee that there are six formations. PMG Lahore have recovered the full amount Rs. 336,090/- which will be provided to Audit for verification. The properties in Golra Mor and Korangi are in use of Pakistan Post Foundation and the amount will be recovered from them according to the agreement and provided to Audit for verification. The National Development Leasing Corp. Ltd. Islamabad has refused to pay the rent, thus the matter is in

the Court. An agreement for the shops according to the market rent is being arranged and rent will be collected on monthly basis.

PAC DIRECTIVE

The PAC recommended the para for settlement to the extent of the amount has been recovered and verified by Audit. The PAO was however directed to recover the remaining amount in accordance to the agreement, pursue the court case vigorously under report to Audit/PAC.

8. **PARA NO.4.5 PAGE NO.24-25 AR (PPO 2009-10)**
NON-RECOVERY OF COMMISSION/SERVICE CHARGES OF RS.16.938 MILLION

The Audit pointed out that according to Rule 8 of GFR Vol-I, it is the duty of the Administrative Department concerned to see that the dues of Government are correctly and promptly assessed, collected and paid into the treasury. PPO Department performs agency functions of printing and sale of stamps on account of renewal of arms and driving licenses, route permits, motor vehicles fitness certificates on behalf of various Government departments on agreed rates of commission/service charges. PMG, Lahore did not recover commission/service charges of Rs. 16,938,245 for above mentioned agency functions from various departments of the Government of Punjab during 2008-09.

The PAO informed the Committee that the matter regarding remaining recovery from the Home Department Punjab was taken up with Chief Secretary Punjab, who assured for its resolution.

PAC DIRECTIVE

The PAC recommended the para for Settlement to the extent of amount recovered and verified by Audit. The department however, was directed to recover the remaining amount and get it verified by Audit. The para would be considered as settled on full recovery and its verification by Audit.

9. **PARA NO.4.6 PAGE NO.25-27 AR (PPO 2009-10)**
NON-RECOVERY OF RS.16.236 MILLION ON ACCOUNT OF SERVICE CHARGES AND SHARE COST FROM PTCL

The Audit pointed out that according to clauses 7 and 11-A of the agreement for delivery of telephone bills between PTCL and Postal authorities, service charges for delivery of telephone bills shall be paid @ Rs. 4.00 per bill by the PTCL within 30 days of the receipt of claim from the PPO Department. In case of failure on the part of PPO Department to deliver the bills, penalty @ Rs. 6.00 per undelivered bill shall be recovered from PPO Department. Moreover, according to DG, PPO Islamabad letter No.Wel.77-2/77 dated 13.10.1980, pay and

allowances of the entire staff of P&T Model School would be shared equally by the Post Office/T&T (now PTCL) Departments out of their respective budgets.

The PAO informed the Committee that there are three separate issues. The department has recovered the services charges for delivery of PTCL mail and bills from PTCL. While for the payment of penalty of non-delivery of bills there is no penalty clause in agreement taken out between PTCL and Pakistan Post. Moreover, the amount due from P&T Model School Lahore, has been recovered and verified by Audit.

PAC DIRECTIVE

The PAC recommended the para for settlement to the extent share cost of P&T Model School, Lahore. On the issues of services charges for delivery of PTCL bills, payment of penalty for non delivery of bills, the Committee directed the PAO to hold a fresh DAC under report to PAC.

10. **PARA NO.4.7 PAGE NO.27-28 AR (PPO 2009-10)**
NON-RECOVERY OF RS. 8.537 MILLION FROM NATIONAL BANK OF PAKISTAN

The Audit pointed out that according to the agreement executed between PPO Department and National Bank of Pakistan (NBP), charges for the delivery of bi-annual statements of accounts to the account holders of NBP @ Rs. 4.20 and Rs. 6.20 per ordinary and registered mail respectively were to be paid by NBP. As per clauses 3 and 8 of the agreement, the payment of postage was to be made in advance by the regional offices of NBP to the Chief/Senior Postmaster of concerned GPO. Contrary to the above provisions, two (02) formations of PPO Department did not recover an amount of Rs. 8,537,329 from NBP on account of delivery of bi-annual statements of accounts up to 30th June, 2009.

The PAO informed the Committee that the issues regarding payment of ordinaries by the NBP was taken up with the Finance Division and hopefully it will be settle down in near future.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to take up the matter with M/o Finance personally under report to Audit/PAC.

11. **PARA NO.1.9 PAGE NO.10-11 AR (PPO 2009-10)**
UNAUTHORIZED EXPENDITURE OF RS.3.222 MILLION TO ESTABLISH THE CAMP OFFICE OF MINISTER

The Audit pointed out that according to Serial No. 4(ii) of System of Financial Control and Budgeting issued by Finance Division vide O.M.

No.F.3(2)Exp.III/2006, dated 13th September 2006, the Principal Accounting Officer is personally responsible to see that the funds are utilized for the purpose for which they are allocated. Moreover, according to Rule 3 (3) and Schedule II of the Rules of Business, 1973 all the matters relating to President, Prime Minister, Federal Ministers and Ministers of State etc. are required to be referred to the Cabinet Division.

The PAO informed the Committee that the then Minister for Communication, a camp office was established at Karachi. The money was spent on the renovation of the house. The matter for regularization of this amount was referred to the Cabinet Division, however the outcome is yet awaited.

PAC DIRECTIVE

The PAC directed the PAO look into the matter, and discuss it in the DAC under report to PAC.

UN-HIGHLIGHTED PARAS

12. i. **PARA NO.1 (II) PAGE NO.1 AR (PPO 2009-10) COMMENTS ON BUDGET AND ACCOUNTS**

ii. **PARA NO.1(IV) PAGE NO.2 AR (PPO 2009-10) COMMENTS ON BUDGET AND ACCOUNTS**

iii. **PARA NO.1(V) PAGE NO.2 AR (PPO 2009-10) COMMENTS ON BUDGET AND ACCOUNTS**

iv. **PARA NO.1(VII) PAGE NO.2 AR (PPO 2009-10) COMMENTS ON BUDGET AND ACCOUNTS**

v. **PARA NO.1.3 PAGE NO.4-5 AR (PPO 2009-10) UNAUTHORIZED EXPENDITURE OF RS. 232.771 MILLION ON PAYMENT OF INCENTIVES TO EMPLOYEES**

vi. **PARA NO.1.4 PAGE NO.5-6 AR (PPO 2009-10) UNAUTHORIZED PAYMENT OF INCENTIVES OF RS. 62.710 MILLION ON DELIVERY OFMONEY ORDERS**

vii. **PARA NO.1.5 PAGE NO.6-7 AR (PPO 2009-10) UNAUTHORIZED EXPENDITURE OF RS. 57.793 MILLION ON PAYMENT OF UNAPPROVED ALLOWANCES**

viii. **PARA NO.1.6 PAGE NO.7-8 AR (PPO 2009-10) UNAUTHORIZED PAYMENT OF RS. 39.192 MILLION TO CONTINGENT PAID STAFF**

ix. **PARA NO.1.7 PAGE NO.8-9 AR (PPO 2009-10)**
UNAUTHORIZED EXPENDITURE OF RS. 16.218 MILLION ON BUILDING WORKS

x. **PARA NO.1.10 PAGE NO.11-12 AR (PPO 2009-10)**
UNAUTHORIZED RETENTION OF CASH IN EXCESS OF MAXIMUM AUTHORIZED LIMITS

xi. **PARA NO.3.3 PAGE NO.17-18 AR (PPO 2009-10)**
IRREGULAR EXPENDITURE OF RS. 1.349 MILLION ON PURCHASE OF MEDICINES WITHOUT OPEN TENDERS

xii. **PARA NO.4.1 PAGE NO.20-21 AR (PPO 2009-10)**
NON-RECOVERY OF RS. 88.263 MILLION FROM VARIOUS GOVERNMENT DEPARTMENTS

xiii. **PARA NO.4.8 PAGE NO.28-29 AR (PPO 2009-10)**
OVER PAYMENT OF RS. 11.289 MILLION TO MILITARY PENSIONERS

xiv. **PARA NO.4.9 PAGE NO.29-30 AR (PPO 2009-10)**
NON-RECOVERY OF RS. 3.316 MILLION ON ACCOUNT OF STANDARD/NORMAL RENT

xv. **PARA NO.4.10 PAGE NO.30-31 AR (PPO 2009-10)**
LOSS OF RS. 2.721 MILLION DUE TO PAYMENT OF UNJUSTIFIED HOUSE TAX TO CANTONMENT BOARDS

xvi. **PARA NO.4.11 PAGE NO.31-32 AR (PPO 2009-10)**
LOSS OF RS. 1.427 MILLION ON ACCOUNT OF OVER PAYMENT TO MAIL CONTRACTORS

xvii. **PARA NO.5.7 PAGE NO.38-39 AR (PPO 2009-10)**
IRREGULAR RETENTION/NON-ACCOUNTAL OF BISP MONEY ORDERS – RS. 33.233 MILLION

xviii. **PARA NO.5.8 PAGE NO.39 AR (PPO 2009-10)**
IRREGULAR EXPENDITURE ON BUILDING WORKS- RS. 26.738 MILLION

xix. **PARA NO.5.9 PAGE NO.40-41 AR (PPO 2009-10)**
IRREGULAR PAYMENT OF FOOD SUPPORT PROGRAMME – RS. 11.340 MILLION

xx. **PARA NO.5.10 PAGE NO.41 AR (PPO 2009-10)**
DRAWL OF CASH ON PAPER CHITS FOR RS. 10.856 MILLION FROM POSTAL TREASURIES

xxi. **PARA NO.5.11 PAGE NO.42 AR (PPO 2009-10)**
IRREGULAR EXPENDITURE OF RS. 5.295 MILLION ON LOCAL PURCHASE OF MEDICINES

xxii. **PARA NO.5.18 PAGE NO.48-50 AR (PPO 2009-10)**
NON-PRODUCTION OF RECORD

xxiii. **PARA NO.5.19 PAGE NO.50 AR (PPO 2009-10)**
NON-VERIFICATION OF CONSOLIDATED TREASURY RECEIPTS AND CONSOLIDATED POSTAL RECEIPTS OF BILLIONS OF RUPEES

xxiv. **PARA NO.5.21 PAGE NO.51 AR (PPO 2009-10)**
IRREGULAR ISSUANCE AND ACCEPTANCE OF REMITTANCE ADVICES

xxv. **PARA NO.6.2 PAGE NO.54-56 AR (PPO 2009-10)**
NON-RECOVERY/ACCOUNTAL OF PLI PREMIUM AND LOANS – RS. 84.749 MILLION

xxvi. **PARA NO.6.5 PAGE NO.58-59 AR (PPO 2009-10)**
NON-RECOVERY OF EXCESS REBATE/HONORARIUM AMOUNTING TO RS. 1.173 MILLION

xxvii. **PARA NO.6.9 PAGE NO.62 AR (PPO 2009-10)**
NON-RECOVERY OF LOANS OF RS. 13.620 MILLION

PAC DIRECTIVE

The PAC directed the PAO to hold a DAC on the above mentioned 27 paras under report to PAC.

PARAS RECOMMENDED FOR SETTLEMENT

13. I. **PARA NO.1 (I) PAGE NO.1 AR (PPO 2009-10)**
COMMENTS ON BUDGET AND ACCOUNTS

ii. **PARA NO.1(III) PAGE NO.2 AR (PPO 2009-10)**
COMMENTS ON BUDGET AND ACCOUNTS

iii. **PARA NO.1(VI) PAGE NO.2 AR (PPO 2009-10)**
COMMENTS ON BUDGET AND ACCOUNTS

iv. **PARA NO.1(VIII) PAGE NO.2 AR (PPO 2009-10)**
COMMENTS ON BUDGET AND ACCOUNTS

v. **PARA NO.1(IX) PAGE NO.2 AR (PPO 2009-10)**
COMMENTS ON BUDGET AND ACCOUNTS

vi. **PARA NO.1(X) PAGE NO.2 AR (PPO 2009-10)**
COMMENTS ON BUDGET AND ACCOUNTS

vii. **PARA NO.1(XI) PAGE NO.2 AR (PPO 2009-10)**
COMMENTS ON BUDGET AND ACCOUNTS

viii. **PARA NO.1(XII) PAGE NO.2 AR (PPO 2009-10)**
COMMENTS ON BUDGET AND ACCOUNTS

ix. **PARA NO.1.1 PAGE NO.3 AR (PPO 2009-10)**
UNAUTHORIZED RE-APPROPRIATION OF FUNDS OF RS. 198.230 MILLION

x. **PARA NO.1.2 PAGE NO.4 AR (PPO 2009-10)**
UNAUTHORIZED CONTRIBUTION OF RS. 25.114 MILLION TO RENEWALS RESERVE FUND

xi. **PARA NO.1.8 PAGE NO.9-10 AR (PPO 2009-10)**
UNAUTHORIZED EXPENDITURE OF RS. 9.173 MILLION

xii. **PARA NO.3.1 PAGE NO.16 AR (PPO 2009-10)**
IRREGULAR EXPENDITURE OF RS. 13.427 MILLION ON PURCHASE OF PHYSICAL ASSETS

xiii. **PARA NO.3.2 PAGE NO.16-17 AR (PPO 2009-10)**
NON-TRANSPARENT PURCHASE OF LETTER BOXES – RS. 1.016 MILLION

xiv. **PARA NO.3.4 PAGE NO.18-19 AR (PPO 2009-10)**
IRREGULAR EXPENDITURE OF RS. 0.871 MILLION

xv. **PARA NO.4.2 PAGE NO.21-22 AR (PPO 2009-10)**
IRREGULAR DEDUCTION OF SERVICE CHARGES OF RS. 90.781 MILLION FOR COLLECTION OF WITHHOLDING TAX

xvi. **PARA NO.4.3 PAGE NO.22 AR (PPO 2009-10)**
NON- REALIZATION OF TERMINAL DUES – RS. 164.413 MILLION

xvii. **PARA NO.5.1 PAGE NO.33 AR (PPO 2009-10)**
DOUBTFUL PAYMENTS OF MILITARY PENSION OF RS. 2,201.290 MILLION

xviii. **PARA NO.5.2 PAGE NO.34 AR (PPO 2009-10)**
IRREGULAR CHARGING OF COMMISSION OF RS. 213.634 MILLION ON DEPOSITS RETAINED FOR LESS THAN 90 DAYS

xix. **PARA NO.5.3 PAGE NO.34-35 AR (PPO 2009-10)**
IRREGULAR EXPENDITURE OF RS. 71.446 MILLION ON PRINTING OF STATIONERY AND FORMS FROM PPF

xx. **PARA NO.5.4 PAGE NO.35-36 AR (PPO 2009-10)**
UNAUTHORIZED RETENTION OF INCOME/WITHHOLDING TAX OF RS. 66.915 MILLION

xxi. **PARA NO.5.5 PAGE NO.36-37 AR (PPO 2009-10)**
DOUBTFUL PAYMENTS OF RS. 64.591 MILLION

xxii. **PARA NO.5.6 PAGE NO.37-38 AR (PPO 2009-10)**
IRREGULAR RETENTION/NON-RECONCILIATION OF FSS MONEY ORDERS – RS. 52.024 MILLION

xxiii. **PARA NO.5.12 PAGE NO.43-44 AR (PPO 2009-10)**
IRREGULAR EXPENDITURE OF RS. 4.717 MILLION ON BUILDING WORKS

xxiv. **PARA NO.5.15 PAGE NO.46 AR (PPO 2009-10)**
IRREGULAR PAYMENT OF RS. 2.047 MILLION TO PAKISTAN RAILWAYS

xxv. **PARA NO.5.16 PAGE NO.46-47 AR (PPO 2009-10)**
NON-CREDIT OF RS. 0.742 MILLION TO FINANCE DIVISION

xxvi. **PARA NO.5.17 PAGE NO.47-48 AR (PPO 2009-10)**
IRREGULAR EXPENDITURE OF RS. 0.676 MILLION ON RE-IMBURSEMENT OF MEDICAL CHARGES

xxvii. **PARA NO.5.20 PAGE NO.50-51 AR (PPO 2009-10)**
NON-RECONCILIATION OF DISCREPANT SAVING BANK ACCOUNTS

xxviii. **PARA NO.5.22 PAGE NO.52 AR (PPO 2009-10)**
UN-ACKNOWLEDGED REMITTANCE ADVICES

xxix. **PARA NO.6.1 PAGE NO.53-54 AR (PPO 2009-10)**
EXCESS CHARGE OF RS. 27.186MILLION TO POST OFFICE INSURANCE FUND

xxx. **PARA NO.6.3 PAGE NO.56-57 AR (PPO 2009-10)**
IRREGULAR UTILIZATION OF FUNDS OF RS. 3.039 MILLION ALLOCATED UNDER HEAD ADVERTISEMENT AND PUBLICITY

xxxi. **PARA NO.6.4 PAGE NO.57-58 AR (PPO 2009-10)**
IRREGULAR EXPENDITURE OF RS. 1.747 MILLION ON PURCHASE OF PHYSICAL ASSETS AND REPAIR OF BUILDING

xxxii. **PARA NO.6.6 PAGE NO.59-60 AR (PPO 2009-10)**
IRREGULAR RE-IMBURSEMENT OF RS. 0.915 MILLION

xxxiii. **PARA NO.6.7 PAGE NO.60-61 AR (PPO 2009-10)**
MISAPPROPRIATION OF RS. 0.466 MILLION ON ACCOUNT OF PLI PREMIUM

xxxiv. **PARA NO.6.8 PAGE NO.61 AR (PPO 2009-10)**
FAKE PAYMENT OF RS. 0.286 MILLION ON ACCOUNT OF DEATH CLAIM

PAC DIRECTIVE

The PAC recommended the above mentioned 34 paras for settlement on the recommendations of Audit.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meetings of the PAC held on 4th, 5th July and 17th August, 2017 to review the Audit Paras No. 4.3.5 and 4.8, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Audit Report for the year 2009-10 pertaining to the **m/o** Communications (NHA) are as under:

AUDIT REPORT FOR THE YEAR 2009-10

ISLAMABAD-MUZAFFARABAD DUAL CARRIAGEWAY PROJECT M/O COMMUNICATIONS (NHA)

14. **PARA NO. 4.2.1 PAGE NO. 09 2009-10**
EXCESS EXPENDITURES OF RS. 2073.48 MILLION

Audit pointed out that funds were released by the federal government through the Public Sector Development Program as a block allocation to the National Highway Authority as Cash Development Loan (CDL). The Authority did not financed/executed the project according to the planned financial phase as provided in the PC-1, even after nearly two decades, the project was still under execution. The project management utilized funds in excess of the releases, as there was no project specific budgetary mechanism. A sum of Rs. 8,748.48 million has been spent against released amount of Rs. 6,675 million, involving an excess expenditure of Rs. 2,073.48 million.

PAC DIRECTIVE

The PAC recommended the para for settlement on the recommendations of Audit.

15. **PARA NO. 4.2.3.1 PAGE NO.10-11 2009-10**
EXTRA PAYMENT DUE TO ALLOWING PRICE ADJUSTMENT IN FC - RS. 1334.73 MILLION

Audit pointed out that serial No. 1 of Clause I-8 of Instructions to Tenders required the tenderer to state what portion of the tender price is to be paid in foreign currency. At the time of tender evaluation positive consideration is given to those tenders who identify realistic foreign currency, as provided at. The contractor provided estimate of foreign exchange expenditure for administrative and general expenses for Rs. 422 million and for Construction Equipment & Plant for Rs. 316 million with a Local and Foreign Currency components of 65% and 35%, respectively.

The PAO apprised the Committee that the difference in currency fluctuation due to change in dollar rate and escalation on the specified material as stated in the contract was paid in accordance with the contractual provision.

PAC DIRECTIVE

The PAC referred the para to DAC.

16. **PARA NO. 4.2.3.2 PAGE NO.11 2009-10**
OVERPAYMENT DUE TO ALLOWING EXTRA CHARGES IN CURRENT RATE FOR PRICE ADJUSTMENT - RS. 14.470 MILLION

Audit pointed out that sub-clause 70.1 (ii) (a) provides that the contract price shall only be adjusted for changes in the basic prices of the materials specified in Appendix-C to the Bid, as officially published by the specified suppliers or manufacturers from time to time. Appendix-C provides that escalation will be payable on 10 x 10 mm Mild Steel Billet of Grade-40 and Grade-60.

The PAO apprised the Committee that the payment of escalation on Mild Steel Billet was paid as per steel mills rate including extra charges cost as mentioned in there table is obligatory, therefore no additional payment of escalation on steel product is made.

PAC DIRECTIVE

The PAC referred the para to DAC.

17. **PARA NO. 4.3.1 PAGE NO.11– 12 2009-10**
PROCUREMENT AND CONTRACT MANAGEMENT

Audit pointed out that as a result of revival of the contract in August 1999, the work was awarded to local contract M/s Hakas (Pvt) Limited at a cost of Rs. 2,187 million. Audit noted the following observations. Bids for the project were invited as an international tender and only foreign contractors were pre-qualified for the work. M/s Hakas (Pvt) Limited showed interest in the pre-qualification process for the contract but their request was not accepted, being a local contractor. M/s Hakas (Pvt) Ltd. had put forward M/s DITCO of Saudi Arabia for the bidding with intention to acquire the project.

PAC DIRECTIVE

The PAC recommended the para for settlement on recommendations of Audit.

18. **PARA NO. 4.3.3 PAGE NO.13 2009-10**
EXTRA PAYMENT DUE TO INCORRECT APPLICATION OF RATES – RS. 489.359 MILLION

Audit pointed out that as per Clause 70.1 (iii) of the Contract Agreement, adjustment for labor and fuel shall be made only as per formula given hereunder, provided the increase or decrease is due to the order of the government, federal or provincial. Audit also observed the Authority changed the factor by changing the coefficient of fuel as 0.15 and labor as 0.1 contrary to provisions of contract. This post-bid amendment of the contract caused extra payment Rs. 489.359 million.

The PAO apprised the Committee that the then Chairman NHA has accorded the approval for fixing the 10 % component for labour and 15% for fuel. The PAO also informed that change in factor due to price hike was allowed after approval of the competent authority.

PAC DIRECTIVE

The PAC referred the para to DAC.

19. **PARA NO. 4.3.4 PAGE NO.13 2009-10**
EXPIRY OF INSURANCE OF WORK

Audit pointed out that the Contract Agreement, the contractor shall, without limiting his obligations; insure the works, together with material and plant, for incorporation therein to the full replacement cost. The insurance shall be in the joint name of the Employer and Contractor during the contract period and upto the Defect Liability Period. Insurance of the work expired on 31.12.2005 but was not extended by the Contractor up till the date of audit.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to verification of record by Audit

20. i. **PARA NO. 4.4.1 PAGE NO.14 2009-10**
NON-PREPARATION OF FEASIBILITY STUDY

ii. **PARA NO. 4.4.2 PAGE NO.14 2009-10**
PROJECT WOULD BE INCREASE BEYOND THE PERMISSIBLE LIMIT OF 15%.

iii. **PARA NO. 4.4.3 PAGE NO.14 2009-10**
VARIATION ORDERS OF RS. 1,227.387 MILLION WHICH INCREASED THE CONTRACT COST TO RS. 3,414.496 MILLION

iv. **PARA NO. 4.4.4 PAGE NO.14-15 2009-10**
CHANGE IN ALIGNMENT WITHOUT CONSIDERATION OF STAKEHOLDERS

v. **PARA NO. 4.4.5 PAGE NO. 15 2009-10**
EXCESSIVE PAYMENT DUE TO NON-REDUCTION OF PROPORTIONATE RETAINING STRUCTURES BY CHANGE IN STRATA FROM SOFT ROCK TO HARD ROCK –RS. 1266.898 MILLION

vi. **PARA NO. 4.4.8 PAGE NO.16 2009-10**
EXTRA EXPENDITURE OF RS. 267.925 MILLION EXCLUDING FOREIGN CURRENCY AND ESCALATION

vii. **PARA NO. 4.4.9 PAGE NO.16-17 2009-10**
NON ADOPTION OF ECONOMICAL OPTION CAUSED EXTRA PAYMENT OF RS. 1,227.446 MILLION

viii. **PARA NO. 4.4.10 PAGE NO.17 2009-2010**
HIGHER PAYMENT OF RS. 333.844 MILLIONAGAINST PROVISION OF RS. 3.080 MILLION IN PC-1

ix. **PARA NO. 4.7.2 PAGE NO.19-20 2009-2010**
NON-ADOPTION OF MITIGATION MEASURES FOR ENVIRONMENT BY NON-UTILIZATION OF FUNDS

PAC DIRECTIVE

The PAC directed the PAO to expedite the process of approval of revised PC-I for concerned quarters and provide the same to Audit/PAC. The above mentioned nine paras would be considered as settled on satisfaction by Audit and report to PAC. The Committee also directed the PAO to convey the Ministry of Planning, Development and Reform to expedite the process of revised PC-I as per rules.

21. **PARA NO. 4.4.7 PAGE NO.16 2009-10**
UNDUE BENEFIT TO THE CONTRACTOR RS. 509.684 MILLION

Audit pointed out that as per Special Provision 12.3, the rock shall consist of excavated material that in the opinion of the Engineer requires drilling and blasting with explosives for its removal. The classification of rock was carried out per kilometer instead of successive cross sections, thus classifying 50.67% of the excavated material as rock in the absence of any 'check request' for excavation of rock by blasting. In the PC-I approved by ECNEC in February, 2005 the provision for excavation of rock was 15%.

The PAO apprised the Committee that classification for roadway excavation was done on the basis of per Kilometer as against the provision of excavation at 15% as provided in the PC-I approved by ECNEC in 2005.

PAC DIRECTIVE

The PAC referred the para to DAC.

22. **PARA NO. 4.8 PAGE NO.20 2009-2010**
HIGHER MAINTENANCE COST THAN TOLL REVENUE OF THE PROJECT ROAD

Audit pointed out that sustainability is an integral part of operational performance. Sustainability of the project depends mainly upon the sufficient flow of financial resources, both during implementation and operation. The position of funds depicted that full funds were never provided in accordance with planned phasing, which alongwith other reasons delayed the project for seventeen years.

The PAO apprised the Committee that we are consistently improving our low rate of toll, and we have submitted the toll collections statement to Audit.

PAC DIRECTIVE

The PAC recommended the para for settlement on the recommendations of Audit.

23. i. **PARA NO. 4.1.1 PAGE NO. 79 AUDIT REPORT 2009-10**
IRREGULAR AWARD OF WORK – RS. 12,162.40 MILLION

Audit pointed out that para10 of Chapter-3 of NHA Code 2005 provides that prior approval of the next higher authority shall be required where the lowest bid received exceeds by more than 10% of the approved cost of the work only two or less tenders have been received and it is intended to place order to the only tenderer or the lower of the two. Provided that where the authority originally competent to accept a tender/quotation is National Highway Executive Board, the next authority shall be National Highway Council (NHC).

ii. **PARA NO. 4.1.2 PAGE NO. 79-80 AUDIT REPORT 2009-10**
IRREGULAR AWARD OF WORK – RS. 6,152.20 MILLION

Audit pointed out that para10 of Chapter-3 of NHA Code 2005 provides that prior approval of the next higher authority shall be required where, the lowest bid received exceeds by more than 10% of the approved cost of the work. Only two or less tenders have been received and it is intended to place order to the only tenderer or the lower of the two. Provided that

where the authority originally competent to accept a tender / quotation is National Highway Executive Board, the next authority shall be National Highway Council.

The PAO apprised the Committee that an inter departmental committee comprising on Director General Audit (Federal Government) and Director General (Internal Audit, NHA) has been constituted to compile list of all the changes and amendments made on NHA code.

PAC DIRECTIVE

The PAC directed the PAO to pursue the above mentioned two paras at DAC level for submission of report by the reconstituted inter departmental committee comprising on Director General Audit (Federal Government) and Director General (Internal Audit, NHA) and vetting of amendments in NHA Code from Law Division, Finance Division and Auditor General of Pakistan.

24. **PARA NO. 4.2.1 PAGE 80-81AUDIT REPORT 2009-10**
OVERPAYMENT DUE TO PAYMENT AT HIGHER RATES – RS. 3,661.9 MILLION

Audit pointed out that clause 52.2 of standard contract agreement provides that no change in the unit rates or prices quoted for any item contained in the contract shall be considered unless such item individually accounts for an amount of more than 2% of the sum named in the letter of acceptance, and the actual quantity of work executed under the item exceeds or falls short of the quantity set out in the BOQ by more than 30%.

AUDIT COMMENTS:-

i. Re-Rating was allowed without increase in the quantities of the items of work in violation of clause 52.2 of the contract agreement which provides change in unit rates in case of rise or fall in the quantity set out in the BOQ by more than 30%.

ii. The contractor was provided double benefit firstly through re-rating and secondly by revising factor-C outside the contract agreement.

iii. M/s FWO was selected on single source basis for this project being fully capable to undertake the work under the bad security situation of Lyari area but the contractor failed to complete the work despite preferred allotment of work.

iv. The City District Government Karachi also failed to get the balance area of 945 m cleared from the possession of encroachers. Hence the effect of re-

rating and payment of escalation seems an extra burden on the public exchequer.

v. Re-rating was allowed for Rs.1280.687 million in addition to claim for additional overheads of Rs.667.994 million which is quite un-justified.

vi. It is further added that the re-rating of the item 'earthen embankment from the reinforced earth and retaining walls' for Rs. 2474.844 million has not been discussed/addressed given in the PC-I, as there was no change in the area of the site/ROW. The cost of single item 'earthen embankment from the reinforced earth and retaining walls' is about 24.05% of revised approved cost of Rs. 11521.00 million, which needs to be justified also.

vii. Under VO# 9, an increase of 28% on the Non-CSR items were allowed on re-rated items despite the fact that re-rated items were analyzed on current market rate and escalation plus overhead on the same was allowed also which is un-justified.

viii. There is no concept of provisional extension in the NHA code and grant of provisional extensions in violation of Paras 108-110, Chapter III of NHA Code by the Members with higher cost effect of Rs. 6.0 million & Rs. 7.5 million per month as against the initial extensions granted by Executive Board for Rs. 5.0 million per month were not justified.

ix. Retention of consultant M/s RECO without site possession for an extra ordinary payment of Rs.450.133 million (up to variation order # 10) without any work done was also questionable.

x. PAC may like to direct the PAO to finalize the revised-inquiry in light of the above referred facts within given time frame.

The PAO apprised the Committee that the project was started in 2002 and delayed due to non-handing over of the site and the contractor did not agree to do the work in 2006 on the rates of 2002. The PAO further replied that the employer failed to hand over complete site as per agreed schedule even on the expiry of the extended period i.e 8th January, 2006.

PAC DIRECTIVE

The PAC directed the PAO to get finalized the inquiry in the light of above mentioned ten audit comments and submit report to PAC/Audit within one month.

25. i. **PARA NO. 4.2.2.1 PAGE 81-82 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO CHANGE OF FACTOR "C" – RS. 326.6 MILLION**

Audit pointed out that according to Addendum 2, para 1, the price adjustment is confined to five items in appendix "C" in table A, "Local currency". Table B, however, is only applicable, if a particular input is related to a country other than Pakistan. Table B in that case relates to the country of supply and to make payments in the currency of that country. This is a general provision. Further, foot note of Appendix "C" states that non-adjustment of contract price shall not be less than 60%.

ii. **PARA NO. 4.2.2.2 PAGE 82-83 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO CHANGE OF FACTOR "C" – RS. 192.1 MILLION**

Audit pointed out that according to Appendix-C as provided in National Highway Improvement Programme contracts, the adjustable portion of factor "C" was 0.40 for the specified material i.e. cement (0.035), mild steel (0.025), bitumen (0.130), fuel (0.120) and labour (0.090).

iii. **PARA NO. 4.2.4.1 PAGE 85 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO ESCALATION ON SKILLED LABOUR – RS. 35.8 MILLION**

Audit pointed out that as per addendum-I of contract agreement serial No. 3 also describes that the existing provision in tender documents does not need any change. Adjustment of increase / decrease shall only be admissible for the matserial such as high speed diesel, cement, steel billet, asphalt cement and labour unskilled (Khuzdar District) under Note-III of the appendix-C.

The PAO apprised the Committee that two members inter departmental committee comprising on Director General Audit (Federal Government) and Director General (Internal Audit, NHA) has been constituted to look into the issues as contained in audit paras. The said committee will finalize its findings within 15 days, which will be acceptable to all quarters.

PAC DIRECTIVE

The PAC directed the PAO to get expedited the proceedings of the inter departmental committee comprising on Director General Audit (Federal Government) and Director General (Internal Audit, NHA) on the above mentioned three paras and submit report to Audit/PAC within one month.

26. **PARA NO. 4.2.3.1 PAGE 84 AUDIT REPORT 2009-10**
OVERPAYMENT DUE TO ALLOWING ESCALATION ON FOREIGN COST COMPONENT – RS. 167.2 MILLION

Audit pointed out that according to clause 47.3, the adjustment to the payment certificates in respect of changes in cost shall be determined for each of the currencies of payment as per agreed formula. Further, as per corrigendum letter of acceptance for rehabilitation works of National Highway N-5, NHIP Existing Carriageway from Nowshera to Peshawar contract under package No.14, payment was to be made with ratio of local currency61% and foreign currency (Euro) 39% respectively.

PAC DIRECTIVE

The PAC referred the para to DAC for further discussion/verification.

27. **PARA NO. 4.2.3.2 PAGE 84-85 AUDIT REPORT 2009-10**
OVERPAYMENT DUE TO ALLOWING ESCALATION ON FOREIGN COST COMPONENT – RS. 52.4 MILLION

Audit pointed out that according to Appendix-C to bid (Bidding Documents Contract Package-8) escalation was payable only on local currency portion. The General Manager, National Highway Improvement Programme paid escalation on 100% value of work done (local currency portion + foreign currency portion) whereas escalation was payable only on local currency portion. Non-adherence to agreement resulted in overpayment of Rs. 52.4 million.

The PAO apprised the Committee that the matter is sub-judice in the Lahore High Court.

PAC DIRECTIVE

The PAC directed the PAO to pursue the court case vigorously in the court of law.

28. i. **PARA NO. 4.2.5.1 PAGE 86 AUDIT REPORT 2009-10**
OVERPAYMENT ON ACCOUNT OF INADMISSIBLE ESCALATION - RS. 32.9 MILLION

Audit pointed out that NHA Executive Board approved in November 2008, incorporation of escalation clause 70.1 in the Condition of Contract (Part-II) in all ongoing maintenance/development contracts awarded during or subsequent to July 2007 of more than six months duration. For the contract less than six (06) months, the Board decided that non-inclusion of escalation clause would be identified and brought before the Board for decision.

ii. **PARA NO. 4.2.5.2 PAGE 87 AUDIT REPORT 2009-10 OVERPAYMENT ON ACCOUNT OF INADMISSIBLE ESCALATION - RS. 2.9 MILLION**

Audit pointed out that the NHA Board approved in November 2008, incorporation of escalation clause 70.1 in the Condition of Contract (Part-II) in all ongoing maintenance/development contracts awarded during or subsequent to July 2007 of more than six months duration. For the contract less than six (06) months, the Board decided that non-inclusion of escalation clause would be identified and brought before the Board for decision.

iii. **PARA NO. 4.2.5.3 PAGE 88 AUDIT REPORT 2009-10 OVERPAYMENT ON ACCOUNT OF INADMISSIBLE ESCALATION - RS. 1.7 MILLION**

Audit pointed out that clause 70.1 of the agreement regarding adjustment of price, due to increase/decrease in the cost of specified material was deleted from the agreement, as such no escalation was payable to the contractor. General Manager (Punjab-South), NHA, Multan paid escalation on a contract from which clause of escalation 70.1 for adjustment of price was deleted. This resulted in overpayment of Rs. 1.7 million.

The PAO apprised the Committee that two members inter departmental committee comprising Director General Audit (Federal Government) and Director General (Internal Audit, NHA) has been constituted to look into all the issues as contained in audit paras. The Committee will also be conducting a pre-audit.

PAC DIRECTIVE

The PAC on presentation of the above mentioned three paras while endorsing the recommendations of DAC, directed the PAO to effect recovery, fix responsibility against all those found at fault, and submit report to PAC/Audit within one month.

29. **PARA NO. 4.2.14 PAGE 98 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO INCORRECT RATE – RS. 3.3 MILLION**

Audit pointed out that National Highway Authority, CSR 2008, District Karachi provides the rate of Rs. 1,250.24 per cubic meter for the item 509c “Rip rap class-C”. Project Director, Lyari Expressway Project, National Highway Authority, Karachi made payment for the item “Rip rap class-C” for 6,031.829 cubic meter @ Rs. 1,791.55 per cubic meter which was 43.30% above the rate of Rs. 1,250.24 cubic meter provided in the prevailing CSR-2008. Detailed description with the rate analysis was not provided to justify the rate of Rs. 1,791.55 per

cubic meter for the said item. Non-adherence to CSR resulted in overpayment of Rs. 3.3 million.

The PAO apprised the Committee that item was introduced in place of gabion. Engineer as per contract clause fixes the rates and we saved Rs. 69.57 Million. The PAO also informed the Committee that CSR rates had not contained the rates of equipment and CSR 2014.

PAC DIRECTIVE

The PAC recommended the para for settlement on the recommendations of Audit.

30. **PARA NO. 4.3.1 PAGE 105-106 AUDIT REPORT 2009-10**
NON-DEPOSIT OF REVENUE – RS. 1,801.8 MILLION

Audit pointed out that according to Article-VII, para 7.4 of Operation & Management contract. The management contractor shall submit invoice on monthly basis. The invoice for the preceding month shall be submitted latest by 15th of next month. Director (OMU) will process the invoice for payment upon receipt from the management contractor. All payments due to management contract shall be paid by NHA within thirty (30) days of receipt of invoice.

The PAO apprised the Committee that NHA requested repeatedly to transfer the revenue collected by FWO on National Highways and Motorways but the same is not transferred till to date. Moreover, there is no clause for interest in the contract agreement of Motorways. The PAO also informed that an amount of Rs. 5642 million has been adjusted up till December 2016.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to re-examine the adjustment of amount with F.W.O, whether it is made under the law or not. The PAC further showed its concern over these unlawful adjustments and directed the PAO to avoid such practice in future.

31. **PARA NO. 4.3.2 PAGE 106 AUDIT REPORT 2009-10**
NON-RECOVERY OF SERVICE AREA AGREEMENT CHARGES – RS.256.9 MILLION

Audit pointed out that according to concession agreement in respect of services areas on M-2 executed between National Highway Authority and Daewoo Pakistan Motorway Services Limited (DPMSL), M/s DPMSL has to pay Rs. 424.829 million in fifteen years on account of service areas and filling station complex. The General Manager (Motorways), NHA, Balkasar could not recover the concession charges relating to service areas and filling stations complex from

M/s DPMSL. Non-fulfillment of contractual obligation resulted in non-recovery of Rs. 256.9 million up to January, 2008.

The PAO apprised the Committee that the International Chamber of Commerce Court of Arbitration (ICC) has decided the case in favour of NHA on 17.07.2014 for payment of an amount of Rs. 771.368 million including simple interest @ 7% up-till the date of award and @ 5.33% from the date of award plus Rs. 27.296 million on account of legal cost and NHA expense for arbitration. NHA has filed a case in the Lahore High Court.

PAC DIRECTIVE

The PAC endorsed the recommendations of DAC dated 18/05/2017 and directed the PAO to submit compliance report to PAC/Audit accordingly.

32. **PARA NO. 4.3.5 PAGE 109 AUDIT REPORT 2009-10**
LESS RECOVERY OF BITUMEN – RS. 20 MILLION

Audit pointed out that advance of Rs. 50 million to Attock Refinery for procurement of bitumen on behalf of contractor Dara Adam Khel-Badabher Project (ICB-3). The recovery of said amount from the contractor was to be made in 5 equal installments (i.e. 20%) in each forthcoming IPCs conveyed by ADB Section dated 28th July, 2008. There was no provision to make any payment on behalf of the contractor.

PAC DIRECTIVE DATED 4th& 5th JULY 2017

The PAC referred the case to F.I.A for investigation and directed the PAO to send reference alongwith all documents to F.I.A within one month.

The PAO apprised the Committee that it was a revolving fund. The contract was awarded to Attock Company. This was an agreement beyond contract. The bitumen was shortened. There is a National Highway Council (NHC) headed by Minister for Communications, alongwith Secretaries of Ministries of Communications, Finance & Planning & Development Division. The matter shortage of bitumen was considered by the Council. On the recommendations of the Council, SOP was made revolving fund was created and direct procurement was made. Moreover, 6% interest charges were also deducted from the contractor apart from the amount paid for the bitumen. Although an extra agreement was carried out but all that was done in the best interest of Country.

PAC DIRECTIVE

The PAC noted that the amount of price escalation has been given more than the interest received. The PAC, therefore, directed the PAO to hold another DAC on the issue, recover the amount in 30 days and submit report to PAC/Audit.

33. **PARA NO. 4.5 PAGE 112-113 AUDIT REPORT 2009-10**
ABNORMAL EXPENDITURE ON CONSULTANCY AND SUPERVISION – RS. 620.6 MILLION

Audit pointed out that as per PC-1 of Lowari Tunnel and Access Road Project, consultation& supervision cost of Rs. 389.678 million was provided against the total cost of construction of Rs. 6, 923.918 million which was 5.62% of the cost of construction. General Manager, Lowari Rail Tunnel Project, NHA paid an amount of Rs. 1,793.2 million up to June 2009 for the construction of work whereas an amount of Rs. 620.6 million had been paid for consultancy charges up to June 2009 which was 34.60% of construction cost and also in excess for Rs. 230.9 million than the approved cost of consultancy.

The PAO apprised the Committee that the consultancy cost was increased due to law and order situation, slow progress of work due to repeated changes in design and scope (from rail tunnel to road tunnel), frequent demobilization of the contractor/consultant from site due to security reasons and due to fluctuation of foreign currency rates.

PAC DIRECTIVE

The PAC recommended the para for settlement on the recommendations of Audit.

34. **PARA NO. 4.8 PAGE 116 AUDIT REPORT 2009-10**
LOSS TO AUTHORITY DUE TO SUSPENSION OF FINE IMPOSITION AT WEIGH STATION – RS. 410 MILLION

Audit pointed out that according to section 43 of National Highway Safety Ordinance 2000, no transport vehicle shall be driven in such a state that the total weight of the vehicle and its load including the weight of any trailer drawn by the vehicle and the load carried thereon or in such state that the weight carried on any axle of vehicle or trailer exceeds the limits specified in the sixth schedule.

PAC DIRECTIVE DATED 4th& 5th JULY 2017

The PAC referred the case to F.I.A for investigation and directed the PAO to send reference alongwith all documents to F.I.A within one month.

The PAO apprised the Committee that recovery on account of different weights could not have been affected. Although it is an assumed amount but neither theft is involved nor any contractor has been benefited. As far as the amount of Rs. 410 Million is concerned, although many relaxation have been given but no mala fide intension is involved. The relaxations were mainly due strikes lodged by the truck unions during the period from 2008-16. The PAO also requested the PAC that the issue may be investigated at Ministry Level.

PAC DIRECTIVE

The PAC directed the PAO to look into the matter personally, take appropriate action(s) against the responsible(s) and submit report to the PAC. The para would be treated as settled subject to completion of requisite actions.

35. **PARA NO. 4.10 PAGE 118-119 AUDIT REPORT 2009-10**
LOSS DUE TO PREMATURE DISMANTLING OF RIGID PAVEMENT – RS. 140.9 MILLION

Audit pointed out that works under Contract No.PM-502 and PM-5704 for construction of rigid pavement were awarded to M/s Kingcrete vide acceptance letter dated 20th November, 2006 and 17th February, 2007 for Rs. 46.651 million and Rs. 94.220 million respectively. The General Manager (Punjab-North) dismantled the rigid pavement in 2009 which was constructed in 2007 and awarded the work for new rigid pavement. Dismantling of rigid pavement after two years of its completion resulted in loss of Rs. 140.9 million due to premature dismantling.

The PAO apprised the Committee that an IDC comprising members from MoC, NHA and Audit has constituted to submit its report within 04 weeks.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to bring inquiry report in the next meeting of PAC.

36. **PARA NO. 4.12 PAGE 120-121AUDIT REPORT 2009-10**
LOSS TO AUTHORITY DUE TO LESS COLLECTION/DEPOSIT OF REVENUE FROM TOLL PLAZAS - RS. 106.3 MILLION

Audit pointed out that Para 2 of National Highway Authority letter No.52/4/Senate/GMC/NHA/ 08-514 dated 14th June, 2008 on the subject of "Policy directions rendered by Senate of Pakistan on 5th June, 2008 regarding Operation &Management (O&M) of Toll Plazas and affore station along network" states. 25% Toll Plazas being operated / managed by FWO/NLC on NHA Network will be taken away within the next one year and awarded on open competitive basis. This practice would be followed on yearly basis and during the next 4 years 100% Toll Plazas currently being operated by FWO /NLC would be awarded through competition. There would be no bar on FWO /NLC to secure O&M contracts of toll plazas through competition.

The PAO apprised the Committee that NHA took over the charge of 26 Toll Plazas from FWO/NLC and handed over to private collectors without competition @ 9% and 18% of toll collection of specific site on N-5 & other highways for interim collection of revenue under the direct supervision of NHA staff.

PAC DIRECTIVE

The PAC expressed its serious concern on the state of affairs run by audit in the said para. The PAC directed the PAO to ensure non recurrence of such practice in future. The para was, however, pended till its next meeting.

37. **PARA NO. 4.15 PAGE 123 AUDIT REPORT 2009-10**
UNDUE REFUND OF DEDUCTED RENT OF PLANT AND EQUIPMENT – RS. 27.9 MILLION

Audit pointed out that the plant, equipment and machinery etc. taken over by the Employer from M/s BCI shall be handed over to the contractor as project requirement for a consideration of Rs. 550 million. The Employer shall deduct the said amount from Interim Payment Certificates for the use of plants and equipment as provided in Special Provision-47.4 of the condition of contract. All equipment and machinery was taken over by M/s PMC JV and detail of the same signed by both parties which became part of the contract.

The PAO apprised the Committee that the refund of Rs. 27.9million was strictly in accordance with the contract provisions, besides the Engineer had given the decision in the favour of the contractor.

PAC DIRECTIVE

The PAC referred the para to DAC for verification of record as decided in the DAC held on 18/05/2017.

38. **PARA NO. 4.16 PAGE 124 AUDIT REPORT 2009-10**
IRREGULAR AWARD OF WORK BY CHARGING INELIGIBLE EXPENDITURE TO ROAD MAINTENANCE ACCOUNT – RS. 24.3 MILLION

Audit pointed out that as per rule 9-2 of Road Maintenance Account Rules, the works, goods and services shall be procured through competitive contracting procedures pursuant to the requirements of the Financial Manual, the NHA Code and the conditions of the contract between a contractor or, as the case may be, consultant or supplier. Moreover, as provided in rule 22 to 37 of Public Procurement Rules 2004, the procuring agencies shall engage an open competitive bidding if the cost of the object to be procured is more than one hundred thousand rupees.

AUDIT COMMENTS:-

- Recommendations of the fact finding committee established the stance of Audit that:

  a) The procurement rules were violated.

b) The contract was not published in any National Daily Newspaper.
c) The prequalification of contractor was for Rs. 20 million while the contract was awarded for Rs. 24.3 million.
d) The PEC registration was for the year 2008 while the work was awarded during October 2007. Despite several requests, photocopy of registration was provided by the representative of GM (NA).

- Audit recommended an early action against the person at fault for violating the prescribed rules & regulations that hampered the sanctity of competitive bidding.

- PAC may like to direct PAO for fixing responsibility against the person at fault.

The PAO apprised the Committee that the work was of specialized nature and the forum was capable to execute the work which had been approved by the competent authority.

PAC DIRECTIVE

The PAC directed the PAO to take actions in the light of above mentioned audit comments and report to PAC/Audit within one month.

PARAS RECOMMENDED FOR SETTLEMENT

ISLAMABAD-MUZAFFARABAD DUAL CARRIAGEWAY PROJECT

39. i. **PARA NO. 4.3.2 PAGE NO.12-13 2009-10**
NON-ADHERENCE TO THE CODE BY AVOIDING APPROVAL OF THE NEXT HIGHER AUTHORITY CAUSED IRREGULARITY OF RS. 111.105 MILLION

ii. **PARA NO. 4.4.6 PAGE NO. 15-16 2009-10**
POST BID CHANGES DUE TO CHANGE IN FACTOR-C

iii. **PARA NO. 4.7.1 PAGE NO.19 2009-10**
NON–ADHERENCE TO THE PROVISION OF ENVIRONMENT STUDY CAUSED DAMAGE TO ENVIRONMENT.

AUDIT REPORT FOR THE YEAR 2009-10

iv. **PARA NO. 4.2.2.3 PAGE 83-84 AUDIT REPORT 2009-10**
OVERPAYMENT DUE TO CHANGE OF FACTOR "C" – RS. 0.299 MILLION

v. **PARA NO. 4.2.4.2 PAGE 85-86 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO ESCALATION ON SKILLED LABOUR – RS. 4.00 MILLION**

vi. **PARA NO. 4.2.6.1 PAGE 89 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO INCORRECT CURRENT/BASE PRICE FOR ESCALATION – RS. 15.5 MILLION**

vii. **PARA NO. 4.2.6.2 PAGE 89 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO INCORRECT CURRENT/BASE PRICE FOR ESCALATION – RS. 4.1 MILLION**

viii. **PARA NO. 4.2.6.3 PAGE 90 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO INCORRECT CURRENT/BASE PRICE FOR ESCALATION – RS. 3.6 MILLION**

ix. **PARA NO. 4.2.6.5 PAGE 91 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO INCORRECT CURRENT/BASE PRICE FOR ESCALATION – RS. 1.1 MILLION**

x. **PARA NO. 4.2.7 PAGE 92 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO SEPARATE PAYMENT OF ESCALATION – RS. 25.6 MILLION**

xi. **PARA NO. 4.2.8 PAGE 92-93 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO EXECUTION OF WORK BEYOND THE APPROVED DESIGN – RS. 21.9 MILLION**

xii. **PARA NO. 4.2.9 PAGE 93-94 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO EXCESSIVE RATES THAN PROVIDED IN BOQ/AGREEMENT – RS. 12.9 MILLION**

xiii. **PARA NO. 4.2.10.1 PAGE 94-95 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO HIGHER RATES – RS. 2.8 MILLION**

xiv. **PARA NO. 4.2.11.1 PAGE 96 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO NON-ADJUSTMENT OF RATE – RS. 2.6 MILLION**

xv. **PARA NO. 4.2.13 PAGE 97-98 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO ALLOWING ESCALATION FROM INCORRECT DATE RS. 3.6 MILLION**

xvi. **PARA NO. 4.2.15 PAGE 99-99 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO INCORRECT APPLICATION OF DIFFERENTIAL RATE OF TWO ITEMS – RS. 2.5 MILLION**

xvii. **PARA NO. 4.2.16 PAGE 99-100 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO NON-DEDUCTION OF COMPACTION FACTOR – RS. 2 MILLION**

xviii. **PARA NO. 4.2.17 PAGE 100 AUDIT REPORT 2009-10 OVERPAYMENT ON ACCOUNT OF FEE FOR PARTICIPATION IN NHA EXECUTIVE BOARD – RS 1.9 MILLION**

xix. **PARA NO. 4.2.18 PAGE 101-102 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO EXECUTION OF WORK IN EXCESS OF CROSS SECTION – RS. 1.5 MILLION**

xx. **PARA NO. 4.2.19 PAGE 102 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO EXECUTION OF ITEM BEYOND THE PROVISION OF DRAWING – RS. 1.3 MILLION**

xxi. **PARA NO. 4.2.20 PAGE 102-103 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO PAYMENT OF OVERHEAD ON PROVISIONAL SUM ITEM – RS. 1.1 MILLION**

xxii. **PARA NO. 4.2.21.1 PAGE 104 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO VIOLATION OF SPECIFICATION – RS. 430,612**

xxiii. **PARA NO. 4.2.21.2 PAGE 104 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO VIOLATION OF SPECIFICATION – RS. 422,824**

xxiv. **PARA NO. 4.2.22 PAGE 105 AUDIT REPORT 2009-10 OVERPAYMENT OF ESCALATION DUE TO NON-DEDUCTION OF PROVISIONAL SUM – RS. 398, 151**

xxv. **PARA NO. 4.3.3.1 PAGE 107 AUDIT REPORT 2009-10 LESS/NON-RECOVERY DUE TO APPLICATION OF INCORRECT RATE / NON DEDUCTION OF COST OF EXCAVATED STONE – RS. 82.5 MILLION**

xxvi. **PARA NO. 4.3.3.2 PAGE 107-108 AUDIT REPORT 2009-10 LESS/NON-RECOVERY DUE TO APPLICATION OF INCORRECT RATE / NON DEDUCTION OF COST OF EXCAVATED STONE – RS. 60.7 MILLION**

xxvii. **PARA NO. 4.3.6 PAGE 109-110 AUDIT REPORT 2009-10 NON-RECOVERY OF DISMANTLED MATERIAL – RS. 5.3 MILLION**

xxviii. **PARA NO. 4.3.7 PAGE 110-111 AUDIT REPORT 2009-10 NON-RECOVERY ON ACCOUNT OF LINE RENT CHARGES – RS. 3.1 MILLION**

xxix. **PARA NO. 4.4 PAGE 112 AUDIT REPORT 2009-10 IRREGULAR AWARD OF WORK – RS. 912.6 MILLION AND LOSS DUE TO PAYMENT OF ESCALATION – RS. 24.9 MILLION**

xxx. **PARA NO. 4.6 PAGE 113-114 AUDIT REPORT 2009-10 EXCESS EXPENDITURE BEYOND PERMISSIBLE LIMIT OF 15% OF THE PROJECT COST – RS. 454.6 MILLION**

xxxi. **PARA NO. 4.7.2 PAGE 115-116 AUDIT REPORT 2009-10 UNJUSTIFIED PROVISION OF RATES IN BILL OF QUANTITY – RS. 72.9 MILLION**

xxxii. **PARA NO. 4.9.1 PAGE 116-117 AUDIT REPORT 2009-10 INEFFECTIVE UTILIZATION OF LOAN CAUSED UNDUE COMMITMENT CHARGES – US $ 1,155,371.94 (RS.92.4 MILLION)**

xxxiii. **PARA NO. 4.9.2 PAGE 117-118 AUDIT REPORT 2009-10 INEFFECTIVE UTILIZATION OF LOAN CAUSED UNDUE COMMITMENT CHARGES - US $ 818,955 (RS.66.212 MILLION)**

xxxiv. **PARA NO. 4.13 PAGE 121-122 AUDIT REPORT 2009-10 IRREGULAR PAYMENT ON ACCOUNT OF PROCUREMENT OF SNOW CLEARING VEHICLES – RS. 95.4 MILLION**

xxxv. **PARA NO. 4.14 PAGE 122 AUDIT REPORT 2009-10 PAYMENT OF ADDITIONAL ADVANCE THROUGH AMENDMENT OF CONTRACT – RS. 60 MILLION**

xxxvi. **PARA NO. 4.18 PAGE 125-126 AUDIT REPORT 2009-10 UNJUSTIFIED EXPENDITURE – RS. 12.2 MILLION**

xxxvii. **PARA NO. 4.19.1 PAGE 126-127 AUDIT REPORT 2009-10 IRREGULAR PAYMENT ON ACCOUNT OF HIRING CHARGES – RS. 5.7 MILLION**

xxxviii. **PARA NO. 4.19.2 PAGE 127-128 AUDIT REPORT 2009-10 IRREGULAR PAYMENT ON ACCOUNT OF HIRING CHARGES – RS. 2.2 MILLION**

xxxix. **PARA NO. 4.20 PAGE 128-129 AUDIT REPORT 2009-10 UNJUSTIFIED PAYMENT ALLOWED WITHOUT EXECUTION OF RETAINING WALLS – RS. 4.8 MILLION**

xl. **PARA NO. 4.21 PAGE 129 AUDIT REPORT 2009-10 EXTRA PAYMENT DUE TO EXECUTION OF SUPERFLUOUS ITEMS BEYOND THE DESIGN PARAMETERS – RS. 4.3 MILLION**

xli. **PARA NO. 4.22 PAGE 129-130 AUDIT REPORT 2009-10 UNJUSTIFIED PAYMENT – RS. 2.4 MILLION**

xlii. **PARA NO. 4.23 PAGE 130 AUDIT REPORT 2009-10 IRREGULAR/UNAUTHORIZED APPOINTMENT INVOLVING UNJUSTIFIED PAYMENT – RS. 2.1 MILLION**

xliii. **PARA NO. 4.24 PAGE 131-132 AUDIT REPORT 2009-10 UNJUSTIFIED PAYMENT DUE TO IMPROPER ADJUSTMENT OF BILL OF QUANTITY RATE – RS. 1.7 MILLION**

PAC DIRECTIVE

The PAC recommended the above mentioned 43 paras for settlement on the recommendations of Audit.

PARAS RECOMMENDED FOR PURSUANCE AT DAC LEVEL

40. i. **PARA NO. 4.2.6.4 PAGE 90-91 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO INCORRECT CURRENT/BASE PRICE FOR ESCALATION – RS. 1.5 MILLION**

ii. **PARA NO. 4.2.10.2 PAGE 95 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO HIGHER RATES – RS. 2.1 MILLION**

iii. **PARA NO. 4.2.11.2 PAGE 96 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO HIGHER RATES – RS. 1.9 MILLION**

iv. **PARA NO. 4.2.12 PAGE 97 AUDIT REPORT 2009-10 OVERPAYMENT DUE TO EXCESSIVE QUANTITIES THAN IN THE REVISED BOQ – RS. 4.1 MILLION**

v. **PARA NO. 4.3.4 PAGE 108-109 AUDIT REPORT 2009-10 NON-RECOVERY OF RENTAL CHARGES – RS. 20.4 MILLION**

vi. **PARA NO. 4.3.8 PAGE 108-109 AUDIT REPORT 2009-10 NON-RECOVERY ON ACCOUNT OF APPROACH RENTAL CHARGES – RS. 1.1 MILLION**

vii. **PARA NO. 4.7.1 PAGE 114-115 AUDIT REPORT 2009-10 UNJUSTIFIED PROVISION OF RATES IN BILL OF QUANTITY – RS. 368.9 MILLION**

viii. **PARA NO. 4.11.1 PAGE 119 AUDIT REPORT 2009-10 IRREGULAR/UNAUTHORIZED EXPENDITURE – RS. 87.5 MILLION**

ix. **PARA NO. 4.11.2 PAGE 120 AUDIT REPORT 2009-10 IRREGULAR/UNAUTHORIZED EXPENDITURE – RS. 21.1 MILLION**

x. **PARA NO. 4.17 PAGE 125 AUDIT REPORT 2009-10 IRREGULAR EXPENDITURE ON ACCOUNT OF PUBLICITY – RS. 12.8 MILLION**

PAC DIRECTIVE

The PAC referred the above mentioned 10 paras for pursuance at DAC level.

COUNCIL OF ISLAMIC IDEOLOGY
AA-2008-09

OVERVIEW

Appropriation Accounts for the year 2008-09 pertaining to the Council of Islamic Ideology examined by the PAC on 22nd March, 2018

- The AGPR presented 01 grant which was regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT

(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 22nd March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 pertaining to the Council of Islamic Ideology.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. I. **GRANT NO. 105-COUNCIL OF ISLAMIC IDEOLOGY SAVING RS.1,163,568/-**

AGPR pointed out that the grant closed with a saving of Rs.7,893,674 which worked out to 16.69 percent of the total grant. An amount of Rs.6,730,106 (14.23%) was surrendered leaving net saving of Rs.1,163,568 (2.46%).

PAC DIRECTIVE

The PAC regularized the saving in the above mentioned grant on the recommendation of AGPR.

EARTHQUAKE RECONSTRUCTION AND REHABILITATION AUTHORITY (ERRA) AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 pertaining to the Earth Reconstruction and Rehabilitation Authority (ERRA) examined by the PAC on 16th May, 2017 and 19th October 2017.

- 53 paras were presented by the Audit Department which were examined by the Committee. Out of which 43 paras was settled whereas appropriate directions were accordingly issued by the remaining paras.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 16th May, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Audit Report for the year 2009-10 pertaining to the Earthquake Reconstruction & Rehabilitation Authority are as under:

AUDIT REPORT FOR THE YEAR 2009-10 (ERRA)

1. **PARA NO. 2.8 PAGE-12 AUDIT REPORT 2009-10**
ISSUANCE OF CHEQUES TO DDO (DEVELOPMENT) INSTEAD OF PAYEES - RS. 365.077 MILLION

The Audit pointed out that according to Para 157 (2) of FTR, cheques drawn in favor of corporate or local bodies, firms, private persons, central for payment of their claims shall be crossed where ever such payments are made by cheques. During Financial Year 2008-09, cheques amounting to Rs. 365.077 million were issued in favor of DDO (Development) instead to third parties / payees, which was against the above quoted rules.

The PAO apprised the Committee that main reason for delay in issuance of cheques was due to some problems in FMIC system in those days. However, payments were made to the actual masers.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to present the record of cheques to Audit for verification and a comprehensive report be submitted to PAC.

2. **PARA NO. 4.3 PAGE-29 AUDIT REPORT 2009-10**
NON-RECOVERY OF LIQUIDATED DAMAGES RS. 162.428 MILLION

The Audit pointed out that according to Section 8 Particular Conditions of Contract (PCC) and Section 49.1 of General Condition of Contract, the liquidated damages at the rate of 0.05% per day up to the maximum of 10% of the contract price will be recovered from the contractor in case of delay in completion of the work within the stipulated time period. The Works & Services (EEAP) Mansehra, Water Supply & Sanitation Department and TMA Balakot paid Rs. 1624.278 million for the construction of various roads, education buildings and water supply schemes to various contractors during the year 2008-09.

The PAO apprised the Committee that the para is regarding Shinkiari to Niazabad road project, which was funded by ADP loan, thus, his contract was terminated and awarded to second contractor. The project has been completed, however, the first contractor has filed a Civil Suit in the court of law. The Honorable Civil Judge has appointed an arbitrator in the case and its hearing is scheduled 1st June, 2017. The department has filed review petition in the Peshawar High Court.

PAC DIRECTIVE

The PAC directed the PAO to look into the court cases one by one, pursue the cases properly/vigorously and also directed the Audit to see the record pertaining to court cases minutely with the reasons of cases and observe the attitude of the department relating to court cases and same may be reflected in the briefing material in future.

3. **PARA NO. 4.9 PAGE-34 AUDIT REPORT 2009-10**
IRREGULAR PAYMENT FOR CONSULTANCY & ADVISORY SERVICES - RS. 50.765 MILLION

The Audit pointed out that para 10 (i) of GFR Vol-I provides that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys, as a person of ordinary prudence would exercise in respect of expenditure of his own money. Project Director Mansehra Irrigation Rehabilitation Project made a payment of Rs. 50.765 million on account of consultancy cost and advisory charges to the consultants appointed against the work "Rehabilitation of Canals". The payment was made in presence of many expert engineers already serving the department.

PAC DIRECTIVE

The para was recommended for settlement by the DAC and Committee endorsed it, however, the PAC directed the Audit to look into the paras which are recommended for settlement by the DAC with the intention to counter check at higher level. In this case Audit has shown little bit carelessness.

4. **PARA NO. 1.1 PAGE-5 AUDIT REPORT 2009-10**

OPERATION OF BANK ACCOUNTS

A. UN-PRESENTED CHEQUES

The Audit pointed out that cheques amounting to Rs. 14,372,505 pertaining to 2007 – 08 were reported as un-presented.

B. OPERATIONS OF "EXTRA BUDGETARY RESOURCE FUND ACCOUNT"

The Audit pointed out that sum of Rs. 4.25 billion was received from Islamic Development Bank (IDB) as reimbursement of expenditure made out of GOP Fund in the bank account opened for donations. Later on the same amount was accounted for towards GOP account as against the budgetary release. Depositing reimbursement from the IDB and its subsequent appropriation towards budgetary allocation was irregular. All receipts of the bank account should be treated as government receipts and no expenditure be incurred, without prior approval of the Finance Division.

C. BANK RECONCILIATION

The Audit pointed out that ERRA did not reconcile its accounts with its banks on monthly/ periodic basis. This is a serious lapse and needs to be rectified.

The PAO apprised the Committee that new cheques had to be issued to the income tax authorities due to their non issuance in time.

PAC DIRECTIVE

The PAC pended the para with the direction to the PAO to get verified all the record from Audit under report to PAC.

PARAS RECOMMENDED FOR SETTLEMENT

5. i. **PARA NO. 1.2 PAGE-6 AUDIT REPORT 2009-10 WEAK INTERNAL CONTROL OVER THIRD PARTY PAYMENTS**

ii. **PARA NO. 1.3 PAGE-6 AUDIT REPORT 2009-10 PROJECT WISE EXPENDITURE**

iii. **PARA NO. 1.4 PAGE-6 AUDIT REPORT 2009-10 UN RECONCILED RELEASES WITH ACCOUNTANT GENERAL OF PAKISTAN REVENUES**

iv. **PARA NO. 2.1 PAGE-07 AUDIT REPORT 2009-10 IRREGULAR EXPENDITURE ON CONSULTANCY CONTRACT Rs.896.10MILLION**

v. **PARA NO. 2.2 PAGE-08 AUDIT REPORT 2009-10 UNJUSTIFIED RELEASE OF RETENTION MONEY Rs. 84.038 MILLION**

vi. **PARA NO. 2.4 PAGE-09 AUDIT REPORT 2009-10**
IRREGULAR PAYMENT OF POL TO THE CONSULTANTS - Rs. 0.946 MILLION

vii. **PARA NO. 2.5 PAGE-10 AUDIT REPORT 2009-10**
UN-AUTHORIZED EXPENDITURE ON DISASTER RISK MANAGEMENT- US$ 2.9 MILLION (Rs. 232.000 MILLION)

viii. **PARA NO. 2.7 PAGE-11 AUDIT REPORT 2009-10**
DIVERSION OF DEVELOPMENT BUDGET TO OPERATIONAL BUDGET – Rs. 60.063 MILLION

ix. **PARA NO. 2.10 PAGE-13 AUDIT REPORT 2009-10**
DOUBTFUL EXPENDITURE ON HIRING OF VEHICLES - Rs. 0.788 MILLION

x. **PARA NO. 2.12 PAGE-15 AUDIT REPORT 2009-10**
IRREGULAR EXPENDITURE OUT OF DONATIONS Rs. 20.327 MILLION

xi. **PARA NO. 2.13 PAGE-16 AUDIT REPORT 2009-10**
NON-DEPOSIT OF FUNDS IN GOVERNMENT TREASURY Rs. 4.300 MILLION AND NON INSTALLATION OF EQUIPMENT VALUING Rs. 101.300 MILLION

xii. **PARA NO. 2.14 PAGE-17 AUDIT REPORT 2009-10**
NON MAINTENANCE OF RECORD PERTAINING TO ASSISTANCE INSPECTION TEAMS- Rs. 424.251 MILLION

xiii. **PARA NO. 2.15 PAGE-18 AUDIT REPORT 2009-10**
IRREGULAR EXPENDITURE ON HIRING OF VEHICLES Rs. 0.905 MILLION

xiv. **PARA NO. 3.1 PAGE-21 AUDIT REPORT 2009-10**
IRREGULAR PAYMENT OF HONORARIA - Rs. 16.299 MILLION

xv. **PARA NO. 3.2 PAGE-21 AUDIT REPORT 2009-10**
EXCESS EXPENDITURE ON HIRING OF RESIDENTIAL ACCOMMODATION - Rs. 13.543 MILLION

xvi. **PARA NO. 3.3 PAGE-22 AUDIT REPORT 2009-10**
UNJUSTIFIED EXPENDITURE ON POL - Rs. 2.736 MILLION

xvii. **PARA NO. 3.4 PAGE-23 AUDIT REPORT 2009-10**
IRREGULAR EXPENDITURE ON TA/DA - Rs. 6.609 MILLION

xviii. **PARA NO. 3.5 PAGE-24 AUDIT REPORT 2009-10**
UNAUTHORIZED EXPENDITURE ON MOBILE PHONE SUBSIDY - Rs. 2.663 MILLION

xix. **PARA NO. 4.2 PAGE-28 AUDIT REPORT 2009-10**
EXCESS PAYMENT DUE TO ALLOWING HIGHER RATES - Rs. 2.089 MILLION

xx. **PARA NO. 4.4 PAGE-30 AUDIT REPORT 2009-10**
DOUBTFUL EXPENDITURE ON ROAD WORK WITHOUT INSPECTION AND MONITORING BY THE CONSULTANTS – RS. 32.847 MILLION

xxi. **PARA NO. 4.5 PAGE-30 AUDIT REPORT 2009-10**
OVER PAYMENT OF RS. 3.320 MILLION ON INSTALLATION OF GI PIPES AND BLOCKAGE OF FUNDS – RS. 21.196 MILLION

xxii. **PARA NO. 4.6 PAGE-32 AUDIT REPORT 2009-10**
UNAUTHORIZED EXPENDITURE ON POL FOR VEHICLES ALLOCATED TO CONTRACT EMPLOYEES – RS. 1.181 MILLION

xxiii. **PARA NO. 4.7 PAGE-33 AUDIT REPORT 2009-10**
OVERPAYMENT TO THE CONTRACTOR – RS. 3.999 MILLION

xxiv. **PARA NO. 4.8 PAGE-34 AUDIT REPORT 2009-10**
NON DEPOSIT OF TENDER FEES - RS. 0.521 MILLION

xxv. **PARA NO. 4.10 PAGE-35 AUDIT REPORT 2009-10**
UNAUTHORIZED EXPENDITURE ON CONSTRUCTION OF SITE OFFICES AND APPROACH ROADS – RS. 22.195 MILLION

xxvi. **PARA NO. 4.11 PAGE-36 AUDIT REPORT 2009-10**
IRREGULAR / WASTEFUL EXPENDITURE ON PURCHASE OF 25 SMALL TRACTORS RS.11.500MILLION

xxvii. **PARA NO. 5.1 PAGE-39 AUDIT REPORT 2009-10**
LOSS TO THE GOVERNMENT DUE TO DEPOSITING OF RECEIPTS TO REGIMENTAL ACCOUNTRS. 3.5 MILLION

xxviii. **PARA NO. 5.2 PAGE-40 AUDIT REPORT 2009-10**
NON-RECOVERY OF LIQUIDATED DAMAGES RS. 73.767 MILLION

xxix. **PARA NO. 5.3 PAGE-42 AUDIT REPORT 2009-10**
WASTEFUL EXPENDITURE DUE TO DELAY IN IMPLEMENTATION OF PROJECT - RS. 17.512 MILLION.

xxx. **PARA NO. 5.4 PAGE-43 AUDIT REPORT 2009-10**
IRREGULAR EXPENDITURE ON REHABILITATION OF FORESTS - RS. 300.170 MILLION

xxxi. **PARA NO. 5.6 PAGE-45 AUDIT REPORT 2009-10**
IRREGULAR EXPENDITURE ON MAINTENANCE OF REST HOUSE - RS. 1.091 MILLION AND NON DEPOSIT OF RENT - RS. 0.368 MILLION

xxxii. **PARA NO. 5.7 PAGE-46 AUDIT REPORT 2009-10**
IRREGULAR GRANT OF PROJECT ALLOWANCE RS. 9.841 MILLION

xxxiii. **PARA NO. 5.9 PAGE-48 AUDIT REPORT 2009-10**
NON DEPOSIT OF TAXES DEDUCTED AT SOURCE IN FEDERAL GOVERNMENT TREASURY - RS. 43.500 MILLION.

xxxiv. **PARA NO. 5.10 PAGE-49 AUDIT REPORT 2009-10**
UN AUTHORIZED RETENTION OF PROFIT EARNED ON ERRA'S FUNDS – RS. 0.386 MILLION

xxxv. **PARA NO. 5.12 PAGE-51 AUDIT REPORT 2009-10**
NON-DEPOSIT OF REVENUE - RS. 2.300 MILLION

xxxvi. **PARA NO. 5.13 PAGE-52 AUDIT REPORT 2009-10**
OVER PAYMENT OF PROJECT ALLOWANCE - RS. 4.145 MILLION

PAC DIRECTIVE

The PAC recommended the above mentioned 36 paras for settlement on the recommendation of DAC/Audit.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 19th October, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Audit Report for the year 2009-10 pertaining to the Earthquake Reconstruction & Rehabilitation Authority (ERRA).

In his opening remarks, Director General (Admn & Procurement ERRA) informed the PAC that the Deputy Chairman ERRA (PAO) is not in a position to attend the meeting due to some unavoidable circumstances, and directed him to represent the Department. The Hon. Convener very graciously allowed the officer to represent his Department and brief the Committee about the paras in the meeting.

AUDIT REPORT FOR THE YEAR 2009-10

6. **PARA NO. 5.5 PAGE-44 AR 2009-10**
NON IMPOSITION OF LIQUIDATED DAMAGES CLAUSE RESULTING INTO UNDUE FAVOUR TO CONTRACTOR RS.360.537 MILLION

Audit pointed out that under clause No.47.1 of special stipulations of Appendix A to bid, liquidated damages @ 0.05% of the contract price for each day of delay in completion of the works subject to a maximum of 10% of contract price is chargeable to the contractor. It was observed that contracts amounting to Rs. 3,605.365 million were awarded to various contractors, which were required to be completed within 12 months from the date of commencement.

PAC DIRECTIVE

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

7. **PARA NO. 4.3 PAGE-29 AR 2009-10**
NON-RECOVERY OF LIQUIDATED DAMAGES RS. 162.428 MILLION

Audit pointed out that according to Section 8 Particular Conditions of Contract (PCC) and Section 49.1 of General Condition of Contract, the liquidated damages at the rate of 0.05% per day up to the maximum of 10% of the contract price will be recovered from the contractor in case of delay in completion of the work within the stipulated time period.

PAC DIRECTIVE

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

8. **PARA NO. 5.8 PAGE-47 AUDIT REPORT 2009-10**
NON-RECOVERY OF MOBILIZATION AND SECURED ADVANCE - RS. 19.847 MILLION

Audit pointed out that according to Para 284 of GFR Vol-I the percentage deductions from bills held as security in connection with contracts to execute works should not be refunded till the final bill has been prepared and passed. As per Contract Agreement signed by Executive Engineer, PWD, Rawalakot with a contractor for construction of 15 schools (two packages), an amount of 15.759 million was paid as mobilization advance to the contractor against bank guarantee dated 29th August 2007 valid upto 4th June 2008.

The PAO apprised the Committee that the Hon. Court has very graciously announced the verdict in the favour of department on 9th September, 2017. The bank has been requested to release the guarantee accordingly.

PAC DIRECTIVE

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

9. **PARA NO. 2.3 PAGE-08 AR 2009-10**
NON-RECOVERY OF LIQUIDATED DAMAGES – RS. 9.75 MILLION

Audit pointed out that according to Section 8 Particular Conditions of Contract (PCC) and Section 49.1 of General Condition of Contract, the liquidated damages at the rate of 0.05% per day up to the maximum of 10% of the contract price will be recovered from the contractor in case of delay in completion of the work within the stipulated time period. ERRA awarded a contract to a firm for construction of office building on 29th February 2008 with a completion period of three months.

The PAO apprised the Committee that a Committee was constituted to look into the Liquidated Damages. The Committee recommended 23 days LD charges from the contractor. Engineer and the contractor agreed for the recovery of LD charges Rs. 2.74 Million.

PAC DIRECTIVE

The PAC recommended the para for settlement.

10. **PARA NO. 5.11 PAGE-50 AUDIT REPORT 2009-10**
LOSS DUE TO PURCHASE OF G.I PIPE AT HIGHER RATES - RS. 8.137 MILLION.

Audit pointed out that according to Rule 38 of PPRA Rules, the bidder with lowest evaluated bid, if not in conflict with any other law, shall be awarded the procurement contract. The Assistant Director Local Government & Rural Development (LGRD) Muzaffarabad advertised tender for the procurement of G.I Pipes of different sizes on 12th October 2007. In response four (04) firms participated in the bid which was opened on 28th October 2007. Instead of awarding the contract to the lowest bidder, it was re-advertised on 24th May 2008 without assigning any reason and awarded to another contractor who was 1st lowest in 2nd bidding. Comparison of the rates quoted by the lowest contractors of both bids revealed that the later was awarded contract for the same sizes of the pipes at higher rates. This resulted into a loss of Rs. 8,136,500 to the Government as detailed below.

PAC DIRECTIVE

The PAC recommended the para for settlement.

11. **PARA NO. 4.1 PAGE-27 AUDIT REPORT 2009-10**
NON ACHIEVEMENT OF TARGETS (I.E. NON-COMPLETION OF 4274 SCHEMES WITHIN THE STIPULATED PERIOD)

Audit pointed out that according to Para No. 4 of the approved Accounting Procedure 2006 of ERRA read with TORs of the Government of NWFP, P&D Department circulated vide Notification dated 13th February 2006 the Reconstruction Agencies will be responsible for preparing annual programs and projects / works etc and their implementation and monitoring at the regional and districts level. As per progress report of PERRA for the year 2008-09, total 6,271 schemes costing Rs. 26,783 million pertaining to various sectors were required to be completed from July 2006 to June 2009, whereas only 1,997 schemes were completed.

The PAO apprised the Committee that total projects of KPK Govt. were 6936 in numbers out of which 5031 are 100% completed.

PAC DIRECTIVE

The PAC recommended the para for settlement.

PARAS RECOMMENDED FOR SETTLEMENT

12. i. **PARA NO. 1.1 PAGE-5 AUDIT REPORT 2009-10 OPERATION OF BANK ACCOUNTS**

ii. **PARA NO. 2.8 PAGE-12 AUDIT REPORT 2009-10 ISSUANCE OF CHEQUES TO DDO (DEVELOPMENT) INSTEAD OF PAYEES – RS. 365.077 MILLION**

iii. **PARA NO. 2.11 PAGE-14 AUDIT REPORT 2009-10 NON-DEPOSIT OF INCOME TAX - RS. 323.940 MILLION**

iv. **PARA NO. 1.5 PAGE-6 AUDIT REPORT 2009-10 UNPAID TAXES**

v. **PARA NO. 4.9 PAGE-34 AUDIT REPORT 2009-10 IRREGULAR PAYMENT FOR CONSULTANCY & ADVISORY SERVICES - RS. 50.765 MILLION**

vi. **PARA NO. 2.9 PAGE-13 AUDIT REPORT 2009-10 NON ADJUSTMENT OF ADVANCE - RS. 3.372 MILLION**

vii. **PARA NO. 2.6 PAGE-10 AUDIT REPORT 2009-10 NON PRODUCTION OF RECORD OF SALE PROCEEDS – RS. 1.023 MILLION**

PAC DIRECTIVE

The PAC recommended the above mentioned 7 paras for settlement on the recommendation of Audit.

ECONOMIC AFFAIRS DIVISION
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Economic Affairs Division examined by the PAC on 20th January, 2017.

- 01 para was presented by the Audit Department which was examined and settled by the Committee.

- The AGPR presented 07 grants which were regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the PAC meeting held on 20th January, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, to examine the Appropriation accounts for the year 2008-09, and Audit Report for the year 2009-10 pertaining to the Economic Affair Divisionare as under:

APPROPRIATION ACCOUNTS CIVIL VOL-I(2008-09)
ECONOMIC AFFAIRS DIVISION

1. i. **GRANT NO.27-ECONOMIC AFFAIRS DIVISION**
SAVINGS RS. 30,816,336

The AGPR pointed out that the grant closed with a saving of Rs.32, 410,336 which worked out to 13.69 percent of the total grant. An amount of Rs.1, 594,000 (0.67%) was surrendered leaving net saving of Rs.30, 816,336 (13.02%).

ii. **GRANT NO.138-DEVELOPMENET EXPENDITURE OF ECONOMIC AFFAIRS DIVISION**
SAVINGS RS. 22,456,043

The AGPR pointed out that the grant closed with a saving of Rs.46, 059,417 which worked out to 44.93 percent of the total grant. An amount of Rs.61, 900,000 (1.56%) was surrendered resulting into an excess of Rs.22, 456,043 (0.56%).

iii. **GRANT NO.171 -EXTERNAL DEVELOPMENT LOANS AND ADVANCES BY THE FEDERAL GOVERNMENT CHARGED**
EXCESS RS.32,699,985,323/-

The AGPR pointed out that the appropriation closed with an excess of Rs.32, 699,985,323 which worked out to 138.33 percent of the total appropriation.

The PAO apprised the Committee that excess was mainly due to "Program Loan" for which budget estimates were not provided at the time of budgeting. In the IDC, the issue has been resolved and Program Loans are being reflected in the budget since 2011-2012.

iv. **OTHER THAN CHARGED**
SAVINGS RS. 6,715,882,728/-

The AGPR pointed out that the grant closed with a saving of Rs.6, 715,877,728 which worked out to 23.07 percent of the total grant.

The PAO apprised the Committee that due to less disbursement of foreign aid by donors which is difficult to estimate exactly at the time of budgeting. In real sense these loans are actually administered by autonomous bodies.

v. **SERVICING OF FOREING DEBT**
SAVINGS/EXCESS RS. 8,626,628,687/-

The AGPR pointed out that the grant closed with a saving of Rs.8, 626,628,687 which worked out to 10.76 percent of the total grant.

vi. **FOREIGN LOANS REPAYMENT**
EXCESS RS. 8,952,708,457/-

The AGPR pointed out that the grant closed with an excess of Rs.8, 952,708,457 which worked out to 7.38 percent of the total grant.

The PAO apprised the Committee that the excess occurred due to invisible amount of "China Deposit" and fluctuation in currency rates. Budget estimates for "China Deposit" were not made at one time of budgeting. In the IDC the issue has been resolved and estimates for "China Deposit" are now made part of this grant.

vii. **RE-PAYMENT OF SHORT TERM FOREIGN CREDITS**
SAVINGS RS. 1,515,027,668/-

The AGPR pointed out that the grant closed with a saving of Rs.1, 515,027,668 which worked out to 1.99 percent of the total grant.

PAC DIRECTIVE

The PAC recommended the excess/savings in the above mentioned seven grants for regularization.

AUDIT REOPRT FOR THE YEAR 2009-10
ECONOMIC AFFAIRS DIVISION

PARA RECOMMENDED FOR SETTLEMENT

2. **PARA NO 4.1 PAGE NO. 25 (2009-10)**
LAPSE OF FOREIGN GRANTS – RS. 53,061 MILLION

PAC DIRECTIVE

The PAC recommended the para for settlement on the recommendation of DAC.

FEDERAL EDUCATION AND PROFESSIONAL TRAINING
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Federal Education and Professional Training examined by the PAC on 18th April, 2016.

- 04 paras were presented by the Audit Department which were examined by the Committee. Out of which 01 para was settled.

- The AGPR presented 03 grants which were regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the PAC meeting held on 18th April, 2016, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, to examine the Appropriation Accounts (Civil) 2008-09 and Audit Reports for the year 2009-10, pertaining to the Ministry of Federal Education and Professional Trainingare as under:

APPROPRIATION ACCOUNTS CIVIL VOL-I 2008-09
MINISTRY OF FEDERAL EDUCATION AND PROFESSIONAL TRAINING

1. GRANT NO.29-EDUCATION DIVISION
SAVING RS. 13,178,064

The AGPR pointed out that grant closed with a saving of Rs. 13,178,064/- which worked out to 2.29% of the total grant.

PAC DIRECTIVE

The PAC recommended for regularization of excesses/savings in the above grant on the recommendation of AGPR.

2. GRANT NO.31-EDUCATION DIVISION
SAVING RS.47,791,869

The AGPR pointed out that the grant closed with a saving of Rs.47,791,869 which worked out to 5.26 percent of the total grant.

The PAO informed the Committee that during the year 2008-09 some progress was made on these projects in the provinces but due to devolution of Ministry, reports about non-utilization of funds were not received.

PAC DIRECTIVE

The PAC recommended for regularization of excesses/savings in the above grant on the recommendation of AGPR.

3. GRANT NO.140-DEVELOPMENT EXPENDITURE OF EDUCATION DIVISION
SAVING RS. 4,012,416,659

The AGPR pointed out that the grant closed with a saving of Rs.4, 012,416,659 which worked out to 61.98 percent of the total grant. An amount of Rs.2, 239,265,000 (34.59%) was surrendered leaving net saving of Rs.1, 773,151,659 (27.39%). The PAO explained that the amount was demanded for the Cadet

Colleges in the provinces. In the meantime the Ministries were devolved, and therefore Reports regarding the completion of the said projects could not be received on time.

PAC DIRECTIVE

The PAC recommended for regularization of excesses/savings in the above grant on the recommendation of AGPR with the observation that such financial mis-management should be avoided in future.

AUDIT REPORT FOR THE YEAR 2009-10

1. i. **PARA-5.1 PAGE NO. 28, 2009-10**
WASTEFUL EXPENDITURE ON PURCHASE AND MAINTENANCE OF 3 DOUBLE CABIN VEHICLES – RS. 8.08 MILLION

ii. **PARA-5.3 PAGE NO. 29 – 30, 2009-10**
RECOVERY OF UNSPENT BALANCES – RS. 2,391.03 MILLION

iii. **PARA-5.4 PAGE NO. 30 – 31, 2009-10IMPROPER USE OF CONSULTANCIES AND WASTAGE- RS. 48.45 MILLION**

PAC DIRECTIVE

The PAC directed the PAO to transfer above mentioned three paras to M/o of Capital Administration & Development, as the record pertaining to these paras is with CADD. The PAC further directed to M/o CADD to hold a DAC on these paras within one month.

2. **PARA-5.2, 2009-10**
UNJUSTIFIED ESTABLISHMENT OF A PROJECT MONITORING UNIT(PMU) RS. 21.860 MILLION

PAC DIRECTIVE

The PAC recommended the para for settlement on the recommendation of DAC.

ELECTION COMMISSION OF PAKISTAN (ECP)
AA-2008-09

OVERVIEW

Appropriation Accounts for the year 2008-09 pertaining to the Election Commission of Pakistan (ECP) examined by the PAC on 22nd March, 2018.

- The AGPR presented 01 grant which was regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT

(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 22nd March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 pertaining to the Election Commission of Pakistan.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. i. **ELECTION**
SAVING RS.15,921,527/-
(CHARGED)

AGPR pointed out that the appropriation closed with a saving of Rs.131,061,247 which worked out to 21.88 percent of the total appropriation. An amount of Rs.115,139,720 (19.22%) was surrendered leaving net saving of Rs.15,921,527 (2.65%).

PAC DIRECTIVE

The PAC regularized the saving in the above mentioned grant on the recommendation of AGPR.

ESTABLISHMENT DIVISION
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts for the year 2008-09 pertaining to the Establishment Division was examined by the PAC on 22nd March, 2018.

- 01 para was presented by the Audit Department which was examined by the Committee and settled.

- The AGPR presented 04 grants which were regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 22nd March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 and Audit Report for the year 2009-10 pertaining to the Establishment Division.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. i. **GRANT NO.06-ESTABLISHMENT DIVISION**
SAVING RS.947,112/-

AGPR pointed out that the grant closed with a saving of Rs.947,112 which worked out to 0.10 percent of the total grant.

ii. **GRANT NO.07-FEDERAL PUBLIC SERVICE COMMISSION**
EXCESS RS.11,173/-

AGPR pointed out that the grant closed with an excess of Rs.11,173

iii. **GRANT NO.08-OTHER EXPENDITURE OF ESTABLISHMENT DIVISION**
SAVING RS.1,438,759,362/-

AGPR pointed out that the grant closed with a saving of Rs.1,438,759,362 which worked out to 65.91 percent of the total grant.

iv. **GRANTNO.130-**
DEVELOPMENTEXPENDITUREOFESTABLISHMENTDIVISION
SAVING RS.70,937,632/-

AGPR pointed out that the grant closed with a saving of Rs.70,937,632 which worked out to 21.39 percent of the total grant.

PAC DIRECTIVE

The PAC regularized the savings/Excess in the above mentioned four (4) grants on the recommendation of AGPR.

AUDIT REPORT FOR THE YEAR 2009-10
ESTABLISHMENT DIVISION

2. i. **PARA NO. 6.1 (PAGE - 35) AUDIT REPORT 2009-10**
RELEASE OF ANNUAL RECURRING GRANT OF RS. 855,000 TO ALLAMA IQBAL OPEN UNIVERSITY ISLAMABAD UNDER DAFTRI URDU PROJECT SINCE 1984

Audit pointed out that the annual grants are being released by the Establishment Division in terms of Presidential Order No.228 of 1984 for adoption of Urdu language in the Federal Government Ministries / Divisions / Departments. Establishment Division released a sum of Rs. 855,000 to in-charge Daftri Urdu Project, Allama Iqbal Open University during 2008-09

The PAO apprised the Committee that project called Urdu Daftri Project (Programme) sponsored by Establishment Division was started to impart training to officers in BS-17 to BS-20. At the time, it was decided that AIOU will train the officers and all expenses incurred on the Daftri Urdu Project would be borne by the Establishment Division. Accordingly, nominations were initiated by this Division from all the Ministries/Divisions. The policy was reviewed; since the subject adoption of Urdu as Official Language was under Ministry of Information Broadcasting and National Heritage. It was decided that National Language Authority (NLA) being the competent authority to coordinate with AIOU, transfer the "Daftri Urdu Project" along with record and budget.

PAC DIRECTIVE

The PAC recommended the para for settlement.

FEDERALLY ADMINISTRATED TRIBAL AREAS (FATA)
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Federally Administrated Tribal Areas examined by the PAC on 09th January, 2018.

- 05 paras were presented by the Audit Department which were examined by the Committee.

- In few paras the PAO was directed to take possible measures to avoid recurrence of such practice in future.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 09th January, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts 2008-09 and Audit Report for the year 2009-10 pertaining to the Federally Administered Tribal Areas, (FATA).

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. i. **GRANT NO.114-FEDERALLY ADMINISTERED TRIBAL AREAS**
NET EXCESS RS. 1,731,797,320

The AGPR pointed out that the grant closed with an excess of Rs.1,731,797,320 which worked out to 25.83 percent of the total grant.

The PAO apprised the Committee that excess was due to increase in pay and allowances w.e.f 01-07-2008 for which no additional funds were provided.

ii. **GRANT NO.164 -DEVELOPMENT EXPENDITURE OF FEDERALLY ADMINISTRATED TRIBAL AREAS**
NET SAVING RS. 3,955,746,687

The AGPR pointed out that the grant closed with a saving of Rs.3,985,746,687 which worked out to 42.41 percent of the total grant. An amount of Rs. 30,000,000 (0.31%) was surrendered leaving net saving of Rs. 3,955,746,687(42.09%). A supplementary grant of Rs. 77,398,000 was sanctioned but not included in supplementary schedule of authorized expenditure. The department pointed out less booking of expenditure of Rs.1,361,790,687 and non accountal of surrender of Rs. 2,585,308,000.

PAC DIRECTIVE

The PAC recommended the Saving/Excess in the above mentioned two grants for regularization on the recommendations of AGPR.

AUDIT REPORTS FOR THE YEAR 2009-10
FATA SECRETARIAT

2. **PARA NO.7.1 PAGE NO.38-40 (AR 2009-10)**
FICTITIOUS MEASUREMENT FOR PAYMENTS OF RS. 35.02 MILLION

Audit pointed out that while checking the accounts of XEN Building Division Kurram Agency under the Ministry of SAFRON for the year 2008-09, it was observed that one Sub-Engineer had measured and recorded measurements of various Drinking Water Supply Schemes (DWSS) in Kurram Agency valuing Rs. 35,014,988 detailed.

The PAO apprised the Committee that Inquiry Committee was constituted by the competent authority but the then Chief Minister Khyber Pakhtunkhwa did not agree with the findings of the inquiry committee.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to provide the copy of decision of the chief minister of Khyber Pakhtunkhwa within seven days to Audit/PAC.

3. **PARA NO.7.2 PAGE NO. 38-40 (AR 2009-10)**
EXPENDITURE WITHOUT TECHNICAL SANCTIONS – RS. 2.64 BILLION

Audit pointed out that according to Para-56 of CPWD code “expenditure may not be incurred on a work until it is technically sanctioned from the competent authority”. While checking the progress reports of various Works and Services Divisions under the control of Chief Engineer (Development) for the year 2008-09, Audit observed that an expenditure of Rs. 2,638.053 million (Annexure V) was incurred in building sector without any technical sanctions.

The PAO apprised the Committee that there were technical lapses in development schemes. Twenty schemes have not been sanctioned without approval from 2014 and onward. All these schemes are physically present.

PAC DIRECTIVE

The PAC directed the PAO to hold DAC and provide list of all those development schemes which were completed under report to Audit/PAC.

4. **PARA NO.7.3 PAGE NO. 38-40 (AR 2009-10)**
PAYMENT ON FAKE CERTIFICATE -RS. 8.62 MILLION

Audit pointed out that according of para 16 of C.P.W.A Code, all records of payment, measurement and transactions in general must be so clear, explicit and self-contained as to be producible as satisfactory and convincing evidence of

facts. As per certificate of the Sub-Engineer, Mr. Azizullah the date of measurement was 30-6-2009, recorded in MB No.51/P for the DWSS Chinarak Urmazai.

The PAO apprised the Committee that it was decided in DAC 2010, to conduct the inquiry but the same could not held. He further informed that he has directed the department to hold inquiry and submit report. Moreover, he assured the Committee to provide details of all those contracts taken place since 2008 onward.

PAC DIRECTIVE

The PAC directed the PAO to hold DAC, discuss all the schemes along with their date of sanction, date of completion, sanctioning authority etc and submit report to PAC/Audit within 15 days.

5. **PARA NO.7.4 PAGE NO. 38-40 (AR 2009-10)**
IRREGULAR TRANSFER – RS. 53.27 MILLION

Audit pointed out that para 85 of GFR Vol-I states that any unspent balance lapses at the close of financial year and is not available for utilization in the following year. While checking the accounts of Assistant Director Local Government & Rural Development Department South Waziristan Agency under the Ministry of SAFRON for the year 2008-09, Audit noted that unspent balance of Rs. 53,272,471 of Development works was not surrendered to Government and irregularly transferred to the PLA of Political Agent SWA to avoid lapse of funds.

The PAO apprised the Committee that in 2008, the said amount was given to Parliamentarians in Peoples Works Programme which was to be utilized through political agent, who was also project director of all the schemes. About Rs. 19 Million lying unspent amount in Government authorized account for South-Waziristan will be transferred to the Treasury.

PAC DIRECTIVE

The PAC settled the para subject to verification of record by Audit. The PAO was, however, directed to take all possible measures to avoid recurrence of such a practice in future.

6. **PARA NO.7.5 PAGE NO. 38-40 (AR 2009-10)**
UNAUTHORIZED RETENTION OF UNSPENT BALANCE OUTSIDE OF GOVERNMENT ACCOUNT-RS. 110.71 MILLION

Audit pointed out that para 85 of GFR Vol-I states that any unspent balance lapses at the close of financial year and is not available for utilization in the

following year. While checking the record of the Estate Officer, FATA, Peshawar, audit noted that an unspent balance of Rs. 110.709 million.

The PAO apprised the Committee that Employees were allowed Gratuity and CP Fund. Since the government is not providing any budget allocation for the payment of CP Fund and Gratuity, on retirement of FATA DC employees the amount i.e. unspent balance of Rs.110.709 million is kept in FATA Secretariat Account and after clearance of all FATA DC employees liability treasury, the amount would be credited into govt. treasury.The amount in question is only source for defraying pension/terminal benefits of the employees of FATA DC on their retirement.

PAC DIRECTIVE

The PAC pended the para with the direction to the PAO to deposit the amount in Government Treasury.

FEDERAL TAX OMBUDSMAN SECRETARIAT
AA-2008-09

OVERVIEW

Appropriation Accounts for the year 2008-09 pertaining to the Federal Tax Ombudsman Secretariat examined by the PAC on 22nd March, 2018.

- The AGPR presented 01 grant which was regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT

(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 22nd March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 pertaining to the Federal Tax Ombudsman.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. i. **FEDERAL TAX OMBUDSMAN**
SAVING RS. 2,108,214/-
(CHARGED)

AGPR pointed out that the Appropriation closed with a saving of Rs.2, 108,214 which works out to 3.38 percent of the total Appropriation.

PAC DIRECTIVE

The PAC regularized the saving in the above mentioned grant on the recommendation of DAC.

FINANCE DIVISION
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Finance Division examined by the PAC on 31st January, 2017.

- 48 paras were presented by the Audit Department which were examined by the Committee. Out of which 16 paras was settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 14 grants which were regularized by the committee.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 31st January, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09, and Audit Report for the year 2009-10 pertaining to the Finance Division are as under:

FINANCE DIVISION
APPROPRIATION ACCOUNTS (CIVIL) (VOL-I) 2008-09

1. i. **GRANT NO.36 - FINANCE DIVISION**
SAVINGS - RS. 11,665,615

The AGPR pointed out that the grant closed with a saving of Rs.11, 665,615 which worked out to 1.95 percent of the total grant.

The Department apprised the Committee that saving of Rs.4,713,615 occurred due to the excess expenditure incurred in the "Employees Related Expenses" was due to revision/ increase in the rates of pay and allowances w.e.f 01-07-2008. The saving under the heads "Operating Expenses" and "Repair & Maintenance" occurred due to maintaining austerity and simplicity measures of the government.

ii. **GRANT NO.37-CONTROLLER GENERAL OF ACCOUNTS**
EXCESS RS. 215,500,516

The AGPR pointed out that the grant closed with an excess of Rs.215, 500,516 which worked out to 14.83 percent of the total grant.

The Department apprised the Committee that excess was due to revision/increase in rates of pay and allowances w.e.f. 1-07-2008. A supplementary grant for Rs.199.078 Million was demanded from the Finance Division vide letter dated 23-05-2009, but not approved/ granted by the Finance Division.

iii. **GRANT NO.40-OTHER EXPENDITURE OF FINANCE DIVISION**
SAVINGS - RS. 125,371,520

The AGPR pointed out that the grant closed with a saving of Rs.410, 498,480 which worked out to 8.15 percent of the total grant. An amount of Rs.535, 870,000 (10.63%) was surrendered resulting into an excess of Rs.125, 371,520 (2.49%)

iv. **GRANT NO.41-SUPERANNUATION ALLOWANCES AND PENSIONS CHARGED**
SAVINGS - RS. 316,989,132

In "Charged Section", the Appropriation closed with a saving of Rs.316, 989,132 which worked out to 25.08 percent of the total appropriation.

Saving of Rs.316.989 Million CHARGED (Civil)

Saving was due to payment of pension to the Pensioners of the Charged Departments.

v. **OTHER THAN CHARGED**
EXCESS RS. 5,086,351,871

In **"Other Than Charged",** the grant closed with an excess of Rs.5, 086,351,871 which worked out to 7.77 percent of the total grant.

The PAO apprised the Committee that the excess was on account of additional number of pensioners of military accounts and rejected vouchers of pension fraud in GPO Peshawar.

vi. **GRANT NO.42-GRANTS-IN-AID AND MISCELLANEOUS ADJUSTMENTS BETWEEN THE FEDERAL AND PROVINCIAL GOVERNMENTS**
SAVINGS - RS. 4,000/-

The AGPR pointed out that the grant closed with a saving of Rs.4,000 which is surrendered in time.

vii. **GRANT NO.43-SUBSIDIES AND MISCELLANEOUS EXPENDITURE**
SAVINGS - RS. 1,204,115,831

The AGPR pointed out that the grant closed with a saving of Rs.71, 739,788,873 which worked out to 18.43 percent of the total grant. An amount of Rs.72, 943,904,704 (18.74%) was surrendered resulting into an excess of Rs.1, 204,115,831 (0.31%).

The PAO apprised the Committee that the savings to the extent of Rs. 4,416,447/- million under the head of Contingent Liabilities was due to non release of funds as the same were not requested till end of financial year.

viii. **GRANT NO.127-FEDERAL MISCELLANEOUS INVESTMENTS**
SAVINGS - RS. 444,575,184

The AGPR pointed out that the grant closed with a saving of Rs.4, 736,785,864 which worked out to 51.39 percent of the total grant. An amount of Rs.4, 292,210,680 (46.57%) was surrendered leaving net saving of Rs.444, 575,184 (4.82%).

The Department pointed out less booking of expenditure of Rs.116, 037,864 and non accountal of surrender of Rs.3, 136,680.

ix. **GRANT NO.128 - OTHER LOANS AND ADVANCES BY THE FEDERAL GOVERNMENT**
SAVINGS - RS. 4,627,252,650

The AGPR pointed out that the grant closed with a saving of Rs.4, 627,252,650 which worked out to 32.03 percent of the total grant.

The PAO apprised the Committee that funds were allocated to UNHCR as a loan through supplementary grant for rehabilitation and reconstruction work of IDP's in Swat Region. In this context an agreement between UNHCR and GOP was draft but could not be signed. Therefore, the amount could not be utilized.

x. **GRANT NO.142-DEVELOPMENT EXPENDITURE OF FINANCE DIVISION**
SAVINGS - RS. 799,207,642

The AGPR pointed out that the grant closed with a saving of Rs.38, 635,859,445 which worked out to 67.90 percent of the total grant. An amount of Rs.37, 836,651,803 (66.49%) was surrendered leaving net saving of Rs.799, 207,642 (1.40%).

The Department pointed out non accountal of surrender of Rs.682, 152,000.

xi. **GRANT NO.143-OTHER DEVELOPMENT EXPENDITURE**
SAVINGS - RS. 19,268,629,714

The AGPR pointed out that the grant closed with a saving of Rs.19, 298,629,714 which worked out to 47.90 percent of the total grant. An amount of Rs.30, 000,000 (0.07%) was surrendered leaving net saving of Rs.19, 268,629,714 (47.83%).

The Department apprised the Committee that excess was due to the reason that the allocation under Foreign Aid Grant to Provinces shown in

the Demand simply to show them in the Federal Book of Account for accounting purpose only.

xii. **GRANT NO.144-DEVELOPMENT EXPENDITURE OF OUTSIDE PUBLIC SECTOR DEVELOPMENT PROGRAMME**
SAVINGS - RS. 13,615,925,390

The AGPR pointed out that the grant closed with a saving of Rs.20, 832,474,596 which worked out to 49.23 percent of the total grant. An amount of Rs.10, 716,549,206 (21.68%) was surrendered leaving net saving of Rs.13, 615,925,390 (27.55%).

The Department apprised the Committee that an expenditure of Rs. 11,122,684,000 and pertain to this grant was booked under Grant No.43-Subsidies And Miscellaneous Expenditure and non accountal of surrender Rs.2, 375,160,794.

xiii. **GRANT NO.172-CAPITAL OUTLAY ON FEDERAL INVESTMENTS**
SAVINGS - RS. 69,622,579

The AGPR pointed out that the grant closed with a saving of Rs.133, 579,579 which worked out to 80.34 percent of the total grant. An amount of Rs.63, 957,000 (38.47%) was surrendered leaving net saving of Rs.69, 622,579 (41.87%).

The PAO apprised the Committee due to codal requirements for release of balance amount of PSDP, allocation were not completed by M/o Information & Broadcasting / PTV.

xiv. **GRANT NO.173 - DEVELOPMENT LOANS AND ADVANCES BY THE FEDERAL GOVERNMENT**
SAVINGS - RS. 596,393,509

The AGPR pointed out that the grant closed with a saving of Rs.8, 455,539,509 which worked out to 19.63 percent of the total grant. An amount of Rs.7, 859,146,000 (18.25%) was surrendered leaving net saving of Rs.596, 393,509 (1.38%).

The Department apprised the Committee that due to Financial crunch Rs.2,521.500 million pertains to WAPDA (Water Wing) and Rs.702.500 million pertains to WAPDA (Power Wing) could not be released.

xv. **SERVICING OF DOMESTIC DEBT (SDD)**
EXCESS RS. 22,287,140,903

The AGPR pointed out that the grant closed with an excess of Rs.22, 287,140,903 which worked out to 3.99 percent of the total grant.

The Department apprised the Committee that the excess of Rs.21,884,015,000 is net of total appropriation and is mainly on account of Unfunded Debt (National Savings Schemes).

xvi. **REPAYMENT OF DOMESTIC DEBT (RDD)**
SAVINGS - RS. 220,887,665,334

The AGPR pointed out that the grant closed with a saving of Rs.220, 887,665,334 which worked out to 4.96 percent of the total grant.

The Department apprised the Committee that saving are mainly on account of Floating Debt (Market Treasury Bills-SBP).

xvii. **AUDIT**
EXCESS RS. 3,060,203

The AGPR pointed out that the grant closed with an excess of Rs.3, 060,203 which worked out to 0.25 percent of the total grant.

The Department explained excess expenditure as revision of Pay Scales by the Government by 20%, Increase of Medical Allowances to Rs.500/-, and 100% increase in Conveyance allowance. Recruitment of 272 A.A.Os by the FPSC.

xviii. **GRANT NO 38 PAKISTAN MINT, LAHORE**
NET EXCESS/SAVINGS - RS. 2.747 MILLION

The AGPR pointed out that the grant closed with a savings of Rs. 2.747 million which worked out total 1.147 percent of the total grant.

The Department apprised the Committee that the savings occurred mainly due to non-finalization of case for feasibility study on Modernization of Pakistan Mint which was being dealt directly by the Finance Division.

PAC DIRECTIVE

The PAC recommended the savings/excesses in the above mentioned 17 grants for regularization on the recommendations of the AGPR.

AUDIT REPORT FOR THE YEAR 2009-10
FINANCE DIVISION

STATE BANK OF PAKISTAN

2. **PARA-68 (ARPSE-2009-10) PAGE-100**
IRREGULAR PAYMENT OF FOREIGN CURRENCY EXCHANGE DIFFERENCE – RS. 4.850 MILLION

The Audit pointed out that Rule-31 of Public Procurement Rules, 2004 provides that no bidder shall be allowed to alter or modify his bid after the bids have been opened. Moreover, as per Supply Orders dated June 24, 2008 issued to four suppliers by State Bank of Pakistan (SBP) for procurement of IT equipment, the payment was required to be made in Pak Rupees.

The management apprised the Committee that during the period under question, the dollar rate had rised from Rs. 60/- to Rs. 80/-. It was an emergency situation. We were relying on computers due to shortage of man power. There were four suppliers. There was a trend to give waiver to the supplier by the Board those days after getting concurrence form the Government. In the instant case, the same practice was followed and all the four bidder were given waivers. However, it was not in accordance with the PEPRA rules.

PAC DIRECTIVE

The PAC noted with concern the non implementation of PEPRA Rules by the department and directed the PAO to hold another DAC to re-examine the facts and submit the report to PAC within one month.

3. **PARA-69 (ARPSE-2009-10) PAGE-102**
UNDUE EXPENDITURE ON RECRUITMENT OF PERSONNEL THROUGH A HEAD HUNTING FIRM – RS. 1.460 MILLION

The Audit pointed out that Para-8 (i) of State Bank of Pakistan, Staff Service Regulations, 2005 provides that appointment to the service of the Bank shall be made by direct recruitment and by promotion from a lower cadre or a grade in accordance with the policy approved by the Central Board. Moreover, Para-8 (iv) provides that the Bank may hire any person including a retired employee on contract basis for such duration and on such terms and conditions as may be determined.

The management apprised the Committee that the Central Board in its meeting held on 26th July, 2006 had granted exemption from application of Public Procurements Rules – 2004, for selection of Executive Search Firm for various vacancies other than entry level position. Normally the advertisement for recruitment against these positions does not fetch the desired pool of candidates

for suitable selection. Accordingly, the Bank engaged the services of M/s HRS Global in addition to advertising the positions in national dailies. It is pertinent that HR Global is no longer hired for recruitments.

PAC DIRECTIVE

The PAC directed the PAO to hold another DAC on the issue as pointed out by the Audit in the para, and submit report to PAC within one month.

FINANCE DIVISION

4. **PARA NO. 8.1 PAGE NO.45-47 (AR 2009-10)**
UNAUTHORIZED EXPENDITURE ON ENTERTAINMENT DURING THE NATIONAL ASSEMBLY BUDGET SESSION 2009-10- RS. 11.57 MILLION

The Audit pointed out that Para 12 of GFR Vol I provides that the controlling officer must see not only that total expenditure is kept within the limits of the authorized appropriation but also that the fund allotted to spending units are expanded in public interest and on objects for which the money was provided. Further the expenditure should not be *prima facie* more than the occasion demand has provided in Para -10 of the Rules ibid.

The PAO apprised the Committee that the practice regarding hosting of dinner for Parliamentarians, both the MNA's and Senators by the Finance Minister after approval of budget was very much in existence for the many last years. During the last four years, a new practices was introduced whereby parliamentarians and Journalist were served breakfast, hi tea, lunches, and dinners during the days of Budget session. The issue was discussed verbally with the National Assembly Authorities to arrange the same at their own but that secretariat verbally regretted to own the responsibility. Therefore, these agreements were being made by the Finance Division.

PAC DIRECTIVE

The PAC recommended the para for settlement with the direction to the PAO to minimize the menu to one dish in future. Moreover, the Committee also directed that a copy of last year's expenditure incurred on the account of refreshment served to the Parliamentarians during budget session along with details of entertainment budget of all the Ministries/Departments should be provided for perusal of its members.

5. **PARA NO.8.2 PAGE NO.45-46 (AR 2009-10)**
NON-DISCLOSURE OF GOP EQUITY IN PAKISTAN DAIRY DEVELOPMENT COMPANY (PDDC) – RS. 90 MILLION

The Audit pointed out that the Ministry of Finance maintains government's record of investments in various companies/ commercial entities. Audit observed that

the Ministry transferred Rs. 90 million in the bank account of the PDDC through the State Bank of Pakistan as GoP equity in the Company during 2008-09. The detail is as under:

S.	Sanction No & Date	Amount(PKR)
1	No. F.3(3)/CF-III/2005-489 dated 15th Oct, 2008	30,000,000
2	No. F.3(3)/CF-III/2005-771 dated 17th June, 2009	60,442,293
3	**Total**	**90,442,293**

The PAO apprised the Committee that during 2008-09, Finance Division injected investment into Pakistan Dairy Development Company. As regard, the responsibility to maintain record of the investment is concerned, it is stated that Pakistan Dairy Development Company and Ministry of Food and Agriculture are responsible to have a complete record of GOP investment because Finance Division releases amount in line with the summary initiated by the concerned Ministry. Although the funds are with Finance Division, however, the accounts and balanced sheets of these funds are maintained by the Dairy Department which is an attached department of Ministry of Food and Agriculture.

PAC DIRECTIVE

The PAC directed the PAO to provide the details of Government equity in Pakistan Dairy Development Company along with record of annual financial statements to Audit within 60 days under report to PAC.

6. **PARA NO.8.3 PAGE NO.46-47 (AR 2009-10)**
PROVISIONAL PAYMENTS TO PETROLEUM COMPANIES ON ACCOUNT OF PRICE DIFFERENTIAL CLAIMS- RS. 29,799 MILLION

The Audit pointed out that Price Differential Claims made on provisional basis must be subsequently accompanied by certified claims by independent third parties. Scrutiny of record of subsidy paid to petroleum companies/Oil Marketing Companies (OMCs) revealed that the following amounts were released to petroleum companies/OMCs during 2008-09 on provisional basis.

S.No	Name of Company	Amount PKR (In Million)
1	Pakistan State Oil (PSO)	11,416
2	Shell Pakistan Ltd.	4,332
3	Caltex	6,108
4	Attock Petroleum	2,057
5	TOTAL PARCO	2,117
6	ADMORE	159
7	Overseas Oil Trading Company	96
8	Pakistan Refinery Ltd. (PRL)	215
9	National Refinery Ltd. (NRL)	521

10	Bosicor	294
11	Bakri Trading	73
12	PARCO	1,663
13	BOSICOR Refinery Ltd	8
14	Hascombe Storage	413
15	Pak Arab Pipeline	221
16	Asia Petroleum	105
	Total	**29,798**

The PAO apprised the Committee that the main reason to make payments on provisional basis was safe side as Finance Division itself conducted the third party Audit. Therefore, Audit could not be finalized so far and Rs. 3.7 million which is outstanding/payable to OMCs /Refineries has been held by the Finance Division since October, 2008. As no excess payments has been made on provisional basis, therefore, there is no loss to the national exchequer.

PAC DIRECTIVE

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

SMALL AND MEDIUM ENTERPRISES BANK LIMITED

7. i. **PARA-70.1 ARPSE-2009-10**

The Audit pointed out that the net loss of the Bank for the year 2008 was Rs. 532.948 million (net profit for 2007 was Rs. 110.403 million). Keeping in view the weighted average number of ordinary shares earning per share decreased from Rs. 0.48 in 2007 to loss Rs. 2.23 as on December 31, 2008, which needs to be improved.

ii. **PARA-70.2 ARPSE-2009-10**

The Audit pointed out that the Bank sustained loss before tax of Rs. 131.994 million in 2008 as compared with profit before tax of Rs. 152.094 million in 2007. The main reason for conversion of profit into loss was lesser reversals by Rs. 78.429 million in 2008 on account of Provisions/(Reversals) against non-performing advances as compared to the previous year.

The management apprised the Committee that the bank remained in profit till 2007. Thereafter, it was decided to privatize the bank and its operational activities were reduced to bare minimum. A number of the employees opted for VSS-2008. However, the said scheme was subsequently withdrawn. These were the major factors which caused a decline in the performance of the institution.

PAC DIRECTIVE

The PAC recommended the above mentioned two paras for settlement with the direction to the PAO to privatize the bank as soon as possible.

8. **PARA-72 ARPSE-2009-10**
NON-DEDUCTION OF INCOME TAX FROM CONTRACTOR – RS. 0.376 MILLION

The Audit pointed out that according to Section 153(i) of the Income Tax Ordinance 2001, every person responsible for making payment is liable to deduct tax and deposit in the Government treasury. SME Bank (H.O), Islamabad awarded renovation works of SME Bank, S.I.T.E. Branch and F.B. Area Branch, Karachi to M/s. Ghani Sons, Karachi. The works were completed at the cost of Rs. 4,410,635 and Rs. 1,856,611 respectively. The Chief Manager, Karachi released the payment to the contractor without deduction of income tax of Rs. 376,035 @ 6%, hence, the State was deprived of revenue to that extent.

The PAO apprised the Committee that the responsible officers of the bank have been either removed or resigned from bank's service, and no action against the defaulters is presently possible.

PAC DIRECTIVE

The PAC recommended the para for settlement.

ZARAI TARAQIATI BANK LIMITED

9. **PARA-74 ARPSE-2009-10**
NON-RECOVERY OF DUES FROM A DEFAULTER FIRM – RS. 80.576 MILLION

The Audit pointed out that Lahore High Court, Lahore issued decree on October 19, 1998 in favour of ZTBL for the recovery of Rs. 92.150 million. Loan of Rs. 45.623 million was sanctioned in favour of M/s. Asia Compack (Pvt) Limited for establishment of Chip Board Manufacturing Unit in District Sahiwal. Actual amount disbursed was Rs. 43.462 million from March 16, 1992 to June 18, 1993. The Company went into default after making a nominal payment of Rs. 0.194 million. Project was ultimately closed in 1998. Total amount outstanding against the Company was Rs. 92.150 million. Bank filed a suit against the Company which was decreed in its favour on October 19, 1998. Against the securities, Bank was able to auction agriculture land for an amount of Rs. 11.380 million. This resulted into non-recovery of Rs. 80.576 million from the defaulter firm.

The management apprised the Committee that an amount of Rs. 33 Million was disbursed out of which Rs. 15.08 Million has been recovered. The loan was

awarded after fulfillment of all the codal formalities. The case against the liquidator namely Mr. Ilyas is under trial with the court, he was found to be committing embezzlement with the auction proceedings. As the machinery was removed illegally, so this matter is under investigation by FIA.

PAC DIRECTIVE

The PAC pended the para till the recovery of full amount as well as its verification by Audit. The Management was, however, directed to pursue the court case vigorously in the Court of Law under report to PAC/Audit.

10. **PARA-75 ARPSE-2009-10**
NON-RECOVERY FROM THE DEFAULTING BORROWERS – RS. 4.076 MILLION

The Audit pointed out that according to clause 12.10 (A) of the Credit Manual (Vol-I) of ZTBL, loans for inputs are to be recovered in lump sum immediately after harvesting / marketing of the respective crop. ZTBL, Nankana Sahib disbursed short term loans of Rs. 4.533 million for inputs under Sada Bahar Scheme to 14 borrowers during 2005-07. All these loans were required to be recovered in lump sum after the harvesting / marketing of the crops as per instructions of credit manual, but same were not recovered and Rs 5.663 million were outstanding on March 16, 2009.

The management apprised the Committee that recovery efforts are underway for effecting recovery in remaining four loan cases out of total seventeen cases.

PAC DIRECTIVE

The PAC pended the para till the recovery of full amount and its verification by Audit. The management was, however, directed to accelerate recovery efforts under report to Audit/PAC.

11. **PARA-76 ARPSE-2009-10**
LOSS DUE TO NON-EN-CASHMENT OF BANK GUARANTEE – US $ 51,396 (- RS. 3.598 MILLION)

The Audit pointed out that according to clause 21.6 of the Instructions on Tendering Bidding (I.T.B) the Bid Security would be liable to be forfeited by ZTBL in the following circumstance:

a) If vendor withdrew the bid during the bid validity period.
b) If vendor failed to sign the contract in accordance with clause 43 of the I.T.B.
c) If vendor failed to furnish a Performance Security within 28 days in accordance with clause 44 of the I.T.B.

The management apprised the Committee that at this stage if the bank decides to go into litigation for encashment of bank guarantee etc. heavy costs would incur because court proceedings would be held in Singapore. In case of favorable decision, the court proceeds will go to ADB.

PAC DIRECTIVE

The PAC recommended the para for settlement.

12. **PARA-77 ARPSE-2009-10**
IRREGULAR APPOINTMENT IN VIOLATION OF SERVICE RULES – RS. 1 MILLION

The Audit pointed out that according to the Establishment Division O.M. No. 9/1/2203-R-5 dated May 16, 2003, a person who does not possess the qualification prescribed in the recruitment rules for a post should not be considered as eligible by substituting some alternate qualifications not prescribed in the rules. Zarai Taraqiati Bank Limited published an advertisement for the post of Senior Vice President (Information System Audit Department) in daily DAWN, Islamabad on December 9, 2007.

The Management apprised the committee that appointment of Mr. Saeed Ahmed, as VP (IS Audit) was made because no suitable candidate holding required educational qualifications responded to the advertisement issued for appointment of SVP (IS Audit). Due to which, Mr. Saeed Ahmed alongwith seven other candidates having experience of IT Audit Operations were called for interview. The Selection Board declared him as a successful candidate due to which offer letter for appointment was issued to him. Further, in compliance of DAC directives dated 04.07.2009, and 16.12.2009, the bank has already issued a Show Cause Notice to the Head of the Selection Board, found responsible for the irregularity.

PAC DIRECTIVE

The PAC pended the para with the directions to the PAO to hold an inquiry, take action against all those found at fault and submit report to PAC/Audit.

13. **PARA-78 ARPSE-2009-10**
IRREGULAR PAYMENT DUE TO IRREGULAR RE-EMPLOYMENT – RS.0.975 MILLION

The Audit pointed out that according to Establishment Division O.M. dated June 12, 1999, the employees of Corporations, Autonomous/Semi Autonomous Bodies who exercised their option for Golden Hand Shake/Early Retirement Benefits Scheme (GHS&ERBS) are not eligible for re-employment in Government/Public Sector Corporations and Autonomous/Semi Autonomous

Bodies etc. for a period of at least five years in any form i.e. re-employment, contract appointment or consultancy contract etc.

The management apprised the Committee that ZTBL appointed Vice President on 8th February 2008. This induction was made under SR 2005 duly approved by the BoD of the banks being competent authority and after one year he resigned from the service.

PAC DIRECTIVE

The PAC recommended the para for settlement.

14. **PARA-79 ARPSE-2009-10**
LOSS ON ACCOUNT OF UNDUE FAVOUR - RS. 0.912 MILLION

The Audit pointed out that as per approval of Board, the President was required to serve the Bank for a period of three years and one vehicle which was under his use would be sold out to him on book value at the time of relieving from the Bank. The Board of ZTBL appointed the President of ZTBL for a period of three years w.e.f. March 20, 2007. As per Board's approval two vehicles i.e. Double Cabin Pick-up for official use and a car for private use was purchased at a cost of Rs. 1,561,500 on November 14, 2007. The officer concerned left/ resigned from the bank on July 31, 2008.

The management apprised the Committee that as per Board's terms of reference, the president was authorized to take away one vehicle on book value at his retirement. As per Audit's recommendations, the matter would be placed before the Annual General Meeting for regularization.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to regularization of the case by the Annual General Meeting and its subsequent verification by Audit. The management was, however, directed to ensure that vehicles are given on market value instead of book value in future.

PARAS RECOMMENDED FOR SETTLEMENT

15. i. **PARA-65 IDBP ARPSE-2009-10**

ii. **PARA-65.1 IDBP ARPSE-2009-10**

iii. **PARA-65.2 IDBP ARPSE-2009-10**

iv. **PARA-65.4 IDBP ARPSE-2009-10**

v. **PARA-65.5 IDBP ARPSE-2009-10**

vi. **PARA-66 PSPC ARPSE-2009-10**

vii. **PARA-66.1 PSPC ARPSE-2009-10**

viii. **PARA-66.2 PSPC ARPSE-2009-10**

ix. **PARA-67 SBP ARPSE-2009-10**

x. **PARA-67.1 SBP ARPSE-2009-10**

xi. **PARA-67.2 SBP ARPSE-2009-10**

xii. **PARA-67.3 SBP ARPSE-2009-10**

SMALL AND MEDIUM ENTERPRISES BANK LIMITED

xiii. **PARA-70 ARPSE-2009-10**

Zarai Taraqiati Bank, Limimited

xiv. **PARA-73 ARPSE-2009-10**

PAC DIRECTIVE

The PAC recommended the above mentioned 14 paras for settlement on the recommendations of DAC.

PARAS REFERRED TO DAC

16. i. **PARA-65.3 IDBPARPSE-2009-10**

SMALL AND MEDIUM ENTERPRISES BANK LIMITED

ii. **PARA-70.3ARPSE-2009-10**

iii. **PARA-70.4ARPSE-2009-10**

iv. **PARA-71ARPSE-2009-10**

PAC DIRECTIVE

The PAC referred the above mentioned 04 paras for pursuance at DAC level.

MINISTRY OF FOREIGN AFFAIRS
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Foreign Affairs examined by the PAC on 14th February, 2017.

- 51 paras with some clubbed some paras were presented by the Audit Department which were examined by the Committee. Out of which 16 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 04 grants which were regularized by the committee.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 14th February, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09, and Audit Report for the year 2009-10 pertaining to the M/o Foreign Affairs are as under:

APPROPRIATION ACCOUNTS OF THE MINISTRY OF FOREIGN AFFAIRS FOR THE YEAR 2008-09

1. i. **GRANT NO 52-FOREIGN AFFAIRS DIVISION (HEADQUARTERS)**
SAVING OF RS. 12,272,949

The Ministry informed the Committee that saving of Rs. 20,088,202/- were due to following reasons:-Payments for Telephone Exchange at State Guest House, Lahore and Web Portal Project could not be processed due to late submission of bills by the vendors. Electricity bills and Gas bills for Hostels were received late and could not be paid. Ban on purchase of vehicles. Final bill from the contractor of Rehman Baba School in Kabul, funded through Afghan Trade Development Cell (ATDC), was not submitted in time and the amount earmarked/committed for that bill could not be paid.

ii. **GRANT NO 53-FOREIGN AFFAIRS (MISSIONS ABROAD)**
EXCESS OF RS. 215,207,729

The Ministry informed the Committee that excess expenditure of Rs. 39,433,143/- under this head was due to increase in use of fax facilities for secured communication and increase in courier charges. Excess expenditure on utilities was due to increase in rate of utility charges and insufficient budget grant against the demand of the Missions. Devaluation of Pak rupee Vs foreign currencies also contributed towards excess expenditure under this head of account. In addition, rent ceilings were also enhanced as per local rules/demands of landlords.

iii. **GRANT NO 54-OTHER EXPENDITURE OF FOREIGN AFFAIRS DIVISON**
CHARGED RS. 116,613,331
OTHER THAN CHARGED RS. 95,664,537
SAVING OF RS. 20,948,794

The Ministry informed the Committee that main reason for the saving of Rs. 74,489,255/- in this head was less visits of the Prime Minister due to internal situation in Pakistan.

iv. **GRANT NO 174-CAPITAL OUTLAY ON WORKS OF FOREIGN AFFAIRS DIVISION**
(+) EXCESS / (-) SAVING (191,666,081)

The PAO pointed out that Saving of Rs. 98,845,880/- under the head was due to the fact that Furnishing bids were called but cancelled subsequently on technical grounds. Various bills could not be cleared on technical grounds thus resulting in savings.

PAC DIRECTIVE

The PAC recommended the savings/excesses in the above mentioned four grants for regularization.

AUDIT REPORT (F & I) FOR THE YEAR 2009-10
MINISTRY OF FOREIGN AFFAIRS

2. **PARA-1.2.1.1 AR 2009-10**
MISAPPROPRIATION /FRAUDULENT PAYMENT- US$ 5,185

Audit pointed out that as per paras 2.7 and 2.8 of FMMA Vol-II, the Drawing and Controlling Officers are responsible to see that government money is either required for immediate disbursement or has already been disbursed from the permanent advance, the expenditure is within available appropriation, items of expenditure included in a contingent bill are of obvious necessity, rates are reasonable, sanction is attached, calculations are correct and the budgetary limits have not been exceeded nor are they likely to exceed. Contrary to above, a Pakistan Mission abroad paid an amount of US$ 5,185.10 to some unknown person on account of cost of air ticket and Daily Allowance. The voucher did not mention appropriate details regarding incumbent, travelling and sanction of competent authority. Further, the expenditure was booked to a head A03204-Courier and Pilot Service and shown paid to an unknown person in cash without obtaining acknowledgment of payment. It clearly indicates that the amount in question was misappropriated.

The PAO apprised the Committee that the incidental charges have been deposited by two officials namely Mr. Tasneem Khan, Ex-Accountant and Mr. Khizar Hayat, Naib Qasid. One official Mr. Rasheed / cipher assistant has expired during service. Mr. Mukhtar/Stenographer is absconder for last eight years and is not traceable. The amount against Mr. Mukhtar will be detected/adjusted from his pension.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to adjustment of amount and its verification by Audit. The report in this regard be submitted to PAC/Audit.

3. **PARA-1.2.2.2 AR 2009-10**
UN-AUTHORIZED PROCUREMENT OF PHYSICAL ASSETS WORTH- RS. 3.342 MILLION, € 107,855, S$ 99,497, C$ 116,488, RO 4,971, ZLOTY 37,141, AZN 25,049,US$ 25,604, SD 102,485 & AFG.411,000

Audit pointed out that as per Rule 12(I) of PPR, 2004, procurements over Rs. 100,000 and upto the limit of Rs.2 million shall be advertised on PPRA's website. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency. Further, as per Cabinet Division's OM No. 4/1/2008 dated 09.04.2008 financial limits for open tender(s) for Pakistan's Missions abroad have been fixed as under:

S.NO	Kind of Tender	Monetary Limits
1	Open tender	US $ 4,000 or € 3,000 & above
2	Limited tender	Less than US$ 4,000 or € 3,000 & above US$ 2,000 &-€ 1,500
3	Single tender	Upto US $ 2,000 or € 1,500

Audit further informed that there were seventeen sub paras in the above Audit Para out of these seventeen, the DAC in its meeting held on 15th April, 2015 had recommended two sub paras SUB PARA-38 MOFA (HQ) 2008-09 and SUB PARA-19 JAKARTA 2005-09 for settlement whereas action on the remaining fifteen was yet awaited. The list of seventeen sub paras was as under.

i. **SUB PARA-38 MOFA (HQ) 2008-09**
ii. **SUB PARA-19 JAKARTA 2005-09**
iii. **SUB PARA-7 FRANKFURT 2006-09**
iv. **SUB PARA-8 FRANKFURT 2006-09**
v. **SUB PARA-4 BERLIN 2006-09**
vi. **SUB PARA-3 SINGAPORE 2006-09**
vii. **SUB PARA-25(1) OTTAWA 2005-09**
viii. **SUB PARA-1 OTTAWA 2005-09**
ix. **SUB PARA-6 MUSCAT 2006-09**
x. **SUB PARA-24 WARSAW 2006-09**
xi. **SUB PARA-17 VIENNA 2006-09**
xii. **SUB PARA-16 MOSCOW 2007-09**
xiii. **SUB PARA-2 BAKU 2006-09**
xiv. **SUB PARA-1 DUSHANBE 2006-09**
xv. **SUB PARA AUDIT NOTE-3 KABUL OF 03/2007 PARA-3**
xvi. **SUB PARA AUDIT NOTE-5 KABUL OF 06/2007 PARA-5**
xvii. **SUB PARA AUDIT NOTE-3 JALALABAD OF 12/2007 PARA-3**

The PAO apprised the Committee that the procurements in question were made against observing the PEPRA Rules, however, directions to all the missions have now been to adhere to the said rules strictly in future. The matter regarding regularization of the expenditure was taken up with Finance Division but they turned down the request stating that the case be placed before the PAC. Resultantly, no procurement has been made without tender since last three years.

PAC DIRECTIVE

The PAC recommended the **Sub Para-38 MOFA (HQ) 2008-09**&**Sub Para-19 Jakarta 2005-09** for settlement on the recommendation of DAC. The rest of the Sub Paras were, however, deferred by the PAC with direction to the PAO to hold fresh DAC, fix responsibility and take action against concerned. Moreover, the PAO was directed that a copy of the letter containing directions issued by the Ministry to all the Missions for observing PEPRA rules be provided to PAC for perusal of the Honorable members of the Committee.

4. **PARA-1.2.2.3 AR 2009-10**
UN-AUTHORIZED EXPENDITURE ON ACCOUNT OF CONTINGENT PAID STAFF- US$ 3,291, KSH 64,950, TD 17,144, LD 7,867, RAND 1,200, E.£ 11,652, CHF 110,714, RS.3.221 MILLION, RO 626 AND AZN 2,582

Audit pointed out that as per instructions contained in Para 11(A) (VI) of the Revised System of Financial Control and Budgeting, 2006, contingent paid staff can only be appointed with the prior authorization/approval for the contingent paid posts from Additional Finance Secretary (Expenditure). Contrary to the above, Ministry and its various Missions abroad appointed contingent paid staff and incurred an expenditure of **US$ 3,291, Ksh.64,950, TD.17,144, LD. 7,867, Rand.1,200, E.£ 11,652, CHF 110,714, Rs.3.221 million, RO 626 and AZN 2,582** during the period 2005-09, without getting prior approval of the AFS (E). Whole expenditure was thus un-authorized.

Audit further informed that there were sixteen sub paras in the above Audit Para out of these sixteen, the DAC in its meeting held on 15th April, 2015 had recommended one sub para **SUB PARA-18 BERNE 2005-09** for settlement whereas action on the remaining fifteen was yet awaited. The list of sixteen sub paras is as under.

i. **SUB PARA-5 KIEV 2006-09**
ii. **SUB PARA-21 NAIROBI 2006-09**
iii. **SUB PARA-1 TUNIS 2006-09**
iv. **SUB PARA-23 TRIPOLI 2006-09**
v. **SUB PARA-30 PRETORIA 2005-09**
vi. **SUB PARA-7 CAIRO 2006-09**
vii. **SUB PARA-6 UN GENEVA 2006-09**

viii. **SUB PARA-6 AMMAN 2006-09**
ix. **SUB PARA-5 MUSCAT 2006-09**
x. **SUB PARA-10 WARSAW 2006-09**
xi. **SUB PARA-7 SARAJEVO 2006-09**
xii. **SUB PARA-9 MOSCOW 2005-09**
xiii. **SUB PARA-3 BAKU 2006-09**
xiv. **SUB PARA-8 ASHGABAT 2006-09**
xv. **SUB PARA-27 MOFA(HQ) 2008-09**
xvi. **SUB PARA-18 BERNE 2005-09**

The PAO apprised the Committee that locals are appointed as gardeners and cleaners on contingent payment as it costs cheaper. The matter for regularisation of expenditure on account of employment of contingent paid staff was being taken up with the Finance Division. Approval of the same as and when received would be conveyed to Audit.

PAC DIRECTIVE

The PAC recommended the Sub Para-18 Berne 2005-09 for settlement on the recommendation of the DAC. The rest of the Sub Paras were, however, deferred by the PAC with directions to the PAO to sit with Finance Division, examine all the employments on case to case basis and regularize all those found genuine. In case of disagreement, the same be brought before the PAC. Every development be reported to Audit in that regard.

5. **PARA-1.2.2.4 AR 2009-10**
UN-AUTHORIZED EXPENDITURE INCURRED OUT OF SUMPTUARY ALLOWANCE-US$ 17,006

Audit pointed out that according to paras 4.48 and 4.49 of FMMA Vol-II, expenditure from Sumptuary Allowance will be re-imbursed only after it has been actually incurred. No amount will be drawn in advance. Claims of re-imbursement will invariably be accompanied by sanction of HOM. Vouchers and record of these payments along with supporting vouchers will be maintained in a separate confidential file. Separate Cash Book shall be maintained and DDO will attest entries as and when transactions are recorded in Cash Book.

Audit further informed that there were two sub paras in the above Audit Para out of these two, the DAC in its meeting held on 15th April, 2015 had recommended one sub para **SUB PARA-9 DUSHANBE 2006-09** for settlement whereas action on the remaining one was yet awaited. The list of two sub paras is as under.

i. **SUB PARA-9 DUSHANBE 2006-09**
ii. **SUB PARA-23 MOSCOW 2006-09**

The PAO apprised the Committee that the DAC in its meeting held 15th April 2015, had settled the said Para No 9, however, in Sub Para 23 record is yet awaited. The then Ambassador, Mr. Mustafa Kamal, had arranged a function in which considerable number of foreigners and Pakistanis participated. All the record is available and will be made available to Audit.

PAC DIRECTIVE

The PAC recommended the Sub Para-9 Dushanbe 2006-09 for settlement on the recommendations of the DAC. The Sub Para-23 Moscow 2006-09 was also recommended for settlement by the PAC subject to verification of record by Audit.

6. **PARA-1.2.2.5 AR 2009-10**
NON-RECOVERY OF SECURITY DEPOSITS- M RS. 120,000, € 6,300 &S$ 81,956

Audit pointed out that as per para 8.14-A of FMMA-Vol-II, Pakistan Missions abroad are required to ensure recovery of the security deposits from the landlord at the time of vacation of accommodations occupied by the officers/officials. Contrary to above, security deposits amounting to MRs.120,000, €6,300 & S$ 81,956 were not recovered from landlords by the Missions at the time of vacation of residences.

Audit further informed that there were four sub paras in the above Audit Para out of these four, the DAC in its meeting held on 15th April, 2015 had recommended two sub para **SUB PARA-12 SINGAPORE 2006-09 and SUB PARA-9 SINGAPORE 2006-09** for settlement whereas action on the remaining two was yet awaited. The list of four sub paras is as under.

i. **SUB PARA-8 PORT LOUIS 2004-09**
ii. **SUB PARA-11 C.G. FRANKFURT 2006-09**
iii. **SUB PARA-12 SINGAPORE 2006-09**
iv. **SUB PARA-9 SINGAPORE 2006-09**

The PAO apprised the Committee that it is a general practice that people are not willing to rent out the houses unless the security is deposited. On the vacation of the houses owners claims the demerge and refused to refund security deposited with them. As in the case of Frankfurt the owner gave good condition certificate but refused to refund the deposit. US$2,000 have been recovered out of US$6,300.

PAC DIRECTIVE

The PAC recommended the Sub Para-12 Singapore 2006-09 and Sub Para -9 Singapore 2006-09 for settlement on the recommendations of the DAC. The Sub Para-8 Port Louis 2004-09 and Sub Para-11 C.G. Frankfurt 2006-09 were also recommended for settlement by the PAC subject to verification of record by Audit.

7. **PARA-1.2.2.6 AR 2009-10**
OVERPAYMENT ON ACCOUNT OF DRAWL OF 05 DAYS DA FOR OVERLAPPING PERIOD -US$ 28,003 & € 1,032

Audit pointed out that as per para-11.33 of FMMA-Vol-II read with Finance Division's O.M. No. F.3(4) Exp-III/2000, dated 30.06.2000, the government has allowed 5 days overlapping period for outgoing Accountant in Pakistan Missions abroad to brief the incoming Accountant and to handover the accounts related documents etc. Finance Division vide their OM No. F.1(9)R.10/2000-155/07 dated 7th March,2007 has further clarified that in such cases, only room rent will be paid (if claimed) and no DA would be admissible. Contrary to above, various Pakistan Missions abroad have paid an amount of US$ 28,003 and € 1,032 on account of DA for 3-5 days overlapping period, to 20 officials on their transfer to the Missions and HQs which were held un-authorized**.**

Audit further informed that there were seventeen sub paras in the above Audit Para out of these seventeen, the DAC in its meeting held on 15th April, 2015 had recommended six sub paras **SUB PARA-18 ROME 2005-09, SUB PARA-7 ANKARA 2006-09, SUB PARA-7 MUSCAT 2006-09, SUB PARA-4 KUWAIT 2006-09, SUB PARA-7 TASHKENT 2005-09 and SUB PARA-4 (A&B) MOFA (HQ) 2008-09** for settlement whereas action on the remaining eleven was yet awaited. The list of seventeen sub paras is as under.

i. **SUB PARA-4 (A&B) MOFA (HQ) 2008-09**
ii. **SUB PARA-15 MANILA 2006-09**
iii. **SUB PARA-11 PORT LOUIS 2004-09**
iv. **SUB PARA-28 NAIROBI 2006-09**
v. **SUB PARA-21 ABUJA 2005-09**
vi. **SUB PARA-13 CAIRO 2006-09**
vii. **SUB PARA-18 ROME 2005-09**
viii. **SUB PARA-7 ANKARA 2006-09**
ix. **SUB PARA-7 MUSCAT 2006-09**
x. **SUB PARA-4 KUWAIT 2006-09**
xi. **SUB PARA-9 ABU DHABI 2006-09**
xii. **SUB PARA-4 WARSAW 2006-09**
xiii. **SUB PARA-4 VIENNA 2006-09**
xiv. **SUB PARA-9 BISHKEK 2006-09**
xv. **SUB PARA-8 DUSHANBE 2006-09**

xvi. **SUB PARA-7 TASHKENT 2005-09**
xvii. **SUB PARA-2 A/NOTE DAMASCUS 03/2009**

The PAO apprised the Committee that in DAC meeting held on 15th April, 2015 recommended the Sub Para-18 Rome 2005-09, Sub Para-7 Ankara 2006-09, Sub Para-4 (A&B) MOFA (HQ) 2008-09, Sub Para-4 Kuwait 2006-09, Sub Para-7 Tashkent 2005-09 & Sub Para-7 Muscat 2006-09 for settlement on account of recovery explained to them. However, on remaining Sub-Paras the cases were also referred to Finance Division for clarification but their comments were yet awaited moreover, the record was required to be scrutinized as to whether those employees drew Foreign Allowance or Diet Allowance and House Rent.

PAC DIRECTIVE

The PAC endorsed the recommendations of the DAC and recommended the above said Sub Para-18 Rome 2005-09, Sub Para-7 Ankara 2006-09, Sub Para-4 (A&B) MOFA (HQ) 2008-09, Sub Para-4 Kuwait 2006-09, Sub Para-7 Tashkent 2005-09 & Sub Para-7 Muscat 2006-09 for settlement. However, the PAC deferred the remaining Sub Paras with direction to the PAO to hold DAC and submit report to PAC. The Ministry was, however, directed to ensure compliance of rules/regulations in future.

8. **PARA-1.2.2.7 AR 2009-10**
OVERPAYMENT ON ACCOUNT OF 15% INCIDENTAL CHARGES - US$ 3,751

Audit pointed out that as per Finance Division's O.M. No. F.1(10)R.10/90 dated 24.03.2006, further clarified through their O.M.No.F.1(10)R-10/2008 dated 26.01.2009, 15% incidental charges were not admissible to the officials/officers posted abroad during travelling from Mission to Mission or within the country of their accreditation. Contrary to above, the Ministry and its 05 Missions abroad paid a sum of US$ 3,751 on account of 15% incidental charges to the officers/officials un-authorized.

Audit further informed that there were ten sub paras in the above Audit Para out of these ten, the DAC in its meeting held on 15th April, 2015 had recommended five sub paras **SUB PARA-7 PORT LOUIS 2004-09 (FIVE CASES SETTLED), SUB PARA-1 BUCHAREST 2006-09 (EIGHT CASES SETTLED), SUB PARA-22 VIENNA 2006-09 (TWO CASES SETTLED), SUB PARA-3 MOSCOW 2006-09 (SIX CASES SETTLED) and SUB PARA-3 AUDIT NOTE DAMASCUS 03/2009** for settlement whereas action on the remaining five was yet awaited. The list of ten sub paras is as under.

i. **SUB PARA-7 PORT LOUIS 2004-09 (FIVE CASES SETTLED)**
ii. **SUB PARA-1 BUCHAREST 2006-09 (EIGHT CASES SETTLED)**
iii. **SUB PARA-22 VIENNA 2006-09 (TWO CASES SETTLED)**
iv. **SUB PARA-3 MOSCOW 2006-09 (SIX CASES SETTLED)**

v. **SUB PARA-3 AUDIT NOTE DAMASCUS 03/2009**
vi. **SUB PARA-10 CAIRO 2006-09**
vii. **SUB PARA-7 PORT LOUIS 2004-09 (ONE CASE OUTSTANDING)**
viii. **SUB PARA-1 BUCHAREST 2006-09 (EIGHT CASES OUTSTANDING)**
ix. **SUB PARA-22 VIENNA 2006-09 (EIGHT CASES OUTSTANDING)**
x. **SUB PARA-3 MOSCOW 2006-09 (NINE CASES OUTSTANDING)**

The PAO apprised the Committee that the DAC in its meeting held on 15th April, 2015 had recommended the following five Sub Paras, Sub Para-7 Port Louis 2004-09 (Five Cases Settled), Sub Para-1 Bucharest 2006-09 (Eight Cases Settled), Sub Para-22 Vienna 2006-09 (Two Cases Settled), Sub Para-3 Moscow 2006-09 (Six Cases Settled) and Sub Para-3 Audit Note Damascus 03/2009 for settlement whereas recovery on following five Sub Paras, Sub Para-10 Cairo 2006-09 Sub Para-7 Port Louis 2004-09 (One Case Outstanding) Sub Para-1 Bucharest 2006-09 (Eight Cases Outstanding) Sub Para-22 Vienna 2006-09 (Eight Cases Outstanding) Sub Para-3 Moscow 2006-09 (Nine Cases Outstanding) was under way.

PAC DIRECTIVE

The PAC endorsed the recommendations of DAC and recommended the five Sub Paras, Sub Para-7 Port Louis 2004-09 (Five Cases Settled), Sub Para-1 Bucharest 2006-09 (Eight Cases Settled), Sub Para-22 Vienna 2006-09 (Two Cases Settled), Sub Para-3 Moscow 2006-09 (Six Cases Settled) and Sub Para-3 Audit Note Damascus 03/2009 for settlement. The remaining five Sub Paras, Sub Para-10 Cairo 2006-09 Sub Para-7 Port Louis 2004-09 (One Case Outstanding) Sub Para-1 Bucharest 2006-09 (Eight Cases Outstanding) Sub Para-22 Vienna 2006-09 (Eight Cases Outstanding) Sub Para-3 Moscow 2006-09 (Nine Cases Outstanding) were however, settled with the condition of full recovery and its subsequent verification by Audit.

9. **PARA-1.2.2.8 AR 2009-10**
UN-AUTHORIZED EXPENDITURE INCURRED ON ACCOUNT OF PURCHASE OF VEHICLES - € 53,474, US$ 462,593, PESOS 121,816, KD. 23,677, DH. 417,550 AND RO 27,050

Audit pointed out that as per Cabinet Division's letter No. 6-7(I)-02-M-II, dated 22.07.2005, prior approval of the Vehicle Committee constituted by the Finance Division is required to be obtained for the purchase of vehicles. Contrary to above, Pakistan Missions abroad incurred expenditure to the tune of € 53,474, US$ 462,593, Pesos 121,816, KD. 23,677, Dh. 417,550 and RO 27,050 on account of purchase of vehicles without obtaining the prior approval of the Vehicle Committee. Thus the entire expenditure was held un-authorized.

Audit further informed that there were nineteen sub paras in the above Audit Para out of these nineteen, the DAC in its meeting held on 15th April, 2015 had

recommended nine sub paras **SUB PARA-16 BUENOS AIRES 2005-09, SUB PARA-4 ANKARA 2006-09, SUB PARA-7 AUDIT NOTE-HERAT -06/ 2008, SUB PARA-6 MUSCAT 2006-09, SUB PARA-29 WARSAW 2006-09, SUB PARA-1 BAKU 2006-09, SUB PARA-1 ALMATY 2005-09, SUB PARA-1 TASHKENT 2005-09 and SUB PARA-8 ABU DHABI 2006-09** for settlement whereas action on the remaining ten was yet awaited. The list of nineteen sub paras is as under.

i. **SUB PARA-11 MANILA 2006-09**
ii. **SUB PARA-6 KUWAIT 2006-09**
iii. **SUB PARA-8 BUCHAREST 2006-09**
iv. **SUB PARA-27 VIENNA 2006-09**
v. **SUB PARA-3 ALMATY 2005-09**
vi. **SUB PARA-2 DUSHANBE 2006-09**
vii. **SUB PARA-4 AUDIT NOTE-KABUL -06/ 2008**
viii. **SUB PARA-11 SINGAPORE 2006-09 (VR. NO. 35 OF 02/2008)**
ix. **SUB PARA-1 THE HAGUE 2005-09**
x. **SUB PARA-16 BUENOS AIRES 2005-09**
xi. **SUB PARA-4 ANKARA 2006-09**
xii. **SUB PARA-8 ABU DHABI 2006-09**
xiii. **SUB PARA-6 MUSCAT 2006-09**
xiv. **SUB PARA-29 WARSAW 2006-09**
xv. **SUB PARA-1 BAKU 2006-09**
xvi. **SUB PARA-1 ALMATY 2005-09**
xvii. **SUB PARA-1 TASHKENT 2005-09**
xviii. **SUB PARA-7 AUDIT NOTE-HERAT -06/ 2008**
xix. **SUB PARA-11 SINGAPORE 2006-09 (VR. NO. 59 OF 06/2008)**

The PAO apprised the Committee that DAC in its meeting held on 15th April, 2015 had already recommended ten sub paras no Sub Para-16 Buenos Aires 2005-09, Sub Para-4 Ankara 2006-09, Sub Para-8 Abu Dhabi 2006-09, Sub Para-6 Muscat 2006-09, Sub Para-29 Warsaw 2006-09, Sub Para-1 Baku 2006-09, Sub Para-1 Almaty 2005-09, Sub Para-1 Tashkent 2005-09, Sub Para-7 Audit Note-Herat -06/ 2008 and Sub Para-11 Singapore 2006-09 (vr. No. 59 of 06/2008) for settlement whereas the rest of the sub paras no Sub Para-11 Manila 2006-09, Sub Para-6 Kuwait 2006-09, Sub Para-8 Bucharest 2006-09, Sub Para-27 Vienna 2006-09, Sub Para-3 Almaty 2005-09, Sub Para-2 Dushanbe 2006-09, Sub Para-4 Audit Note-Kabul -06/ 2008, SUB PARA-11 SINGAPORE 2006-09 (VR. NO. 35 OF 02/2008) and Sub Para-1 The Hague 2005-09, concurrence from the Finance Division would be obtained.

PAC DIRECTIVE

The PAC endorsed the recommendations of the DAC and recommended the sub paras, Sub Para-16 Buenos Aires 2005-09, Sub Para-4 Ankara 2006-09, Sub Para-8 Abu Dhabi 2006-09, Sub Para-6 Muscat 2006-09, Sub Para-29 Warsaw

2006-09, Sub Para-1 Baku 2006-09, Sub Para-1 Almaty 2005-09, Sub Para-1 Tashkent 2005-09, Sub Para-7 Audit Note-Herat -06/ 2008 and Sub Para-11 Singapore 2006-09 (vr. No. 59 of 06/2008) for settlement and the remaining numbers of sub paras, Sub Para-11 Manila 2006-09, Sub Para-6 Kuwait 2006-09, Sub Para-8 Bucharest 2006-09, Sub Para-27 Vienna 2006-09, Sub Para-3 Almaty 2005-09, Sub Para-2 Dushanbe 2006-09, Sub Para-4 Audit Note-Kabul -06/ 2008, SUB PARA-11 SINGAPORE 2006-09 (VR. NO. 35 OF 02/2008) and Sub Para-1 The Hague 2005-09, the Sub Paras would be treated settled subject to regularization by the Finance Division.

10. **PARA-1.2.2.10 AR 2009-10**
UN-AUTHORIZED EXPENDITURE INCURRED ON ACCOUNT OF TRANSPORTATION OF CARS- US$ 6,845

Audit pointed out that as per Finance Division's O.M. No.F-2(I)-R-2004-90/70 dated 12.2.2007, transportation charges of car from 3rd country are not allowed. Contrary to the above, two Pakistan Missions abroad paid US$ 6,845 on transportation of cars from 3rd countries in respect of two officers which was un-authorized. The matter may be got investigated for incurring such un-authorized expenditure, besides an amount of US$6,845 may be recovered from the concerned officers under intimation to Audit.

i. **SUB PARA-29 OF AIR MOSCOW 2005-09**
ii. **SUB PARA-4 OF AIR AMMAN 2006-09**

PAC DIRECTIVE

The PAC recommended the para for pursuance at DAC level.

11. **PARA-1.2.2.13 AR 2009-10**
NON-RECOVERY OF UTILITY CHARGES- € 1,566, RS.57,210, LD 839, NAIRA 140,658, US$.3,017, E. £ 77, M RS. 1,488 ANDRO303

Audit pointed out that as per para 8.20 of FMMA Vol-II, each Head of Mission will pay 25% of all utility charges including cost of heating, electricity, gas and water. Further, as per para-8.23 of FMMA Vol-II, recovery of 6% utility charges also applies to hotel accommodation provided by the government to officers and staff of Missions abroad. There is no provision in the rules to pay utility charges of residential accommodation provided by the government to officers/officials in Pakistan.

Audit further informed that there were eight sub paras in the above Audit Para out of these eight, the DAC in its meeting held on 15th April, 2015 had recommended six sub paras **SUB PARA-23 MOFA (HQ) 2008-09, SUB PARA-12 CAIRO 2006-09, SUB PARA-18 PORT LOUIS 2004-09, SUB PARA-5 THE HAGUE 2005-09, SUB PARA-9 MUSCAT 2006-09 and SUB PARA-1**

BUDAPEST 2006-09for settlement whereas action on the remaining two was yet awaited. The list of eight sub paras is as under.

i. **SUB PARA-23 MOFA (HQ) 2008-09**
ii. **SUB PARA-12 CAIRO 2006-09**
iii. **SUB PARA-18 PORT LOUIS 2004-09**
iv. **SUB PARA-5 THE HAGUE 2005-09**
v. **SUB PARA-9 MUSCAT 2006-09**
vi. **SUB PARA-1 BUDAPEST 2006-09**
vii. **SUB PARA-13 TRIPOLI 2006-09**
viii. **SUB PARA-2 ABUJA 2005-09**

The PAO apprised the Committee that DAC in its meeting held on 15th April, 2015 had already recommended six sub paras Sub Para-23 Mofa (Hq) 2008-09, Sub Para-12 Cairo 2006-09, Sub Para-18 Port Louis 2004-09, Sub Para-5 The Hague 2005-09, Sub Para-9 Muscat 2006-09 and Sub Para-1 Budapest 2006-09 for settlement, whereas the remaining two sub paras Sub Para-13 Tripoli 2006-09 And Sub Para-2 Abuja 2005-09.

PAC DIRECTIVE

The PAC recommended the sub paras, SUB PARA-23 MOFA (HQ) 2008-09, SUB PARA-12 CAIRO 2006-09, SUB PARA-18 PORT LOUIS 2004-09, SUB PARA-5 THE HAGUE 2005-09, SUB PARA-9 MUSCAT 2006-09 and SUB PARA-1 BUDAPEST 2006-09for settlement as recommended by DAC. The PAC further directed the PAO to write off the amount as both officers had been retired.

12. **PARA-1.2.2.15 AR 2009-10**
NON-RECOVERY OF WATER AND ELECTRICITY CHARGES FROM THE CONTRACTOR- RS.6.008 MILLION

Audit pointed out that in terms of Special Provisions No.15.3.1 & 15.3.2 of the Contract Agreement made between the Ministry and the contractor M/s Recent Construction Company who was awarded the work of construction of High Security Blocks in the Ministry compound, the contractor was required to make all necessary arrangements for a temporary water supply & electricity service, pay all expenses in connection with the installation, operation/maintenance & removal thereof or pay cost of water & electricity consumed by all trades.

i. **SUB PARA-16 MOFA (HQ) 2008-09**
ii. **SUB PARA-17 MOFA (HQ) 2008-09**

The PAO apprised the Committee that the matter had been referred to M/S NESPAK for resolving the issue between CDA and contractor. Final outcome would be intimated to Audit.

PAC DIRECTIVE

The PAC pended the para with the direction to the PAO to pursue matter with NESPAK for early receipt of requisite information from NESPAK and subsequent provision to Audit within one month.

13. **PARA-1.2.2.19 AR 2009-10**
UN-AUTHORIZED EXPENDITURE DUE TO EXTENSION IN CONTRACT EMPLOYMENTS - RS. 1.213 MILLION

Audit pointed out that as per Para 4 (i) of Establishment Division's OM. No. 8/10/2000-CP I dated 23.12.2000, extension of contract appointment beyond two years to posts in BPS-17 to 19 shall be subject to the approval of Establishment Division. Contrary to the above, the Ministry is continuously extending the period of contract appointments of two officers since 01.08.2002 & 24.10.2002 respectively, without the approval of Establishment Division and had paid them salaries/allowances to the tune of Rs.1.213 million during the period 2008-09 which is held un-authorized.

The PAO apprised the Committee that the matter had been taken up with Establishment Division for the Ex-post Facto Approval and their reply as and when received will be submitted to Audit.

PAC DIRECTIVE

The PAC pended the para.

14. **PARA-1.2.2.20 AR 2009-10**
NON-DEPOSIT OF WITHHOLDING TAX FOR THE YEAR 2008-2009 - RS.1.474 MILLION

Audit pointed out that in term of Rule 43 (a) of Income Tax Rules 2002, amount of Income Tax on behalf of Federal Govt. shall be credited to the government exchequer on the day the amount was collected or deducted. Contrary to the above, Chief Accounts Office deducted an amount of Rs.1.474 million from various firms as withholding Tax during the financial year 2008-09 but instead of depositing the amount into the Government Treasury, all the cheques on this account were handed over to the Ministry which subsequently expired. This resulted into non deposit of Rs.1.474 million to the government exchequer.

The PAO apprised the Committee that the matter had been taken up with concerned office and their reply as and when received would be submitted to Audit. However, no loss was sustained by the Government as payment to the supplier was made after detecting the income tax/withholding tax.

PAC DIRECTIVE

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

15. **PARA-1.2.2.24 AR 2009-10**
OVERPAYMENT OF BROKERAGE CHARGES - US$ 525 AND TENGES 62,100

Audit pointed out that as per para 8.13 of FMMA Vol-II , HOM may pay brokerage charges upto a limit of 5% of annual rent, if unavoidable while renting accommodation for offices and residences of staff both diplomatic and non-diplomatic services in Missions abroad. Beyond this limit individual cases should be referred to the Ministry for obtaining prior sanction of the government.

The PAO apprised the Committee that brokerage charges were made in accordance with enhanced rent.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to recovery of the amount from the officials in service and directed the PAO to find out the facts with a report to PAC.

16. **PARA-1.2.2.25 AR 2009-10**
NON-RECOVERY OF IN-ADMISSIBLE EDUCATION SUBSIDY- CHF. 12,402, € 19,060, ZLOTY24,729, US$ 7,170 AND BRS 6,040

Audit pointed out that as per para 5.33(i) of FMMA, Vol-II, education subsidy will be admissible @ 80% of actual cost of education, i.e. school fee, tuition fee, non refundable registration fee, education fee, application fee, capital assessment fee, development fee, non refundable capital development fund, capital levy charges and re-enrolment charges, etc. Contrary to above, 05 Missions made payments on account of education subsidy in respect of misc. charges and beyond prescribed age limit etc which were not admissible.

Audit further informed that there were six paras in the above Audit Para out of these six, the DAC in its meeting held on 15th April, 2015 had recommended two sub paras **SUB PARA WARSAW PARA.1 AIR 2006-09** and **SUB PARA BERLIN PARA.19 AIR 2006-09** for settlement whereas action on the remaining four was yet awaited. The list of six sub paras is as under.

i. **SUB PARA BERNE PARA.20 AIR 2005-09**
ii. **SUB PARA BERLIN PARA.19 AIR 2006-09**
iii. **SUB PARA ROME PARA.7 AIR 2005-09**
iv. **SUB PARA WARSAW PARA.1 AIR 2006-09**

v. **SUB PARA BRAZILIA PARA.26 AIR 2005-09**
vi. **SUB PARA WARSAW PARA.2 AIR 2006-09**

The PAO apprised the Committee that in the past the policy to facilitate the children of employees of missions abroad during their education up till the age of eighteen years causing problems, thus, the same has been revised and now age limit has been extended up till twenty years.

PAC DIRECTIVE

The PAC endorsed the recommendations of the DAC and recommended the numbers of sub paras, Sub Para Warsaw Para.1 Air 2006-09, Sub Para Berlin Para.19 Air 2006-09 for settlement. The rest of the Sub Paras, Sub Para Berne Para.20 Air 2005-09, Sub Para Rome Para.7 Air 2005-09, Sub Para Brazilia Para.26 Air 2005-09 And Sub Para Warsaw Para.2 Air 2006-09 were pended with directions to the PAO to hold fresh DAC and look into the matter case to case basis.

17. **PARA-1.2.2.28 AR 2009-10**
UN-AUTHORIZED EXPENDITURE INCURRED ON ACCOUNT OF MEDICAL TREATMENT- US$ 86,590 AND € 5, 053

Audit pointed out that as per para 6.54-B(2) of FMMA Vol-II, reimbursement of medical treatment charges to the govt. servants and their dependants posted in Pakistan Missions abroad is not admissible for medical treatment obtained in a country other than a country of their posting. In special cases where reasonable medical treatment is not available locally at the place of posting and this is so certified by the Authorized Medical Attendant, the case should be referred to Ministry, which will seek approval of Ministry of Health/Finance. Contrary to the above, 02 Missions abroad reimbursed an amount of US$ 86,590 & € 5, 053 to various officers as per details given below which was not admissible:

Sl. No	Mission & Period of AIR	Para	Particulars	Amount
1	The Hague 2005-09	12(A)	Expenditure on medical treatment in Netherland in respect of the wife of Ambassador of Pakistan Moscow	US$.28,054
		12 (B)	Medical charges paid beyond ceiling.	US$ 20,554 & € 5, 053.10
2	Singapore 2006-09	04	Expenditure incurred on medical treatment of Ex-MNA without approval of M/O Health	US$.8,620.19

3	Singapore 2006-09	13	Expenditure on medical treatment in Singapore in respect of Ambassador of Pakistan Damascus.	US$.16,862
4	Singapore 2006-09	07	Expenditure on medical treatment in USA in respect of the wife of Ambassador of Pakistan Singapore	US$.12,500

Audit further informed that there were four paras in the above Audit Para out of these four, the DAC in its meeting held on 15th April, 2015 had recommended three sub paras **SUB PARA SINGAPORE PARA-04 2006-09, SUB PARA SINGAPORE PARA-13 2006-09 and SUB PARA SINGAPORE PARA-07 2006-09** for settlement whereas action on the remaining one was yet awaited. The list of four sub paras is as under.

i. **SUB PARA SINGAPORE PARA-04 2006-09**
ii. **SUB PARA SINGAPORE PARA-13 2006-09**
iii. **SUB PARA SINGAPORE PARA-07 2006-09**
iv. **SUB PARA PAREP THE HAGUE PARA 12 (A) & (B)AIR 2005-09**

PAC DIRECTIVE

The PAC recommended the Sub Para Singapore -04 2006-09 for settlement on the recommendation of DAC and Sub Para Hague 12 (A) & (B) Air 2005-09 was also recommended for settlement by the PAC subject to verification of record by Audit.

18. **PARA-1.2.2.30 AR 2009-10**
UN-AUTHORIZED DRAWL/UTILIZATION OF FUNDS- US$ 30,500

Audit pointed out that Pakistan Mission abroad drew US$ 30,500 as advance from the special grant approved by the Prime Minister for repair/renovation of Chancery and Embassy Residence and purchase of machinery and equipment as well as furniture and fixtures. Adjustment of the said advance was submitted after two years which was irregular. Further, codal formalities were not fulfilled while making purchases of machinery & equipment and furniture & fixtures out of this grant. Payments were also made in cash instead of cheques which was not allowed.

The PAO apprised the Committee that the matter had been taken with Finance Division for regularization which was still awaited. MS Directorate has been approached for regularization of US$ 30,500 from Finance Division on

24.01.2017 GHQ has been approached to effect recovery of US$10,370 from Lt. Gen. Syed Iftikhar Hussain Shah, Ex-Ambassador.

PAC DIRECTIVE

The PAC pended the para with direction to PAO to get the expenditure regularized from the Finance Division under report to PAC/Audit.

19. **PARA-1.2.2.32 AR 2009-10**
UN-AUTHORIZED EXPENDITURE ON MAINTENANCE OF PHOTOCOPIER MACHINE - € 1,546

Audit pointed out that as per para-10 of GFR Vol-I, every public officer is expected to exercise the same vigilance in respect of government expenditure as a person of ordinary prudence would exercise in respect of his personal expenditure. Contrary to above, a Pakistan Mission abroad incurred expenditure to the tune of € 1,546 on the repair and maintenance of a photo copier which had already been written-off. The entire expenditure was held un-authorized.

The PAO Ministry informed that the firm did not agree to discontinue the contract so the Mission was compelled to use the machine and bound to pay the expenditure on its repair till termination of contract. Ministry's view point was not tenable as expenditure could not be made on the machine which had already been written off.

PAC DIRECTIVE

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

20. **PARA- 1.2.2.39 AR 2009-10**
NON TRANSFER OF SALES PROCEEDS OF EMBASSY RESIDENCE AND EMBASSY INTERNATIONAL SCHOOL- PESO 88.20 MILLION, US$ 208,380 AND RS. 1,655 MILLION

Audit pointed out that as per Rule-7 of FTR, all money received by or tendered to government officers on account of the revenues of the Federal Government shall without undue delay be paid in full into a treasury or into the bank. Contrary to above, at a Mission abroad Sales Proceeds of old Embassy Residence amounting to Peso 88,200,000 were placed in an interest bearing fixed deposit account without prior approval of Ministry of Finance. Similarly, in another Mission Pakistan Embassy International School was sold without obtaining competitive bids. Further, sales proceeds worth Rs.80,000,000 and transfer of funds/proceeds thereof amounting to US$ 208,380 and Rs. 1,575,000,000 were deposited in a Bank without approval of Finance Division.

i. **SUB PARA PAREP MANILA PARA – 3AIR 2005-09**
ii. **SUB PARA PAREP JAKARTA PARA – 1 & 2AIR 2005-09**

The PAO apprised the Committee that in case of Embassy of Pakistan Manila, the Central Bank of Philippine did not issue NOC for remitting the amount of sale proceeds to Pakistan. Therefore, the same was kept in fixed deposit account with the approval of Ministry. In case of Embassy School Jakarta, Mission had deposited the amount in the Community Welfare Educational Fund of the School.

PAC DIRECTIVE

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

21. **PARA-1.2.2.41 AR 2009-10**
UN-AUTHORIZED EXPENDITURE ON ACCOUNT OF TRANSPORTATION OF CAR - € 3,462

Audit pointed out that as per 10.51 of FMMA Vol-II, transportation charges of cars imported by the officers through local agents of the manufacturers at their place of posting will be paid by the government. The freight charges either in Pakistan currency in cases of transfer from Pakistan or in foreign currency in cases of Mission to Mission transfer, would not be paid/ drawn in advance. Its reimbursement would be authorized by the Chief Account Officer, after due scrutiny of the following documents submitted by the officer along with the final travelling allowance bill in respect of his transfer:

i. Copy of the order placed with manufacturer through authorized dealer.
ii. Manufacturer's acceptance of the order indicating the cost of car, amount of freight being charged and the date of shipment.
iii. Invoice of the dealer indicating, inter alia the cost of car with pro-rata freight charges and date of delivery of car to officer.

The PAO apprised the Committee that under the rule a person can transfer a vehicle to the other station. The person in question withdraw the advance which was adjusted in the TA/DA bill.

PAC DIRECTIVE

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

22. **PARA-1.2.2.42 AR 2009-10**
LOSS DUE TO PAYMENT OF EXCESS RENT - US$ 105,000

Audit pointed out that contrary to above, a Pakistan Mission abroad entered into an agreement on 29-9-2005 with the land lady for hiring of Embassy Residence for three years starting from 05-10-2005 to 04-10-2008 @ US$ 5,000 per month. Advance rent for one year w.e.f. 05-10-2005 to 04-10-2006 amounting to US$ 60,000 was paid to lesser as per agreement. In the agreement, initially no clause of rent escalation/increase existed. But on 05-04-2006, a separate instrument was prepared as an amendment to original agreement which allowed an increase in rent @ US$ 1,000 per month w.e.f. 5-4-2006. Accordingly, rent was increased from US$ 5,000 to US$ 6,000 after six months of the agreement. Once again, on 8-8-2006, rent was enhanced to US$ 8,000/- per month w.e.f. 5-10-2006 by signing another instrument of rent as amendment in the agreement and paid advance of one year (5-10-2006 to 4-10-2007) amounting to US$ 96,000. In October, 2006, agreement period was also extended by one year up to04-10-2009. Details are as under:-

Vr. No. & Month		**Amount Payable US$**	**Amount paid US$**	**Difference US$**	**Period**
41	04/06	30,000	36,000	6,000	05.04.2006 to 4.10.2006
02	10/06	60,000	96,000	36,000	05.10.2006 to 04.10.2007
		105,000	168,000	63,000	05.10.2007 to 30.06.2009
	Total	**195,000**	**300,000**	**105,000**	

The PAO apprised the Committee that the Ministry has regularized the payment of US$ 105,000 in connection with enhancement of rental ceiling of the Embassy residence at parep Almaty from time to time.

PAC DIRECTIVE

The PAC directed the PAO to probe into the matter and report to PAC/Audit within one month.

23. **PARA-1.2.2.43 AR 2009-10**
NON-RECOVERY OF IN-ADMISSIBLE PAYMENT OF TA/DA- DH 25,357

Audit pointed out that as per note below para 10.81 of FMMA Vol-II, joining time and daily allowance are not admissible on termination of contract. Besides, in terms of Para 10.15 of FMMA (Volume-I), PCW&EF shall not be used for payment of joining time and daily allowance.Contrary to above, a Pakistan Mission abroad paid an amount of Dh 25,357 to a former Community Welfare

Attaché (Honorary) on account of TA/DA out of PCW&EF after his resignation and termination of his contract of employment in the Mission. Since, the officer had resigned from his service on premature basis, therefore, payment of TA/DA was held un-authorized.

PAC DIRECTIVE

The PAC referred the para to M/o Overseas Pakistanis and Human Resource Development for further discussion on the recommendations of Audit.

24. **PARA-1.2.4.1 AR 2009-10**
OVERPAYMENTS ON ACCOUNT OF TA/DA -£20,265, US$35,408, A$ 6,894, DH 4,818 AND RS. 626,916

Audit pointed out that as per para 11 of GFR Vol.-I, each Head of Department is responsible for enforcing financial order and strict economy at every step. He is required to ensure observance of all relevant financial rules and regulations by the disbursing officer. In violation of above, the Ministry of Foreign Affairs and its various Missions abroad made payments to officers/officials on account of TA/DA, joining time DA etc. over and above their entitlements.

i. **SUB PARA MOFA (HQS)PARA – 39AIR 2008-09**
ii. **SUB PARA PAREP THE HAGUEPARA-11(B)AIR 2005-09**
iii. **SUB PARA PAREP TRIPOLI PARA – 3AIR 2006-09**
iv. **SUB PARA PAHIC NAIROBI PARA – 26AIR 2005-09**
v. **SUB PARA PAREP FRANKFURT PARA – 12 AIR 2006-09**
vi. **SUB PARA PAREP FRANKFURT PARA – 22AIR 2006-09**
vii. **SUB PARA PAREP CANBERRA PARA – 6AIR 2005-09**
viii. **SUB PARA PAREP CANBERRA PARA –15AIR 2005-09**
ix. **SUB PARA PAREP CANBERRA PARA –14AIR 2005-09**
x. **SUB PARA PAREP CANBERRA PARA –13AIR 2005-09**
xi. **SUB PARA PAREP OTTAWA PARA –16AIR 2005-09**
xii. **SUB PARA PAREP MOSCOW PARA –31AIR 2007-09**
xiii. **SUB PARA PAREP BEIRUT PARA –12AIR 2006-09**
xiv. **SUB PARA PAREP BEIRUT PARA –5AIR 2004-09**
xv. **SUB PARA PAREP SARAJEVO PARA – 12AIR 2006-09**
xvi. **SUB PARA PAREP BUDAPEST PARA – 4AIR 2006-09**
xvii. **SUB PARA PAREP BUDAPEST PARA – 2AIR 2006-09**
xviii. **SUB PARA PAREP BUDAPEST PARA – 3AIR 2006-09**
xix. **SUB PARA PAREP BERLIN PARA – 23AIR 2006-09**
xx. **SUB PARA PAREP ABU DHABI PARA – 7AIR 2006-09**
xxi. **SUB PARA PAREP TASHKENT PARA – 3AIR 2005-09**
xxii. **SUB PARA A/NOTE AD-IV 2008-09PARA-1**
xxiii. **SUB PARA A/NOTE PRE- AUDIT. 2008-09PARA1**
xxiv. **SUB PARA A/NOTE AD-V 2008-09PARA-3**
xxv. **SUB PARA A/NOTE GAD 2008-09PARA-1**

xxvi. **SUB PARA A/NOTE AD-I 2008-09PARA-2**

PAC DIRECTIVE

The PAC recommended the paras for settlement where recoveries have been affected and verified by Audit, whereas, the paras where recovery process was underway, the PAC directed the PAO to accelerate the recovery process under intimation to Audit.

25. **PARA-1.2.4.2 AR2009-10**
NON-ADJUSTMENT OF ADVANCE PAYMENTS AS TIPS- US$ 101,414 AND £ 3,000

Audit pointed out that as per instructions contained in Rule-668 of FTR, advances granted under special orders of competent authority to govt. officers for departmental or allied purposes may be drawn on the responsibility and receipt of the officers for whom they are sanctioned subject to adjustment by submission of detailed accounts supported by vouchers or by refund as may be necessary. Further, as per Para-III of Ministry's letter No. DG (M&F)-25/2004 dated 03.08.2004 regarding financial management of Protocol Division, no payment of tips may be made to the employees of the Missions and PIA. In addition, payment of tips will be made by HOM in consultation with Chief of Protocol (CP) and the list of recipients duly signed by both HOM and CP will be sent to the Ministry for record.

i. **SUB PARA – 5 MOFA (HQS) 2008-09**
ii. **SUB PARA – 5 PAREP ANKARA 2006-09**
iii. **SUB PARA – 14 PAREP WARSAW 2006-09**
iv. **SUB PARA – 9 PAREP SARAJEVO 2006-09**
v. **SUB PARA – 15 PAREP MOSCOW 2005-09**
vi. **SUB PARA – 28 PAREPUN GENEVA 2006-09**
vii. **SUB PARA – 4 PAREP TASHKENT 2005-09**
viii. **SUB PARA – 3 PAREP BEIRUT 2004-09**

The PAO apprised the Committee that the co**ntrary to the above, an amount of US**$ 101,414 & £ 3,000**was paid to CP for payment of tips during 2006-09 on the occasions of President/Prime Minister's visits abroad but no confirmation/adjustment thereof was available on record.**

PAC DIRECTIVE

The PAC referred the above mentioned para along with eight sub paras for pursuance at DAC level.

26. i. **PARA-1.2.2.1 PAGE AR 2009-10**
NON-RECOVERY OF LIQUIDATED DAMAGES ON ACCOUNT OF DELAY IN COMPLETION OF WORK RS. 23.44 MILLION

Audit pointed out that as per para-26 of GFR Vol-I, it is the duty of Departmental Controlling Officer to see that all sums due to government are regularly and promptly assessed, realized and duly credited in the public account. The Ministry awarded a contract for construction of High Security Block to M/s Recent Construction Company at an approved cost of Rs. 234.422 million. As per clause 43.1 of Contract Agreement, the contractor was required to complete the job within 546 days. He started work on 5th September, 2005 and was bound to complete the same by 04.03.2007 but failed to complete the work within the stipulated period. Thereafter, the period was extended upto 30th September, 2007 as mentioned in NESPAK letter No. 2596/321/RKH/01/1410-A dated 19.06.2007. The contractor also submitted an undertaking on a stamp paper that he will complete the job within the extended period. However, the contractor again failed to fulfil his commitment.

ii. **PARA-1.2.2.23 PAGE AR 2009-10**
UN-AUTHORIZED PAYMENT TO CONTRACTOR WITHOUT MAINTENANCE OF MEASUREMENT BOOK - RS.145.230 MILLION

Audit pointed out that In terms of paras 209 to 211 of Central Public Works Account (CPWA) Code, all civil works done by the contractors are required to be measured and recorded in the Measurement Book for payment to the contractors being a permanent record. Contrary to the above, Ministry made payments amounting to Rs.145.230 million to the contractor M/s Recent Construction Co. on account of construction of High Security Block in the Ministry against 24th Running Bill but no measurement entries were made in the Measurement Book due to which possibility of duplication of payment for work done cannot be ruled out.

PAC DIRECTIVE

The PAC deferred the above mentioned two paras with a direction that the same would be discussed in the presence of Director General Audit Works (Federal).

27. **PARA-1.2.2.16 PAGE AR 2009-10**
SHORT REALIZATION OF VISA AND PASSPORT FEE- US$.251 AND KSH.8, 000

Audit pointed out that as per para 8 (ii) & (iv) of the Passport and Visa Manual, 2006, fresh Passports in urgent cases are issued next day while ordinary passports will be issued on 8th day of receipt of applications. In case of Machine Readable Passports, against urgent fee, the passport shall be issued on 5th

working day and against ordinary fee on 10th working day on payment of fee on prescribed rates.

PAC DIRETIVE

On the recommendations of Audit the PAC referred the above mentioned para to Ministry of Interior and directed that the same would be discussed along with other Audit paras of the Ministry.

PARAS REFERRED TO DAC

28. i. **PARA-1.2.2.1 ARPSE-2009-10**

ii. **PARA-1.2.2.12 ARPSE-2009-10**

iii. **PARA-1.2.2.17 ARPSE-2009-10**

iv. **PARA-1.2.2.18 ARPSE-2009-10**

v. **PARA-1.2.2.21 ARPSE-2009-10**

vi. **PARA-1.2.2.23 ARPSE-2009-10**

vii. **PARA-1.2.2.33 ARPSE-2009-10**

viii. **PARA-1.2.2.34 ARPSE-2009-10**

ix. **PARA-1.2.2.43 ARPSE-2009-10**

x. **PARA-1.2.3.1 ARPSE-2009-10**

PAC DIRECTIVE

The PAC referred the above mentioned 10 paras for pursuance at DAC level.

PARAS RECOMMENDED FOR SETTLEMENT

29. i. **PARA-1.2.2.9 AR 2009-10**
NON-RECOVERY OF TENANT'S CHARGES OF RESIDENTIAL ACCOMMODATION- € 4,352

ii. **PARA-1.2.2.11 AR 2009-10**
UN-AUTHORIZED PAYMENT MADE IN CASH INSTEAD OF CROSSED CHEQUES- PESOS 142,647, US$ 604,969, C$ 35,113, HRV. 9,882, BRS.60,498, RS.10.135 MILLION & AFG.1.258 MILLION

iii. **PARA-1.2.2.14 AR 2009-10**
IRREGULAR PAYMENT OF FEE TO A LAWYER WITHOUT CONSULTING LAW DIVISION-€ 2,255

iv. **PARA-1.2.2.22 AR 2009-10**
LOSS ON ACCOUNT OF BANK COMMISSION PAID DUE TO CASH WITHDRAWALS- US$ 10,631

v. **PARA-1.2.2.26 AR 2009-10**
UN-AUTHORIZED EXPENDITURE ON PURCHASE OF FURNITURE & FIXTURE AND PLANT AND MACHINERY -RS. 2.574 MILLION, LD 1,085, KD 300 AND BRS 4,180

vi. **PARA-1.2.2.27 AR 2009-10**
UN-AUTHORIZED EXPENDITURE ON ACCOUNT OF HOME LEAVE PASSAGE- € 6,273

vii. **PARA-1.2.2.29 AR 2009-10**
NON-RECOVERY ON ACCOUNT OF USE OF STAFF CAR FOR PRIVATE PURPOSE- US$ 1,186

viii. **PARA-1.2.2.31 AR 2009-10**
UN-AUTHORIZED RETENTION OF GOVERNMENT MONEY- US$30,111

ix. **PARA-1.2.2.35 AR 2009-10**
DOUBTFUL PAYMENT ON ACCOUNT OF PURCHASE OF CHANCERY BUILDING- € 367,764

x. **PARA-1.2.2.36 AR 2009-10**
LOSS ON ACCOUNT OF PURCHASE OF CONSUL GENERAL'S RESIDENCE- € 53,664

xi. **PARA-1.2.2.37 AR 2009-10**
UN-AUTHORIZED EXPENDITURE ON ACCOUNT OF REPAIR OF CONSUL GENERAL'S RESIDENCE- € 62,678

xii. **PARA-1.2.2.38 AR 2009-10**
UN-AUTHORIZED EXPENDITURE ON ACCOUNT OF REPLACEMENT OF OIL HEATING FURNACE SYSTEM OF CG'S RESIDENCE- € 13,321

xiii. **PARA-1.2.2.40 AR 2009-10**
DEFECTIVE CONSTRUCTION OF THE NEW EMBASSY COMPLEX

xiv. **PARA-1.2.4.9 AR 2009-10**
NON-RECOVERY OF HOUSE BUILDING ADVANCE (HBA) FROM VARIOUS OFFICERS -RS. 1.635 MILLION

xv. **PARA-1.2.4.12 AR 2009-10**
LOSS DUE TO DELAY IN COMPLETION OF NEW EMBASSY COMPLEX- US$900,000

PAC DIRECTIVE

The PAC recommended the above mentioned 15 paras for settlement on the recommendation of Audit.

HIGHER EDUCATION COMMISSION OF PAKISTAN (HEC)
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Higher Education Commission of Pakistan (HEC) examined by the PAC on 17th August, 2017.

- 02 Paras were presented by the Audit Department which were examined and settled by the Committee.

- The AGPR presented 01 grant which was regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 17th August, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 and Audit Report for the year 2009-10 pertaining to the Higher Education Commission are as under:

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

HIGHER EDUCATION COMMISSION

1. **GRANT NO. 30- HIGHER EDUCATION COMMISSION**

Budget	AGPR Figures	Deptt. Figures	Difference
Original Grant	15,766,425,000		
Supplementary Grant	----------		
Total Grant	15,766,425,000		
Actual Expenditure	15,766,425,000		

The PAO apprised that it was development expenditures which were reconciled with the AGPR.

PAC DIRECTIVE

The PAC recommended the grant for settlement.

AUDIT REPORT FOR THE YEAR 2009-10
HIGHER EDUCATION COMMISSION

2. **PARA NO.11.1 PAGE NO. 66 (AR 2009-10)**
IRREGULAR APPOINTMENTS AND UN-AUTHORIZED PAYMENTS OF SALARIES RS. 3.92 MILLION

Audit pointed out that national Basic Pay Scales (BPS) and Tenure Track System approved from Finance Division and notified by HEC vide No F.P.2-103/HEC/2007/726 dated 15th September, 2007 are the two pay package systems for teaching and administrative staff of the Federal Urdu University of Arts, Sciences and Technology, Islamabad. Under Tenure Track System, the following pay packages were admissible to the Professors, Associate Professors and Assistant Professors who qualify the prerequisites of the system.

The PAO apprised the Committee that the Federal Urdu University of Arts and Technology appointed 02 Professors and 06 Assistant Professor on contract in Electrical Engineering Department for specified period purely on temporary basis. These appointments are in accordance with the Federal Urdu University Ordinance No. CXIX of 2002 of Chapter II, 4(IV) and (V). The University shall have the power to engage where necessary persons on contract basis of special duration and to specify the terms of each engagement. This clearly indicates that University is full empowered to engage faculty according to its need on prevailing market rates.

PAC DIRECTIVE

The PAC recommended the para for settlement and directed the PAO to review its existing recruitment policy for appointments of teachers in future.

3. **PARA NO. 11.2 PAGE NO. 67 (AR 2009-10)**
IRREGULAR LEASING OF VEHICLES RS.2.17 MILLION

Audit pointed out that according to Para 11 of General Financial Rules Vol.I, each head of a department is responsible for enforcing financial order and strict economy at every step. COMSATS Institute of Information Technology (CIIT) Principal seat and Islamabad Campus procured 10 vehicles on lease from Askari Bank Limited for Rs.12.46 million. The market price of these vehicles at the time of leasing was Rs.10.972 million. Audit noted that the CIIT paid Rs. 1,675,964 and Rs.498, 159 on account of interest and insurance respectively during 2007-09. Audit held that buying vehicles on lease was not covered under government rules and therefore considered the transaction as irregular.

The Management apprised the Committee that due to cash flow problem at the time of shifting of new campus as well as non availability of vehicle for the principal, it was decided to get the vehicle on lease. Moreover, busses were hired for transportation of students for whom the students were charged certain amount.

PAC DIRECTIVE

The PAC recommended the para for settlement.

MINISTRY OF HUMAN RIGHTS
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts for the year 2008-09 pertaining to the Ministry of Human Rights examined by the PAC on 22nd March, 2018.

- 01 para was presented by the Audit Department which was examined by the Committee and was settled.

- The AGPR presented 03 grants which were regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 22nd March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 and Audit Report for the year 2009-10 pertaining to the M/o Human Rights.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. I. **GRANT NO.86 – HUMAN RIGHTS DIVISION**
EXCESS RS.493,642/-

AGPR pointed out that the grant closed with an excess of Rs.493,642 which worked out to 1.75 percent of the total grant.

II. **GRANT NO.121 – WOMEN DEVELOPMENT DIVISION**
EXCESS/SAVING RS.31,725,768/-

AGPR pointed out that the grant closed with a saving of Rs.13,368,508 which worked out to 17.88 percent of the total grant. An amount of Rs.45,094,276 (60.33%) was surrendered resulting into an excess of Rs.31,725,768 (42.44%).

PAC DIRECTIVE

The PAC regularized the savings/Excess in the above mentioned two (2) grants on the recommendation of AGPR.

III. **GRANT NO.168 – DEVELOPMENT EXPENDITURE OF WOMEN DEVELOPMENT DIVISION**
SAVING RS.50,724,683/-

AGPR pointed out that the grant closed with a saving of Rs.93,002,683 which worked out to 50.37 percent of the total grant. An amount of Rs.42,278,000 (22.90%) was surrendered leaving net saving of Rs.50,724,683 (27.47%).

The PAO apprised the Committee that the department explained that saving was mainly due to revised allocation by the Planning & Development Division.

PAC DIRECTIVE

The PAC regularized the savings in the above mentioned grant with the direction to the PAO to avoid such recurrence in future.

AUDIT REPORT FOR THE YEAR 2009-10

MINISTRY OF HUMAN RIGHTS

2. I. **PARA NO. 25.1 (PAGE - 137) MINISTRY OF WOMEN DEVELOPMENT (DEFUNCT)**
NON COMPLETION OF DEVELOPMENT SCHEMES UNDER A PRESIDENTIAL GRANT OF RS. 100.00 MILLION FOR WOMEN OF BALUCHISTAN

Audit pointed out that the President of Pakistan announced the grant of Rs. 100.00 million for the welfare, uplift and empowerment of women in Baluchistan during convention held in Quetta on 07.12.2006. The grant was to be jointly utilized by Federal and Provincial Ministries of Women Development. Subsequently, this amount was transferred to the Provincial Women Development Department (WDD) in two tranches against different schemes.

The PAO apprised the Committee that the para relates to the defunct Ministry of Women Development (now Ministry of Human Rights). The then Ministry of Women Development released Presidential Grant of Rs. 98.5 million to the Social Welfare and Women Development Department, Government of Balochistan during 2006-07 and 2007-08 for welfare of women of Balochistan and remaining amount of Rs. 1.5 million was utilized by the then Ministry to provide 500 sewing machines for women of the Dera Bughti.

PAC DIRECTIVE

The PAC directed the PAO to hold another DAC on the para and thresh out all the issues. The para would be treated as settled on satisfaction by DAC.

MINISTRY OF HOUSING AND WORKS
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Housing and Works examined by the PAC on 01st July, 2014, 27th January, 2015, 18th April, 2016, 04th October, 2016 and 29th November, 2016.

- 40 paras were presented by the Audit Department which were examined by the Committee. Out of which 06 paras was settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 04 grants which were regularized by the committee.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the PAC meeting held on 1st July, 2014 on the Appropriation Accounts for the year 2008-09 and Audit Reports 2007-08 and 2009-10, pertaining to the Ministry of Housing and Works are as under:

APPROPRIATION ACCOUNTS CIVIL 2008-09 (VOL-I)

HOUSING AND WORKS DIVISION

1. i. **GRANT NO 58:**
(SAVING OF RS. 1,114,020/-)

The Grant closed with a saving of Rs.1, 114,020/- which works out to 1.74 percent of the total grant.

ESTATE OFFICES

ii. **GRANT NO 60:**
(NET SAVING OF RS.3,873,920/-)

The Grant closed with a saving of Rs.18, 771,070 which works out to 24.27 % of the total grant. An amount of Rs.14, 897,150 was surrendered leaving net saving of Rs.3, 873,920/- (5%)

PAKISTAN PUBLIC WORKS DEPARTMENT

iii. **GRANT NO 59-(Civil Works):**

The Grant contains Charged and other than charged expenditure. In charged expenditure, the final grant was Rs.22.557 Million against which an expenditure of Rs.22.415 Million was incurred resulting in saving of Rs.0.142 Million (0.62%). Whereas in other than Charged expenditure, the final grant was Rs.1751.397 Million against which an expenditure of Rs.1742.715 Million was incurred resulting in saving of Rs.8.682 Million (0.49%).

PAC DIRECTIVE

The Committee settled the above 03 grants.

iv. **GRANT NO 61-(FEDERAL LODGES)**
(EXCESS OF RS. 1.917 MILLION)

The final Grant was Rs.34.283 Million against which an expenditure of Rs.36.200 Million was incurred resulting in excess of Rs.1.917 Million which is 5.59% of the final grant. The excess was occurred due to payment on account to salary of staff of Federal Lodges.

PAC DIRECTIVE

The Committee regularized the above grant.

v. **GRANT NO. 175 CAPITAL OUTLAY ON CIVIL WORKS**
(SAVING OF RS. 3919.451 MILLION)

Audit pointed out that the final grant was Rs.8067.605 million against which an expenditure of Rs.4148.154 Million was incurred resulting in saving of Rs.3919.451 Million (48.58%).

The Ministry replied that the said amount could not be utilized as it was received at a belated stage. Moreover, as per the Prime Minister directive, the amount pertained to development schemes which were placed in non-lapsable account of PLA-3. The Committee termed it financial indiscipline as to how a Prime Minister directive issued in 2006 was allegedly used in the coming years as it was one time waiver which could not have been used since then.

PAC DIRECTIVE

The Committee clubbed Grant No. 175 capital outlay on civil works and Para 12.1 and directed the PAO that a comprehensive report containing facts and figures indicating the receiving of funds in 2006 and its subsequent utilization and details of the accounts since 2006 till date may be provided to the Committee within 40 days.

AUDIT REPORT 2009-10
MINISTRY OF HOUSING AND WORKS

2. **PARA-12.1**
RELEASE BY THE MINISTRY OF HOUSING AND WORKS TO PAK PWD FOR UN-APPROVED SCHEMES FROM GRANT NO. 175 – Rs. 4,930.440 MILLION

Audit pointed out that the Ministry of Housing and Works released Rs. 4,930.439 million to Pak. PWD against 192 development schemes during 2008-09. It was observed that the amount was released through Technical Supplementary Grant without administrative approval, detailed designs and estimates. Morevover, the

AGPR was directed to credit funds to Personal Ledger Account (PLA-I) of Pak PWD, while Pak PWD was directed to transfer these funds to non-lapsable PLA-III. Audit contested that it was one time waiver granted by the PM, however the same has been extended for another years. It was also pointed out that about 800 Million was still in the said accounts which need clarification.

The Ministry informed the Committee that funds were released by the Ministry, for Khushal Pakistan Programme-II, in compliance of the directives of Prime Minister's Secretariat and Finance Division, Govt. of Pakistan. As regards placement of funds in PLA-III was concerned, the same was also done under the directives of Prime Minister's Secretariat and Finance Division, to avoid lapse of funds on the expiry of financial year. The department could not satisfy the queries raised by the Members.

PAC DIRECTIVE

The Committee clubbed Grant No. 175 capital outlay on civil works and Para 12.1 and directed the PAO that a comprehensive report containing facts and figures indicating the receiving of funds in 2006 and its subsequent utilization and details of the accounts since 2006 till date may be provided to the Committee within 40 days.

3. **PARA-12.2**
RECOVERY ON ACCOUNT OF RENT OF GOVERNMENT OWNED RESIDENCES– Rs. 50.220 MILLION

Audit pointed out that the Ministry of Housing and Works provided a list showing outstanding rent recoveries of Rs. 50,215,266 from 87 officials (trespassers)/ unauthorized occupants of government accommodation. The action may be taken for vacation of residences from the trespassers and recovery of rent may be reported to Audit.

The Ministry informed the Committee that in the light of decision of the Supreme Court of Pakistan, a committee comprising of Secretary (H&W), Secretary (Interior), Chief Commissioner Islamabad and I.G, Islamabad was constituted to resolve the issue. The Committee held meeting on 08.05.2013 in the office of the Secretary (H&W), and decided that since 134 flats under occupation of the Police officials had not been formally handed over to the Ministry (H&W) despite Prime Minister's approval, Ministry of Interior might move a summary to the Prime Minister for allowing purchase of these flats making direct payment to CDA. It was further informed that the said summary had been moved by the Ministry of Interior on 16.08.2013.

PAC DIRECTIVE

The Committee directed the PAO to:

i) Take up the matter with IG, Islamabad to ensure deduction of rent from the employees who occupied official residences till the issue is resolved.

ii) The matter of sending a summary to the Prime Minister by the Ministry of Interior may also be taken up to expedite the issue of illegally occupying the Government residences by the Islamabad police.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

Actionable points arising out from the discussion of the PACmeeting held on 27th Jan, 2015, pertaining to the Ministry of Housing & Worksis as under.

AUDIT REPORT FOR THE YEAR 2009-10
MINISTRY OF HOUSING & WORKS

(PAK.PWD & ESTATE OFFICE)
PAK.PWD

4. **PARA NO. 5.1, PAGE-135, (AR-2009-10)**
IRREGULAR AWARD OF WORK – RS. 182.6 MILLION

Audit pointed out that as per para 6.17 & 7.12 (d)(4) of Pakistan Public Works Department Code, maximum permissible limit for acceptance of tender over technical sanctioned estimate is 15%. Central Civil Division-II, Pak. PWD, Peshawar awarded a work "Construction of Federal Tribunal Courts Complex at Hayatabad, Peshawar" for Rs 475.4 million in May 2008 against technical sanctioned estimate of Rs. 292.8 million approved on 17th November, 2007 based on market rates, which was 62% higher than the estimate. This resulted in irregular award of work for Rs. 475.4 million exceeding technical sanctioned estimate by Rs. 182.6 million.

PAO replied that Departmental Development Working Party approved PC-I of the work on 24th April, 2005. Technical sanctioned estimate was approved keeping in view the cost of PC-I in November 2007. Tenders were floated after the receipt of bidding documents from pre-qualified contractors on 13th May, 2008. The rates received were as per market fluctuations and therefore, were accepted.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to initiate action against the persons those who approved the tender within stipulated time period of three months under E&D Rules.

5. **PARA NO. 5.2, PAGE-135-136, (AR-2009-10)**
NON-DEDUCTION OF COST OF DISMANTLED MATERIAL - RS 1.3 MILLION

Audit pointed out that as per instructions given in technical sanctioned estimate, serviceable material was required to be deducted / recovered, under the rules, from excavated material. Central Civil Division, Pak. PWD, Abbottabad allowed payment at full rate for rock excavation without deduction of cost of serviceable material as per instructions given in the technically sanctioned estimate. Non-adherence to the provision of estimate resulted in overpayment of Rs. 1.3 million.

The PAO acknowledged the recovery amount of 20% out of the total amount within further effort the remaining amount.

PAC Directive

The PAC settled the para and appreciated of Audit struggle for the recovery of the amount.

6. **PARA NO. 5.3, PAGE-136, (AR-2009-10)**
LESS RECOVERY OF MOBILIZATION ADVANCE – RS. 978,022

Audit pointed out as per clause 43.1 of the General Conditions of the agreement, mobilization advance was to be recovered after the expiry of three months period of first part of advance paid and before the last two months of date of completion of work. The Executive Engineer, Central Civil Division-III, Peshawar could not recover the mobilization advance as per provision of contract agreement. This resulted in less recovery of mobilization advance of Rs. 1.9 million. Now, the recovery of Rs. 978,022/- of mobilization advance has been made and verified by audit.

PAO replied that funds were not released timely.

PAC Directive

The PAC settled the para and appreciated Audit for making their efforts.

7. **PARA NO. 5.4, PAGE-137, (AR-2009-10)**
NON-RECOVERY OF CEILING RENT FROM NON-ENTITLED/ UNAUTHORIZED OCCUPANTS – RS. 1.1 MILLION

Audit pointed out that Para 25 (4) (b) of Accommodation Allocation Rules, 2002 provides that rent equivalent to two rental ceiling of category of entitlement or category of house occupied whichever is more shall be charged from unauthorized occupants for entire period of occupation. The Estate Officer, Lahore could not get vacated/recovered the rent from the employees of non-entitled department and unauthorized occupants of Government owned accommodations. This resulted in non-recovery of Rs. 1.1 million.

PAO admitted the non-vacation/non-recovery and promised to recover the outstanding rent.

PAC Directive

The PAC settled the para and directed the PAO to expedite the recovery action at Ministry's level.

8. **PARA NO. 5.5, PAGE-137-138, (AR-2009-10)**
NON-RECOVERY OF RENT OF GOVERNMENT ACCOMMODATION FROM AN UNAUTHORIZED OCCUPANT– RS. 860,593

Audit Pointed out that as per para 25 (4) (b) of Accommodation Allocation Rules, 2002 provides that rent equivalent to two rental ceiling of category of entitlement or category of house occupied whichever is more shall be charged from unauthorized occupants for entire period of occupation. The Joint Estate Officer, Lahore could not recover the rent from unauthorized occupant of Government quarter No.11/1-C Wafaqi Colony for the period of six and half years (from 1st August, 2000 to 22nd June, 2007). This resulted in non-recovery of rent amounting to Rs. 860,593. PAC may like to direct the PAO for early recovery.

PAO replied that efforts are being made for recovery of rent from the occupant through his department.

PAC Directive

The PAC pended the para and directed that the PAO to ensure the recovery within 30 days with intimation to PAC/Audit.

9. **PARA NO. 5.6, PAGE-138-139, (AR-2009-10)**
NON-RECOVERY OF STANDARD / ASSESSED RENT FROM NON-ENTITLED CORPORATION – RS. 847,930

Audit pointed out that as per Ministry of Housing & Works letter No.F(8) 92/policy dated 19th June, 2006, standard rent / assessed rent was to be recovered from the allottees / occupants of accommodation of a non-entitled corporation of Federal Government an as per rent card register maintained by Estate Office, Islamabad the assessed demanded rent could not be recovered from employees of a non-entitled Corporation Pakistan Broadcasting Corporation (PBC) during the year 2007-08, which resulted in non-recovery of Rs. 847,930.

PAO replied that detailed statement of rent due from Pakistan Broadcasting Corporation Islamabad was not provided.

Audit replied that Employees of non-entitled department Pakistan Broadcasting Corporation (PBC) were allotted 13 houses and Allotment of Government accommodation to non-entitled department, Pakistan Broadcasting Corporation (PBC) is unjustified as a large number of entitled government servants are waiting for allotment of government accommodation. The government is incurring huge annual expenditure on account of hiring charges.

PAC Directive

The PAC pended the para and directed that the PAO to resolve this issue and submit report to PAC and Audit within two months.

10. **PARA NO. 5.7, PAGE-139, (AR-2009-10)**
NON-RECOVERY OF STANDARD RENT FOR TWENTY YEARS – RS. 745,800

Audit pointed out that according to General Financial Rule-8 (Vol-I), it is the duty of Revenue or Administrative department concerned to see that dues of Government are correctly and promptly assessed, collected and paid into treasury. The Estate Officer, Islamabad could not recover the standard rent from an occupant (employee of non-entitled organization) of the quarter No.4/11, Cat-IV, I-9/4 Islamabad for 20 years from 7th August, 1989 to 28th February, 2009. This resulted in non-recovery of Rs. 745,800.

PAO replied that the department admitted non-recovery of rent for Rs. 701,333 and stated that notice had been issued.

PAC Directive

The PAC pended the para till next meeting and directed the PAO to provide list of unlawful possessions of houses to PAC. Committee also directed to vacate them with the help of law enforcement machinery of Government.

11. **PARA NO. 5.8, PAGE-139-140, (AR-2009-10)**
NON-RECOVERY OF RENT OF SHOPS – RS 427,938

Audit pointed out that as per clause 15 of the agreement, rent unpaid at any time for a period of 30 days or if the allottee becomes bankrupts, the allotment of said shop shall be liable to be cancelled and security shall be forfeited. The Joint Estate Officer, Lahore could not collect the rent of the allotted shops for the period from July 2007 to June 2008 amounting in Rs. 486,952. This resulted into non-recovery of 486,952.

PAO replied that the Estate Office could recover only Rs. 59,014 out of Rs. 486,952 leaving balance of Rs. 427,938.

Audit replied that the documents regarding handing over of the 07 shops to Pak. PWD for use as office were not produced and requested to PAC may like to allow pursuance of Para at DAC level for verification of required record.

PAC Directive

The PAC settled the para and directed to PAO to expedite the recoveries.

12. **PARA NO. 5.9, PAGE-140-141, (AR-2009-10)**
NON-EJECTMENT OF UNAUTHORIZED OCCUPANTS FROM GOVERNMENT ACCOMMODATION & NON- RECOVERY OF RENT RS. 191,683

The Audit pointed out that as per Federal Government Land and Buildings (Recovery of Possession) Ordinance 1965 (LIV of 196), the Estate Office shall carry out ejectment of unauthorized occupants from government owned accommodation. Estate Office, Islamabad failed to eject the unauthorized occupant family of deceased Govt. servant despite lapse of seven years of unauthorized occupation. Moreover, the outstanding Govt. rent amounting to Rs 472,253 for unauthorized retention period was also not recovered.

PAO said that the department did not reply for non-ejectment of unauthorized occupant for the last seven years, however, effecting of lesser recovery was reported.

Audit replied that the Ministry of Housing & Works allotted the Quarter to daughter of the deceased allottee on 14.01.2009 and condoned gap period on normal rent. Due recovery of Rs. 145, 112/- has been made. Audit also requested to PAC may like to endorse the recommendations of DAC regarding settlement of Para.

PAC DIRECTIVE

The PAC settled this para.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussionof the PAC meeting held on 18th April, 2016, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, to examine the Audit Reports for the year 2009-10, pertaining to the Ministry of Housing & Works are as under:

MINISTRY OF HOUSING & WORKS
(PAK. PWD & ESTATE OFFICE)

AUDIT REPORT FOR THE YEAR 2009-10

13. **PARA NO. 5.1, PAGE-135 AR-2009-10 (PAK PWD)**
IRREGULAR AWARD OF WORK RS. 182.6 MILLION

The Audit pointed that as per para 6.17 & 7.12 (d)(4) of Pakistan Public Works Department Code, maximum permissible limit for acceptance of tender over technical sanctioned estimate is 15%.Central Civil Division-II, Pak. PWD, Peshawar awarded a work "Construction of Federal Tribunal Courts Complex at Hayatabad, Peshawar" for Rs. 475.4 million in May 2008 against technical sanctioned estimate of Rs. 292.8 million approved on 17th November, 2007 based on market rates, which was 62% higher than the estimate. This resulted in irregular award of work for Rs. 475.4 million exceeding technical sanctioned estimate by Rs. 182.6 million.

PAC DIRECTIVES DATED 27.01.2015

The PAC pended the para and directed the PAO to initiate action against those persons who approved the tender, within stipulated time period of three months under E&D Rules.

The PAO requested that the para maybe regularized because the technical sanction has now been issued.

PAC DIRECTIVE

The PAC referred the para to PAO for investigation and directed the PAO to inquire the matter in detail and report to PAC/Audit within 15 days.

14. **PARA NO. 5.4, PAGE-137 AR-2009-10 (ESTATE OFFICE) NON-RECOVERY OF CEILING RENT FROM NON-ENTITLED/ UNAUTHORIZED OCCUPANTS RS. 1.1 MILLION**

The Audit pointed out that para 25 (4) (b) of Accommodation Allocation Rules, 2002 provides that rent equivalent to two rental ceiling of category of entitlement or category of house occupied whichever is more shall be charged from unauthorized occupants for entire period of occupation.

The Estate Officer, Lahore could not get vacated/recovered the rent from the employees of non-entitled department and unauthorized occupants of Government owned accommodations. This resulted in non-recovery of Rs. 1.1 million.

PAC Directives dated 27.01.2015

The PAC settled the para and directed the PAO to expedite the recovery action at Ministry's level.

The PAO apprised the Committee that the survey has been conducted to dig out the legal or illegal occupants and the recoveries of rent of the government residences.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to recovery of amount, to be verified by Audit.

15. **PARA NO. 5.5, PAGE-137-138 AR-2009-10 (ESTATE OFFICE), NON-RECOVERY OF RENT OF GOVERNMENT ACCOMMODATION FROM AN UNAUTHORIZED OCCUPANT Rs. 860,593**

The Audit pointed out that para 25 (4) (b) of Accommodation Allocation Rules, 2002 provides that rent equivalent to two rental ceiling of category of entitlement or category of house occupied whichever is more shall be charged from unauthorized occupants for entire period of occupation.

The Joint Estate Officer, Lahore could not recover the rent from unauthorized occupant of Government quarter No.11/1-C Wafaqi Colony for the period of six and half years (from 1st August, 2000 to 22nd June, 2007). This resulted in non-recovery of rent amounting to Rs 860,593.

PAC DIRECTIVES DATED 27.01.2015.

The PAC pended the para and directed the PAO to ensure the recovery within 30 days with intimation to PAC & Audit.

The PAO informed the Committee that a letter was written to IGP, Punjab for the rent recovery from the officer of his department.

PAC DIRECTIVE

The PAC directed the PAO to discuss the para in DAC, reconcile the figures of outstanding amount with Audit and write a letter to the concerned officer for recovery within 15 days. The committee also directed the PAO to contact the chief secretary Punjab personally and settle the issue.

16. **PARA NO. 5.6, PAGE-138-139, AR-2009-10 (ESTATE OFFICE), NON-RECOVERY OF STANDARD / ASSESSED RENT FROM NON-ENTITLED CORPORATION RS. 847,930**

The Audit pointed out that as per Ministry of Housing & Works letter No.F(8) 92/policy dated 19th June, 2006, standard rent / assessed rent was to be recovered from the allottees / occupants of accommodation of a non-entitled corporation of Federal Government.

As per rent card register maintained by Estate Office, Islamabad the assessed demanded rent could not be recovered from employees of a non-entitled Corporation Pakistan Broadcasting Corporation (PBC) during the year 2007-08, which resulted in non-recovery of Rs. 847,930.

PAC DIRECTIVES DATED 27.01.2015.

The PAC pended the para and directed the PAO to resolve the issue and submit report to PAC and Audit within two months.

The PAO stated that an amount of Rs. 200,000/- has been recovered and rest of amount is outstanding.

PAC DIRECTIVE

The PAC directed the PAO to calculate the outstanding amount of rent till December 2015 pertaining to employees of Pakistan Broadcasting Corporation and call the DG, PBC in the next meeting of the said ministry and to discuss issues in his presence.

17. **PARA NO. 5.7, PAGE-139 AR-2009-10 (ESTATE OFFICE) NON-RECOVERY OF STANDARD RENT FOR TWENTY YEARS RS. 745,800**

The Audit pointed out that according to General Financial Rule-8 (Vol-I), it is the duty of Revenue or Administrative department concerned to see that dues of Government are correctly and promptly assessed, collected and paid into treasury.

The Estate Officer, Islamabad could not recover the standard rent from an occupant (employee of non-entitled organization) of the quarter No.4/11, Cat-IV, I-9/4 Islamabad for 20 years from 7th August, 1989 to 28th February, 2009. This resulted in non-recovery of Rs. 745,800.

PAC DIRECTIVES DATED 27.01.2015

The PAC pended the para till next meeting and directed the PAO to provide list of unlawful possessions of houses to PAC. Committee also directed to vacate them with the help of law enforcement machinery of Govt.

The PAO stated that a Committee has been formed on the direction of Prime Minister headed by Secretary Cabinet Division to discuss the cases of illegal occupants.

PAC DIRECTIVE

The PAC directed the PAO to conduct inquiry, fix responsibility and take action against those who involved and report thereof be sent to the Committee within one month.

18. **PARA NO. 5.8, PAGE-139-140 AR-2009-10 (ESTATE OFFICE) NON-RECOVERY OF RENT OF SHOPS RS. 427,938**

The Audit pointed out that as per clause 15 of the agreement, rent unpaid at any time for a period of 30 days or if the allottee becomes bankrupts, the allotment of said shop shall be liable to be cancelled and security shall be forfeited.

The Joint Estate Officer, Lahore could not collect the rent of the allotted shops for the period from July 2007 to June 2008 amounting in Rs. 486,952. This resulted into non-recovery of 486,952.

PAC DIRECTIVES DATED 27.01.2015

The PAC settled the para and directed the PAO to expedite the recoveries.

PAC DIRECTIVE

The PAC directed the PAO to calculate the outstanding amount of rent till December 2015, recover the amount and report to PAC/Audit within one month.

19. **PARA NO. 12.1, PAGE-70, AR-2009-10 (PAK PWD)RELEASE BY THE MINISTRY OF HOUSING AND WORKS TO PAK PWD FOR UN-APPROVED SCHEMES FROM GRANT NO. 175 RS. 4,930.440 MILLION.**

The Audit pointed out that para 178 of General Financial Rules (GFR) Volume-I, states that administrative approval, proper detailed design and estimate are required to be sanctioned before commencement of a development scheme.

The Ministry of Housing and Works released Rs. 4,930.439 million to Pak. PWD against 192 development schemes during 2008-09.

Audit observed that:

i. The amount was released through Technical Supplementary Grant without administrative approval, detailed designs and estimates.
ii. The AGPR was directed to credit funds to Personal Ledger Account (PLA-I) of Pak PWD, while Pak PWD was directed to transfer these funds to non-lapsable PLA-III.

Audit observed that funds were transferred to non-lapsable PLA-III of Pak PWD for un-approved schemes merely to avoid their lapse.

PAC'S DIRECTIVE DATED 01.07.2014

The committee clubbed Grant No. 175 Capital outlay on civil works and para 12.1 and directed the PAO that comprehensive report containing facts and figures including the receiving of funds in 2006 and its subsequent utilization and details of the accounts since 2006 till date may be provided to the Committee within 40 days.

The PAO informed that to avoid laps of funds the same were deposited in PLA-III on the direction of Prime Minister and Finance Division. All the funds were meant for Khushhal Pakistan Schemes and the same were deposited in Government Treasury. Moreover, the explaination from the concerned XENs have also been sought for non-remittances of funds.

PAC DIRECTIVE

The PAC directed the PAO to take disciplinary action under the (E&D Rules) against the XENs for non-remittances of funds. Moreover, the amount be reconciled with Audit and Report to PAC/Audit within 15 days.

20. **PARA NO. 12.2, PAGE-70 AR-2009-10 (ESTATE OFFICE)**
RECOVERY ON ACCOUNT OF RENT OF GOVERNMENT OWNED RESIDENCES RS. 50.220 MILLION

The Audit pointed out that para 26 of General Financial Rules (GFR) Volume-I, states that it is the responsibility of every Controlling Officer to see that all sums due to government are regularly and promptly assessed and realized. The Ministry of Housing and Works provided a list showing outstanding rent

recoveries of Rs. 50,215,266 from 87 officials (trespassers)/ unauthorized occupants of government accommodation. The action may be taken for vacation of residences from the trespassers and recovery of rent may be reported to Audit.

PAC'S DIRECTIVE DATED 01.07.2014

The Committee directed the PAO to take up the matter with IG, Islamabad to ensure deduction of rent from the employees who occupied official residences till issue is resolve.

PAC DIRECTIVE

The PAC directed the PAO to forward these cases of rent recoveries ICT Police to Minister for Interior to help out for recovery of outstanding amount.

21. i. **PARA-87.2 PAGE-129 ARPSE-2009-10 NATIONAL CONSTRUCTION LIMITED**

ii. **PARA-88 PAGE-130-131 ARPSE-2009-10 NATIONAL CONSTRUCTION LIMITED NON-RECOVERY OF PARTICIPATING INTEREST SHARE- RS. 5.388 MILLION**

iii. **PARA-90 PAGE-132 ARPSE-2009-10 PAKISTAN HOUSING AUTHORITY**

iv. **PARA-91 PAGE-132-133 ARPSE-2009-10 PAKISTAN HOUSING AUTHORITY UNAUTHORIZED RETENTION OF INCOME TAX DEDUCTED AT SOURCE - RS 3.842 MILLION**

v. **PARA-93 PAGE-134-135 ARPSE-2009-10 PAKISTAN HOUSING AUTHORITY IRREGULAR EXPENDITURE ON FOREIGN TOURS – RS. 0.539 MILLION**

The PAO could not give satisfactory answers the queries raised by the Hon. Members.

PAC DIRECTIVE

The PAC showed it's displeasure on the un-satisfactory preparation of the PAO for the meeting and referred the above mentioned 5 paras to DAC with the direction report thereof be sent to the Committee within 15 days.

PARAS FOR SETTLEMENT

NATIONAL CONSTRUCTION LIMITED

22. i. **PARA-87&87.1, ARPSE-2009-10**
AUDIT COMMENT

ii. **PARA-89, ARPSE-2009-10**
UN-AUTHORIZED PAYMENT DUE TO IRREGULAR APPOINTMENT RS.0.507 MILLION

PAKISTAN HOUSING AUTHORITY

iii. **PARA 92 ARPSE-2009-10**
NON-TRANSPARENT PROCUREMENT OF STORE OF RS. 2.219 MILLION INVOLVING EXCESS PAYMENT - RS.0.851 MILLION

PAC DIRECTIVE

The PAC recommended the above mentioned 3 paras for settlement on the recommendations of Audit.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee Wing)

ACTIONABLE POINTS

Actionable points arising out from discussion of thePAC meeting held on 4th October, 2016 under the convenership of Sardar Ashiq Hussain Gopang, MNA to examine the Appropriation Accounts for the Year 2008-09 and Audit Report for the Year 2009-10, pertaining to the Ministry of Housing & Works are as under:

AUDIT REPORT FOR THE YEAR 2009-10 (PAK PWD)

23. **PARA NO. 5.1, PAGE-135 AR-2009-10**
IRREGULAR AWARD OF WORK RS. 182.6 MILLION

Audit pointed out that as per para 6.17 & 7.12 (d)(4) of Pakistan Public Works Department Code, maximum permissible limit for acceptance of tender over technical sanctioned estimate is 15%. Central Civil Division-II, Pak. PWD, Peshawar awarded a work "Construction of Federal Tribunal Courts Complex at Hayatabad, Peshawar" for Rs 475.4 million in May 2008 against technical sanctioned estimate of Rs. 292.8 million approved on 17th November, 2007 based on market rates, which was 62% higher than the estimate. This resulted in irregular award of work for Rs. 475.4 million exceeding technical sanctioned estimate by Rs. 182.6 million.

PAC DIRECTIVES DATED 27.01.2015

The PAC pended the para and directed the PAO to initiate action against the persons who approved the tender, within stipulated time period of three months under E&D Rules.

PAC DIRECTIVES DATED 18.04.2016

The PAC referred the para to PAO for investigation and directed the PAO to inquire the matter in detail and report to PAC/Audit within 15 days.

The PAO apprised the Committee that an inquiry committee comprising of senior Joint Secretary and Chief Engineer (PWD) investigated the issue and submitted its report. The said report was shared with Audit department. If Audit feels that the said report does not satisfy their requirement, the Ministry/Department were ready to conduct a fresh inquiry.

PAC DIRECTIVE

The Committee recommended the para for settlement with the direction to the Ministry/Department to ensure compliance of PAC/DAC directives in future strictly.

ESTATE OFFICE

24. **PARA NO. 5.4, PAGE-137 AR-2009-10**
NON-RECOVERY OF CEILING RENT FROM NON-ENTITLED/ UNAUTHORIZED OCCUPANTS RS. 1.1 MILLION

Audit pointed out that Para 25 (4) (b) of Accommodation Allocation Rules, 2002 provides that rent equivalent to two rental ceiling of category of entitlement or category of house occupied whichever is more shall be charged from unauthorized occupants for entire period of occupation. The Estate Officer, Lahore could not get vacated/recovered the rent from the employees of non-entitled department and unauthorized occupants of Government owned accommodations. This resulted in non-recovery of Rs. 1.1 million.

PAC DIRECTIVES DATED 27.01.2015

The PAC settled the para and directed the PAO to expedite the recovery action at Ministry's level.

PAC DIRECTIVES DATED 18.04.2016

The PAC recommended the para for settlement subject to recovery of amount, to be verified by Audit.

The PAO apprised the Committee that out of total amount of Rs. 1.1 Million, department has been succeeded to recover about Rs. 863,961/- and efforts for recovering the remaining amount are underway.

PAC DIRECTIVE

The Committee recommended the para for settlement upto the recovered amount. The Committee also directed that the remaining amount be recovered and got verified from Audit within one month. The para would be considered as settled on full recovery and its verification from Audit.

25. **PARA NO. 5.5, PAGE-137-138 AR-2009-10**
NON-RECOVERY OF RENT OF GOVERNMENT ACCOMMODATION FROM AN UNAUTHORIZED OCCUPANT RS. 860,593/-.

Audit pointed out that Para 25 (4) (b) of Accommodation Allocation Rules, 2002 provides that rent equivalent to two rental ceiling of category of entitlement or category of house occupied whichever is more shall be charged from unauthorized occupants for entire period of occupation. The Joint Estate Officer, Lahore could not recover the rent from unauthorized occupant of Government quarter No.11/1-C Wafaqi Colony for the period of six and half years (from 1st

August, 2000 to 22nd June, 2007). This resulted in non-recovery of rent amounting to Rs. 860,593.

PAC DIRECTIVES DATED 27.01.2015.

The PAC pended the para and directed the PAO to ensure the recovery within 30 days with intimation to PAC & Audit.

PAC DIRECTIVES DATED 18.04.2016

The PAC directed the PAO to discuss the para in DAC, reconcile the figures of outstanding amount with Audit and write a letter to the concerned officer for recovery within 15 days. The Committee also directed the PAO to contact the Chief Secretary Punjab personally and settle the issue.

The PAO apprised the Committee following the recommendations of DAC, Chief Secretary Punjab was approached to locate the defaulter Police Officer but no clue has so far been found.

PAC DIRECTIVE

The Committee noted that without Connivance of the officers/officials from the Estate Office, the defaulter officer can't succeed in obtaining NOC. Therefore, the PAO was directed to find out the officer who issued NOC to the defaulter Police Officer, take action against him, and submit report to PAC/Audit within one month.

26. **PARA NO. 5.6, PAGE 138-139 AR 2009-10**
NON-RECOVERY OF STANDARD / ASSESSED RENT FROM NON-ENTITLED CORPORATION RS. 847,930/-.

Audit pointed out that as per Ministry of Housing & Works letter No.F(8) 92/policy dated 19th June, 2006, standard rent / assessed rent was to be recovered from the allottees / occupants of accommodation of a non-entitled corporation of Federal Government. As per rent card register maintained by Estate Office, Islamabad the assessed demanded rent could not be recovered from employees of a non-entitled Corporation Pakistan Broadcasting Corporation (PBC) during the year 2007-08, which resulted in non-recovery of Rs. 847,930.

PAC DIRECTIVES DATED 27.01.2015.

The PAC pended the para and directed the PAO to resolve the issue and submit report to PAC and Audit within two months.

PAC DIRECTIVES DATED 18.04.2016

The PAC directed the PAO to calculate the outstanding amount of rent till December 2015 pertaining to employees of Pakistan Broadcasting Corporation and call the DG, PBC in the next meeting of the said Ministry and to discuss issues in his presence.

The PAO apprised the Committee that following the recommendations of DAC, JS(Housing & Works) met with Managing Director (PBC) and provided him details of allottees for recovering rent/ceiling. The outcome was still awaited.

PAC DIRECTIVE

The Committee deferred the said Para with direction to the Secretary, Ministry of Housing & Works to attend the meeting scheduled to be held on 24th October 2016, alongwith all concerned officers as the Accounts for the Year 2008-09 and Audit Report for the Year 2009-10 of Ministry of Information Broadcasting & National Heritage are going to be discussed on the said date and the Para in question will also be discussed alongwith other Paras of the Ministry.

27. **PARA NO. 5.7, PAGE-139 AR-2009-10**
NON-RECOVERY OF STANDARD RENT FOR TWENTY YEARS RS. 745,800

Audit pointed out that according to General Financial Rule-8 (Vol-I), it is the duty of Revenue or Administrative department concerned to see that dues of Government are correctly and promptly assessed, collected and paid into treasury. The Estate Officer, Islamabad could not recover the standard rent from an occupant (employee of non-entitled organization) of the quarter No.4/11, Cat-IV, I-9/4 Islamabad for 20 years from 7th August, 1989 to 28th February, 2009. This resulted in non-recovery of Rs 745,800.

PAC DIRECTIVES DATED 27.01.2015

The PAC pended the para till next meeting and directed the PAO to provide list of unlawful possessions of houses to PAC. Committee also directed to vacate them with the help of law enforcement machinery of Govt.

PAC DIRECTIVES DATED 18.04.2016

The PAC directed the PAO to conduct inquiry, fix responsibility and take action against those who involved and report thereof be sent to the Committee within one month.

The PAO apprised the Committee that following the Honorable High Court decision the allotment of allottee was not cancelled and rent amount or Rs. 8 Lac has been recovered.

PAC DIRECTIVE

The Committee expressed its dissatisfaction over the state of affairs of the department and pended the para till its next meeting with the direction to the PAO that a comprehensive report on all the Government owned building/properties and houses, their rents, mechanism for recovering the rent, etc, be provided to the Committee/Audit within 90 days.

28. **PARA NO. 5.8 PAGE-139-140 AR 2009-10**
NON-RECOVERY OF RENT OF SHOPS RS. 427,938

Audit pointed out that as per clause 15 of the agreement, rent unpaid at any time for a period of 30 days or if the allottee becomes bankrupts, the allotment of said shop shall be liable to be cancelled and security shall be forfeited. The Joint Estate Officer, Lahore could not collect the rent of the allotted shops for the period from July 2007 to June 2008 amounting in Rs 486,952. This resulted into non-recovery of 486,952.

PAC DIRECTIVES DATED 27.01.2015

The PAC settled the para and directed the PAO to expedite the recoveries.

PAC DIRECTIVES DATED 18.04.2016

The PAC directed the PAO to calculate the outstanding amount of rent till December 2015, recovery the amount and report to PAC/Audit within one month.

PAC DIRECTIVE

The Committee clubbed the Para with Para 5.7 and pended the same. The department was however directed to evolve the recovery mechanism.

PAKISTAN HOUSING AUTHORITY

29. **PARA-90 PAGE-132 ARPSE-2009-10**
Audit pointed out that Pakistan Housing Authority was established under resolution of Cabinet Division dated May 19, 1999 and further reorganized by resolution of the Ministry of Housing and Works dated March 8, 2000. The main objectives of the Authority is to provide shelter to low income groups. Annual Audited Accounts of the Authority for the years 2003-04 to 2008-09 were not furnished by November 30, 2009.

PAC'S DIRECTIVE DATED 18.04.2016

The PAC showed its displeasure for un-satisfactory preparation of the PAO for the meeting and referred the para to DAC with the direction that report thereof be sent to the Committee within 15 days.

The PAO apprised the Committee that from 2007 to 2015 no Audit was conducted of Accounts of PHA. Chartered Accountant Audited our Accounts in 2015. There were 12 Objections regarding the Accounts of PHA, which are now reduced to 4 Objections. The report of loan is with Audit.

PAC DIRECTIVE

The Committee recommended the para for settlement subject to verification of above stated facts by Audit.

30. **PARA-91 PAGE-132-133 ARPSE-2009-10**
UNAUTHORIZED RETENTION OF INCOME TAX DEDUCTED AT SOURCE – RS. 3.842 MILLION

Audit pointed out that Under clause 12 (i&ii) of section 151 (2) of Income Tax ordinance 2001 it is liable for tax deducting authority that tax so deducted during the month shall be deposited in the State Bank of Pakistan or in authorized branch of National Bank of Pakistan within seven days of the following month through consolidated challan. Pakistan Housing Authority, Islamabad deducted a sum of Rs 3.842 million on account of income tax from the advance paid to the building contractors, consultants, suppliers and salary paid to staff during the years 2007-08 and 2008-09. The deducted amount was required to be deposited into Government treasury within seven days but was not deposited up to December 2009.

PAC DIRECTIVE DATED 18.04.2016

The PAC showed its displeasure for un-satisfactory preparation of the PAO for the meeting and referred the para to DAC with the direction that report thereof be sent to the Committee within 15 days.

The PAO apprised the Committee that all the liabilities have been cleared.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to verification of record relating to year wise Tax liabilities and its clearance by Audit.

31. **PARA-93 PAGE-134-135 ARPSE-2009-10**
IRREGULAR EXPENDITURE ON FOREIGN TOURS – RS. 0.539 MILLION

Audit pointed out that Cabinet Division issued policy instructions regarding official visits abroad vide D.O letter dated February 19, 2003 which were reproduced by Finance Division vide their U.O No. 2(4)EF Exp. 2007-369 dated March 24, 2007. As per these instructions it has been made incumbent upon all officials of Ministries/Divisions/ Departments/Corporations/Autonomous bodies to ensure prior clearance of the Ministry of Finance (EF Wing) for visits abroad involving Government of Pakistan fund or funds of the concerned Autonomous bodies/Corporations after approval of the Minister in-charge and availability of budget.

PAC'S DIRECTIVE DATED 18.04.2016

The PAC showed its displeasure for un-satisfactory preparation of the PAO for the meeting and referred the para to DAC with the direction that report thereof be sent to the Committee within 15 days.

The PAO apprised the Committee that the matters relates to the year 2010-11. The Board of Directors of PHA had already accorded approval of the case. The case for obtaining for Ex-Post Facto approval of the amount will be sent to Finance Division in near future.

PAC DIRECTIVE

The Committee recommended the para for settlement subject to Ex-Post approval of Finance Division and its subsequent verification by Audit.

PAK PWD

32. **PARA NO 12.1 PAGE-70 AR 2009-10**
RELEASE BY THE MINISTRY OF HOUSING AND WORKS TO PAK PWD FOR UN-APPROVED SCHEMES FROM GRANT NO. 175 - RS. 4,930.440 MILLION.

Audit pointed out that para 178 of General Financial Rules (GFR) Volume-I, states that administrative approval, proper detailed design and estimate are required to be sanctioned before commencement of a development scheme.

The Ministry of Housing and Works released Rs. 4,930.439 million to Pak. PWD against 192 development schemes during 2008-09.

Audit observed that:

i. The amount was released through Technical Supplementary Grant without administrative approval, detailed designs and estimates.

ii. The AGPR was directed to credit funds to Personal Ledger Account (PLA-I) of Pak PWD, while Pak PWD was directed to transfer these funds to non-lapsable PLA-III.

Audit observed that funds were transferred to non-lapsable PLA-III of Pak PWD for un-approved schemes merely to avoid their lapse.

PAC'S DIRECTIVE DATED 01.07.2014

The committee clubbed Grant No. 175 Capital outlay on civil works and para 12.1 and directed the PAO that comprehensive report containing facts and figures including the receiving of funds in 2006 and its subsequent utilization and details of the accounts since 2006 till date may be provided to the Committee within 40 days.

PAC DIRECTIVES DATED 18.04.2016

The PAC directed the PAO to take disciplinary action under the (E&D Rules) against the XENs for non-remittances of funds. Moreover, the amount be reconciled with Audit and report to PAC/Audit within 15 days.

The PAO apprised the Committee that the funds were placed in the non-lapsable PLA-III of the Pak PWD on the directives of the Prime Minister's Secretariat and the instructions of Ministry of Finance. However, Audit was not provided copy of the Prime Minister's directive.

PAC DIRECTIVE

The PAC recommended the para for settlement.

ESTATE OFFICE

33. **PARA NO. 12.2, PAGE-70 AR-2009-10**
RECOVERY ON ACCOUNT OF RENT OF GOVERNMENT OWNED RESIDENCES- RS. 50.220 MILLION

Audit pointed out that para 26 of General Financial Rules (GFR) Volume-I, states that it is the responsibility of every Controlling Officer to see that all sums due to government are regularly and promptly assessed and realized.

The Ministry of Housing and Works provided a list showing outstanding rent recoveries of Rs. 50,215,266 from 87 officials (trespassers)/ unauthorized occupants of government accommodation. The action may be taken for vacation of residences from the trespassers and recovery of rent may be reported to Audit.

PAC'S DIRECTIVE DATED01.07.2014

The Committee directed the PAO to take up the matter with IG, Islamabad to ensure deduction of rent from the employees who occupied official residences till issue is resolve. The matter of sending of summary to the Prime Minister by the Ministry of Interior may also be taken up to expedite the issue of illegally occupying the Government residences by the Islamabad Police.

PAC DIRECTIVES DATED 18.04.2016

The PAC directed the PAO to forward these cases of rent recoveries from ICT Police to Minster for Interior to help out for recovery of outstanding amount.

The PAO apprised the Committee.

PAC DIRECTIVE

The PAC clubbed the Para with Para 5.7, and expressed its dissatisfaction over the state of affairs of the department and pended the para till its next meeting with the direction to the PAO that a comprehensive report on all the Government owned building/properties, their rents, mechanism for recovering the rent, etc, be provided to the Committee/Audit within 90 days.

NATIONAL CONSTRUCTION LIMITED

34. i. **PARA-87.2 PAGE-129 ARPSE-2009-10**

The Audit pointed out that the Company had not revalued its leasehold land since May 30, 1993 which was in contravention of IAS-16 "Property, Plant and Equipment", which needs to be explained.

PAC'S DIRECTIVE DATED 18.04.2016

The PAC showed its displeasure for un-satisfactory preparation of the PAO for the meeting and referred the para to DAC with the direction that report thereof be sent to the Committee within 15 days.

ii. **PARA-88 PAGE-130-131 ARPSE-2009-10**
NON-RECOVERY OF PARTICIPATING INTEREST SHARE-RS. 5.388 MILLION

Audit pointed out that under clause 8.3 of the contract if the performance of contract results in a loss, the loss shall be borne by the parties in proportion to their respective participating interests. The participating interests between NCL and M/s. Hussain Cotex Joint Venture were 25% and 75% shares respectively.

PAC'S DIRECTIVE DATED 18.04.2016

The PAC showed its displeasure for un-satisfactory preparation of the PAO for the meeting and referred the para to DAC with the direction that report thereof be sent to the Committee within 15 days.

PAC DIRECTIVE

The PAC recommended the above mentioned two paras for settlement on the recommendations of Audit.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee Wing)

ACTIONABLE POINTS

Actionable points arising out from discussion of the PAC meeting held on 29th November, 2016 under the convenership of Sardar Ashiq Hussain Gopang, MNA to examine the Audit Report for the Year 2009-10, pertaining to the Ministry of Housing & Works are as under:

AUDIT REPORT FOR THE YEAR 2009-10
HOUSING & WORKS

ESTATE OFFICE

35. **PARA NO. 5.6, PAGE-138-139 AR-2009-10**
NON-RECOVERY OF STANDARD / ASSESSED RENT FROM NON-ENTITLED CORPORATION RS. 847,930

The Audit pointed out that as per Ministry of Housing & Works letter No.F(8) 92/policy dated 19th June, 2006, standard rent / assessed rent was to be recovered from the allottees / occupants of accommodation of a non-entitled corporation of Federal Government.

As per rent card register maintained by Estate Office, Islamabad the assessed demanded rent could not be recovered from employees of a non-entitled Corporation Pakistan Broadcasting Corporation (PBC) during the year 2007-08, which resulted in non-recovery of Rs. 847,930.

PAC DIRECTIVES DATED 27.01.2015.

The PAC pended the para and directed the PAO to resolve the issue and submit report to PAC and Audit within two months.

PAC DIRECTIVES DATED 18.04.2016.

PAC directed the PAO to calculate the outstanding amount of rent till December, 2015 pertaining to employees of Pakistan Broadcasting Corporation and call the DG PBC in the next meeting of the said Ministry and discuss the issue in his presence.

PAC DIRECTIVES DATED 04.10.2016.

The Committee deferred the para with direction to the Secretary Ministry of Housing & Works to attend next meeting along with all concerned officers as the accounts of 2008-09 and Audit Report for 2009-10 of the Ministry of Information,

Broadcasting & National Heritage are going to be discussed and the para will also be discussed alongwith other Paras of the Ministry.

The Joint Secretary Housing apprised the Committee that there were total eighteen houses on the pool of PBC. Cancelation notice of the thirteen houses has been issued and an amount of Rs. 21,000,000/- was pending on account of rent deduction. The remaining rent of those who are in service is Rs. 7,800,000/- whereas who have been retired, their remaining rent is Rs. 13,200,000/-. DG PBC assured the Committee that recovery would be made from the employees of the PBC who are in service or retired.

PAC DIRECTIVE

The PAC pended the para with the directions to the DG PBC to resolve the issues of recovery within 15 days alongwith actions against all those found responsible for this negligence and submit report to PAC/Audit within one month.

MINISTRY OF INDUSTRIES AND PRODUCTION
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Industries and Production examined by the PAC on 12th March, 2014, 26th January, 2015, and 13th December 2016.

- 82 paras were presented by the Audit Department which were examined by the Committee. Out of which 67 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.
- The AGPR presented 08 grants out of which 03 grants were regularized by the committee.
- The committee referred the 07 paras to NAB.
- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the PAC meeting held on 12th March, 2014 on Audit Report 2007-08 and 2009-10, pertaining to the Ministry of Industries and Production are as under:

APROPRIATION ACCOUNTS CIVIL 2008-09 (Vol-I)

INDUSTRIES AND PRODUCTION DIVISION

1. i. **GRANT NO 62:**
SAVING OF Rs. 3,595,973

ii. **GRANT NO 64:**
SAVING OF Rs. 210,374,883

iii. **GRANT OF NO. 176**
NET SAVING OF RS. 1,572,184,629

iv. **GRANT NO 63:**
EXCESS OF RS.8, 404,012

v. **GRANT NO 121**
EXCESS OF Rs. 31,725,768

PAC DIRECTIVE

On the request of the Ministry, the Committee pended the above five (05) grants.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES 2009-10

MINISTRY OF INDUSTRIES

SMALL AND MEDIUM ENTERPRISES DEVELOPMENT AUTHORITY

2. i. **PARA-114, PAGE-171, ARPSE-2009-10**
(INTRODUCTORY PARA)

ii. **PARA-114.1, PAGE-171-172, ARPSE-2009-10**
INCREASE IN EXPENDITURE OF RS 165.111 MILLION IN 2007-08 FROM RS. 148.350 MILLION IN 2006-07

iii. **PARA-114.2, PAGE-172, ARPSE-2009-10**
INCREASE IN EXPENDITURE FROM RS 2.648 MILLION IN 2006-07 TO RS 8.758 MILLION IN 2007-08

iv. **PARA-114.3, PAGE-172, ARPSE-2009-10**
INCREASE IN EXPENSES ON SALARY, WAGES AND OTHER BENEFITS FROM RS 81.589 MILLION IN 2006-07 TO RS 101.466 MILLION IN 2007-08.

PAC DIRECTIVE

The Committee settled the above four (04) paras.

3. **PARA-114.4**
ADVANCES TO SUPPLIERS AMOUNTING TO RS 1.029 MILLION CLASSIFIED AS DOUBTFUL WHICH RESULTED IN LOSSES DUE TO NON-RECOVERY OF THE SAME

PAC DIRECTIVE

The Committee settled the para subject to decision of the court.

4. i. **PARA-114.5, PAGE-172, ARPSE-2009-10**
INCREASE IN CASH AND BANK BALANCES BY 153% FROM RS 5.57 MILLION IN 2006-07 TO RS 14.09 MILLION IN 2007-08.

ii. **PARA-114.6, PAGE-172, ARPSE-2009-10**
RECOVERY OF HEAD OFFICE BUILDING RENT AMOUNTING TO RS 5 MILLION

PAC DIRECTIVE

The Committee settled the above two (02) paras and directed the PAO to pursue the process of recovery.

5. i. **PARA-115, PAGE-173, ARPSE-2009-10**
NON-TRANSPARENT PURCHASE OF SOFTWARE – RS 0.421 MILLION EXCESS PAYMENT – RS 0.171 MILLION

ii. **PARA-116, PAGE-173-174, ARPSE-2009-10**
IRREGULAR EXPENDITURE DUE TO UNAUTHORIZED ALLOCATION OF VEHICLE – RS 0.335 MILLION

PAC DIRECTIVE

The Committee settled the above two (02) paras.

UTILITY STORES CORPORATION OF PAKISTAN (PVT) LIMITED

6. i. **PARA-117, PAGE-175, ARPSE-2009-10 (INTRODUCTORY PARA)**

ii. **PARA-117.1, PAGE-175, ARPSE-2009-10 INCREASE OF 156% IN MISCELLANEOUS EXPENDITURE (2008: RS 177.630 MILLION, 2007: RS. 69.181 MILLION)**

PAC DIRECTIVE

The Committee settled the above two (02) paras.

7. **PARA-117.2, PAGE-176, ARPSE-2009-10 INCREASE IN SELLING AND DISTRIBUTION EXPENDITURE**

Audit pointed out that selling and distribution expenditure increased from Rs 543.457 million in 2006-07 to Rs 1,461.854 million during 2007-08 which constituted an increase of 168.99%. The main reason of increase was abnormal increase in postage, telegram & telephones and advertisement & sales promotion expenses which increased by 167.80% and 220.20% respectively.

Departmental Representative replied that in compliance of Government instruction USC has to open 5,000 more store upto Union Councillevel during Financial Year 2007-08 out of this target USC has opened 3,688 stores (4711-1023) 37 Distribution Centres/Regional Offices and inducted additional 5,608 employees (9500-3892) in various tears to run the stores. Due to increase in operational activities, expense in almost all Heads of Account has increased beside this, because of inflationary factors expenditures have slightly increased. However consequently the Corporation, sale has increase by 143 % it gross & net profit increased by 177.86 % & 246.45 % respectively over the Financial Year 2006-07.

PAC DIRECTIVE

The Committee directed the PAO to conduct inquiry in the matter and report thereof be sent to the Committee within one month.

8. **PARA-117.3, PAGE-176, ARPSE-2009-10 INCREASE IN SALARIES AND OTHER BENEFITS OF MANAGING DIRECTOR BY 240% (2008: RS 3.005 MILLION, 2007: RS. 0.883 MILLION).**

PAC DIRECTIVE

The Committee settled the para.

9. **PARA-117.4, PAGE-176, ARPSE-2009-10**
RECOVERY OF RS. 264.371 MILLION

Audit pointed out that as per external audit report, an amount of Rs 264.371 million was lying recoverable against the store in-charges as a result of shortage of stock discovered by the Corporation. The amount needs to be recovered and disciplinary action be taken against the said in-charges at the earliest.

Departmental Representative replied that the reported shortage is a cumulative figure consisting of even previous years, more than 50 % shortage pertain to court cases being processed in various court of law and recovery is linked with the court decision. However, all the cases are being vigorously perused for recovery purpose.

PAC DIRECTIVE

The Committee directed the PAO to vigorously peruse the court cases for recovery of the outstanding amount.

10. **PARA-117.5, PAGE-176, ARPSE-2009-10**
NON-RECONCILIATION OF RS. 100.649 MILLION TILL JUNE 30, 2008

PAC DIRECTIVE

The Committee settled the para.

11. **PARA-118, PAGE-176-177, ARPSE-2009-10**
LOSS DUE TO PROCUREMENT OF RICE AT HIGHER RATES – RS. 118.931 MILLION

Audit pointed out that Utility Stores Corporation of Pakistan (Pvt) Limited purchased 30,098.500 M.ton rice in 2007-08 without wide advertisements and same were procured through hand collected quotations obtained by the purchase committee. Rice was purchased at higher rates than the lowest rates collected by the purchase committee by stating that the lowest parties were unable to supply the required quantity and remaining quantity was purchased from the second/third lowest bidders. The violation of the Public Procurement Rules resulted in purchase of required quantity of rice at higher rates and caused loss of Rs 118.931 million to the Corporation.

Departmental Representative replied that In compliance of the DAC directives, the enquiry was in process and its report will be submitted soon after completion.

PAC DIRECTIVE

The Committee directed the PAO to initiate inquiry by fixing responsibility and action taken against the defaulters within one month.

12. **PARA-119, PAGE-177-178, ARPSE-2009-10**
SHORTAGE OF STOCK – RS. 57.083 MILLION

PAC DIRECTIVE

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

13. **PARA-120, PAGE-178-179, ARPSE-2009-10**
LOSS DUE TO THEFT/BURGLARY – RS. 30.468 MILLION

Audit pointed out that a number of regional officers of Utility Stores Corporation reported loss of Rs 30.468 million in the year 2008-09 due to theft/burglary incidents at 147 stores. FIRs were lodged with police, formal enquires were conducted and insurance claims of Rs 30.468 million were also lodged by the management with National Insurance Company (NIC) but could not been materialized. Abnormal theft / burglary incidents indicated that instructions/orders issued by the Head Office were not adhered to by the regional managers in order to secure the stores.

It was replied that the Management of USC is well aware of the situation and the claims lodged with the NICL are vigorously been pursued with the concerned authorities of the NICL. After a lot of efforts, all the relevant information and documents have been collected and claim has been lodged with the Insurance Company which is under process and likely to be materialized within couple of weeks.

PAC DIRECTIVE

The Committee settled the para subject to recovery of Insurance claim.

14. **PARA-121, PAGE-179-180, ARPSE-2009-10**
LOSS DUE TO LESS RECEIPT OF INSURANCE CLAIMS- RS. 29.158 MILLION

PAC DIRECTIVE
The Committee settled the para.

15. i. **PARA-122, PAGE-180-181, ARPSE-2009-10**
LOSS DUE TO THEFT AND FIRE INCIDENTS ETC – RS. 11.406 MILLION
ii. **PARA-123, PAGE-182-183, ARPSE-2009-10**
THEFT OF STORES – RS. 5.781 MILLION

PAC DIRECTIVE

The Committee directed the PAO to vigorously pursue the court cases in the above two paras.

16. **PARA-124, PAGE-183-184, ARPSE-2009-10**
LOSS DUE TO SALE OF RICE ON LOWER THAN PURCHASE PRICE – RS. 5.486 MILLION

PAC DIRECTIVE

The Committee settled the para.

NATIONAL FERTILIZER CORPORATION OF PAKISTAN (PVT) LIMITED

17. i. **PARA-136**
(INTRODUCTORY PARA)

ii. **PARA-136.1**
41% DECREASE IN DIVIDEND INCOME AND 49% INCREASE IN UNREALIZED LOSS ON REVALUATION OF INVESTMENT

iii. **PARA-136.2**
INCREASE IN INCOME OF RS. 784.485 MILLION IN 2008-09 FROM RS. 563.001 MILLION IN 2007-08 MAINLY DUE TO WRITE OFF RS. 191.432 MILLION RECEIVABLE FROM THE GOVERNMENT OF PAKISTAN

iv. **PARA-136.3**
NON-WINDING UP OF NFC

v. **PARA-137, PAGE-202, ARPSE-2009-10**
IRREGULAR PURCHASE OF GENERATORS – RS. 1.243 MILLION

PAC DIRECTIVE

The Committee settled the above five (05) paras.

NATIONAL FERTILIZER MARKETING LIMITED

18. **PARA-138, PAGE-203, ARPSE-2009-10**
NON-PROVISION OF ANNUAL AUDITED ACCOUNTS OF THE COMPANY FOR THE YEAR 2008-09

PAC DIRECTIVE

The Committee settled the para.

19. **PARA-139, PAGE-203-204, ARPSE-2009-10**
RETENTION OF HUGE PAYABLE DUE TO NON-ADJUSTMENT – RS 900 MILLION

PAC DIRECTIVE

The Committee pended the para.

20. i. **PARA-140, PAGE-204-205, ARPSE-2009-10**
NON-RECONCILIATION OF STOCKS – RS 237.053 MILLION

Audit pointed out that NFML provided 225,383.50 M.ton Urea to USC during the period from August 30, 2008 to March 14, 2009 and raised a bill of Rs 2,971 million. However, an amount of Rs 2,734 million was received from USC till September, 2009 leaving a recoverable balance of Rs 237.053 million. The management of USC denied paying the balance amount on the pretext that balance quantity was not received on any of their stores. A series of meeting were held between the officers of both the organizations, but the matter remained un-resolved. This resulted in non-recovery of Rs 237.053 million from USC due to non-reconciliation of accounts.

ii. **PARA-141, PAGE-205, ARPSE-2009-10**
LOSS DUE TO SHORTAGE OF FERTILIZER IN GODOWNS – RS 11.609 MILLION

Audit pointed out that shortage of 15,896 bags of fertilizer valuing to Rs 11.609 million was found at various stores/godowns of NFML on annual stock taking on June 30, 2009. Neither any recovery from the concerned staff was made nor legal action was initiated against them. This resulted in loss of Rs.11.609 million due to non-reconciliation of stock and loose internal controls.

PAC DIRECTIVE

The Committee was not satisfied with the explanations given by the PAO/Department and referred the cases to FIA with regard to the above two paras with the direction to investigate the cases, fix responsibility at the Deputy Director level and a report thereof be sent to the Committee within one month to be endorsed by Director FIA.

21. **PARA-142, PAGE-206, ARPSE-2009-10**
LOSS DUE TO NON-ENCASHMENT OF DEMAND DRAFTS – RS 0.640 MILLION

PAC DIRECTIVE

The Committee settled the para and with the direction to pursue the process of recovery.

NFC INSTITUTE OF ENGINEERING AND FERTILIZER RESEARCH (PVT) LIMITED, FAISALABAD

22. i. **PARA-143**
(INTRODUCTORY PARA)

ii. **PARA-143.1**
INCREASE IN INCOME OF RS 105.48 MILLION IN 2008-09 FROM RS 97.231 MILLION IN 2007- WHEREAS EXPENSES INCREASED TO RS. 65.143 MILLION AND RS 20.484 MILLION IN 2008-09 FROM RS 56.246 MILLION AND RS. 18.925 MILLION IN 2007-08

iii. **PARA-143.2**
INCREASE IN DEVELOPMENT FUND TO RS 705 MILLION AS ON JUNE 30, 2009 FROM RS 292 MILLION AS ON JUNE 30, 2008

iv. **PARA-143.3**
INCREASE IN CAPITAL WORK OF BUILDINGS FROM RS 157.808 MILLION ON JUNE 30, 2008 TO RS 525.994 MILLION ON JUNE 30, 2009

PAC DIRECTIVE

The Committee settled the above four (04) paras.

NFC INSTITUTE OF ENGINEERING AND TECHNOLOGICAL TRAINING (PVT) LIMITED, MULTAN

23. **PARA-144**
(INTRODUCTORY PARA)

PAC DIRECTIVE

The Committee settled the para.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 2009-10
MINISTRY OF INDUSTRIES & PRODUCTION

PAKISTAN INDUSTRIAL DEVELOPMENT CORPORATION (PVT.) LIMITED

24. **PARA-97 (INTRODUCTORY PARA)**

PAC DIRECTIVE

The Committee settled the para.

25. **PARA-97.1 (ARPSE-2009-10)**
SLOW PRIVATIZATION PROCESS OF VARIOUS UNITS UNDER PIDC

PAC DIRECTIVE

The Committee settled the para and directed the PAO to take up the matter with Privatization Commission to expedite the process of privatization of the units under PIDC.

26. **PARA-97.2**
SATISFACTORY WORKING RESULT OF THE CORPORATION FOR THE YEAR ENDED JUNE 30, 2009

PAC DIRECTIVE

The Committee settled the para.

PAKISTAN STEEL MILLS CORPORATION (PVT.) LIMITED

27. **PARA-98 (ARPSE-2009-10)**
(INTRODUCTORY PARA)

PAC DIRECTIVE

The Committee settled the para.

28. **PARA-98.1**
GROSS LOSS OF RS.25.852 BILLION

Audit pointed out that the Gross Profit of Rs 3.197 billion as on June 30, 2008 was converted into Gross Loss of Rs.25.852 billion as on June 30, 2009. This significant gross loss was attributed to the various operational lapses was pointed out by the Audit.

These issues were discussed in the DAC meeting held on 27-05-2011 and 13-09-2012 wherein the Management informed that matter was in Supreme Court. Now Supreme Court has referred the case for investigation by NAB within three months. The investigations of 09 cases have been finalized by the NAB Authorities and references thereof filled in the Accountability Court.

PAC DIRECTIVE

The Committee expressed its displeasure over the performance of the Organization as on the one hand it earned an accumulative profit of Rs. 9.5 billion till June, 2008 whereas on the other hand it sustained losses of Rs. 104 Billion since 2008 onward. The Committee directed NAB to pursue the process of these cases and the Committee be informed about the progress of the cases by the DG NAB within one month.

29. i. **PARA-98.2**
NET LOSS OF RS 26.526 BILLION IN THE YEAR 2008-09 AGAINST PROFIT OF RS.2.081 BILLION IN THE PRECEDING YEAR 2007-08

ii. **PARA-98.3**
UTILIZATION OF AVAILABLE CASH AMOUNTING TO RS 7.058 BILLION DURING YEAR 2008-09 RESULTING IN BORROWING AN AMOUNT OF RS 2.804 BILLION FROM EMPLOYEES' FUND; AND RS 3.028 BILLION FROM BANKING COMPANY

iii. **PARA-98.4**
QUALIFICATIONS EXPRESSED BY EXTERNAL AUDITORS MADE THE REASONABLENESS OF THE ACCOUNTS AS DOUBTFUL

PAC DIRECTIVE

The Committee settled the above three (03) paras.

30. **PARA-99 (ARPSE-2009-10)**
IRREGULAR UTILIZATION OF EMPLOYEES' FUNDS – RS 7.514 BILLION

Audit pointed out thatPSM utilized a sum of Rs 7.514 billion from Employees' Funds at a mark-up of 14-19% (Rs.89.560 million) during the first six months of financial year 2008-09 as a loan. The amount was withdrawn from the Fund from September 3, 2008. The withdrawal continued till December 22, 2008 despite the Board of Directors (BoD) directives on November 26, 2008 to immediately re-deposit the already withdrawn amount.

The Management replied that repayment to employee's provident fund was made on regularly basis as advised by the Board of Directors on the availability of

funds it depends on sales collection, which is main revenue source. The amount has now been reduced to Rs.500 million.

PAC DIRECTIVE

The Committee termed it a criminal activity on the part of the Management and directed the PAO to conduct inquiry, fix responsibility and report to the Committee within one month. The CEO PSM also assured the Committee that the outstanding amount of Rs.500 Million would be deposited back within a year.

31. **PARA-100 (ARPSE-2009-10)**
SALE OF STEEL PRODUCTS BELOW COST – RS 7.151 BILLION

Audit pointed out that Pakistan Steel Mills (PSM) sold a quantity of 345,651 M/Tons of its main products during the period July 2008 to January 2009 at a total sale price of Rs 18.188 billion, while the cost of sales of the same was Rs 25.339 billion thus, sustained a loss of Rs 7.151 billion on sales of products below cost.

The CEO after giving various explanations in the matter admitted that a case has already been under investigation in the NAB.

PAC DIRECTIVE

The Committee directed the PAO to take up the matter with NAB to pursue the process of these cases and the Committee be informed about the progress of the cases by the DG NAB within one month.

32. i. **PARA-101**
SHORTAGE IN THE BALANCES OF RAW MATERIAL – RS. 2.477 BILLION

ii. **PARA-102**
IRREGULAR AWARD OF SHIPMENT CONTRACT BY IGNORING THE LOWEST BIDDER - US$ 38.857 MILLION (RS. 2.351 BILLION)

iii. **PARA-103**
EXTRA EXPENDITURE ON SHIPMENT OF MATERIAL DUE TO IMPRUDENT POLICY OF PROCUREMENT – US$ 18.390 MILLION (RS. 1.122 BILLION)

PAC DIRECTIVE

The Committee settled the above three (03) paras.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee Wing)

Actionable Points

Appropriation of Accounts Civil Vol-1 for the year 2008-09 and Audit report for the year 2009-10 & Actionable points arising out from the discussion of the PACmeeting held on 26th Jan, 2015, pertaining to the Ministry of Industries and Production areas under:-

Appropriation of Accounts Civil Vol-1 FOR THE YEAR OF 2008-09
M/O INDUSTRIES AND PRODUCTION

33. **GRANT NO.62-INDUSTRIES AND PRODUCTION DIVISION.**
(Saving of Rs. 1,142,079 (1.02%)

AGPR pointed out that total grant was released amounting Rs.111,295,000 out of which actual expenditure incurred Rs.107,699,027, amounting of Rs. 2,453,894 was surrendered and net saving become Rs. 1,142,079 which is 1.02% of total budget. The grant is recommended for settlement.

PAC DIRECTIVE

The PAC settled this grant.

34. **GRANT NO.63-DEPARTMENT OF INVESTMENT PROMOTION AND SUPPLIES.**
(SAVING OF RS.34,059 (0.3%)

AGPR pointed out that the total grant was released amounting Rs.10,302,000 including supplementary grant of Rs.1,954,000 and actual expenditure was incurred amounting Rs.10,267,941 and the net saving become Rs.34,059 which is 0.3% of total grant. However, due to some miss classification of calculation the net saving Rs.8, 404,012, consequently, the misclassification has been rectified and the grant is recommended for settlement.

PAC DIRECTIVE

The PAC settled this grant.

35. **GRANT NO.64-OTHER EXPENDITURE OF INDUSTRIES AND PRODUCTION DIVISION.**
(Saving of Rs. 345,383)

AGPR pointed out that the total grant was released amounting Rs.557,008,000 and actual expenditure was incurred Rs. 346,633,117 out of which

Rs.210,029,500 was surrendered with leaving of net saving amount Rs. 345,383. DAC has recommended this grant for settlement.

PAC DIRECTIVE

The PAC settled this grant.

36. **GRANT NO.176-CAPITAL OUTLAY ON INDUSTRIAL DEVELOPMENT. (SAVING OF RS.61,544,604)**

AGPR pointed out that the total grant was released Rs.10,458,822,000**,** and actual expenditure was incurred Rs. 2,288,771,371, an amounting of Rs.8,105,686,000 was surrendered with leaving of net saving Rs. 61,544,604 which is .5% of total grant. DAC has recommended for asking the reason from PAO.

PAO explained that the savings were made due to following reasons:-

Project Name	Amount	Reason
Sialkot Business & Commerce Centre	-50,000,000	Fund of Rs.50.00 million was released in March, 2009 which considerably delayed the tendering process of civil works.
Strengthening of Planning & Monitoring	-2,452,873	i) Provision was kept for payment of expected Honorarium to MoI&P and FA organization staff which was later rejected by AGPR on technical grounds. ii) Outstanding liability on account of payment of Additional Charge allowance for the FY 2007-08 to Ministry Officers and their staff who are part of the Project. The payment also didn't materialize on technical grounds.
SMEDIA Women Business Incubation Centre, Lahore	-1,498,550	The saving was against salary head as two positions (Assistant Project Manager and Display Centre Supervisor) remained unfilled. Procurement of furniture for Display Centre could not be finalized as bid received were on higher side.
Revival of Cutlery Institute Wazirabad	-4,001,492	The saving amount was against procurement of machinery as no bid was received against tender for spoon making machinery.
Women Business Incubation Centre, Peshawar	-2,395,354	The saving amount was against renovation. Due to revision of PC-I, tendering process for renovation was delayed.

Clean Drinking Water for All	-1,703,684	This project was transferred to Special Initiative Division on 22-11-2008.

PAO, further told that the amounting of Rs.8, 105,686,000 was surrendered and deposited in federal treasury successfully.

PAC DIRECTIVE

The PAC settled this grant and agreed with PAO's justification.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 2009-10

(ACTIONABLE POINTS FOR THE YEAR 2009-10) MINISTRY OF INDUSTRIES & PRODUCTION

EXPORT PROCESSING ZONES AUTHORITY

37. i. **ANNEXURE-I, ITEM-09, (ARPSE-2009-10), PAGE-365 NON-SUBMISSION OF ACCOUNTS**

ii. **PARA-94, (ARPSE-2009-10), PAGE-139 INTRODUCTORY PARA**

iii. **PARA-94.1, (ARPSE-2009-10), PAGE-139 RELATED TO EPZA ACCOUNTS**

iv. **PARA-94.3, (ARPSE-2009-10), PAGE-140 RELATED TO EPZA WORKING RESULTS**

v. **PARA-94.4, (ARPSE-2009-10), PAGE-140 RELATED TO EPZA ACCOUNTS**

PAC DIRECTIVE

The PAC settled above mentioned 05 paras on the recommendation of Audit.

38. i. **PARA-95, (ARPSE-2009-10), PAGE-140 NON-RECOVERY OF ANNUAL GROUND RENT AND UTILITY CHARGES - US $ 0.988 MILLION (RS.81.006 MILLION)**

ii. **PARA-96, (ARPSE-2009-10), PAGE-141 NON-COMPLETION OF PROJECTS WORTH US$ 0.725 MILLION AND NON-RECOVERY OF PENALTY – US$ 0.270 MILLION (RS.23.000 MILLION).**

Audit informed the committee that pertaining to these two paras approximately more than 95% recovery has been made and verified; therefore, DAC had recommended both for settlement.

PAC DIRECTIVE

The PAC settled these 02 paras subject to ensure quick action for remaining recovery.

PAKISTAN STEEL MILLS CORPORATION (PVT.) LIMITED

39. **PARA-98.1, (ARPSE-2009-10), PAGE-146**
WORKING RESULTS

Audit pointed out that there are two (02) paras (i.e. 98.1, 98.2) which pertain to working results of PSM. PSM has incurred huge losses i.e. Rs 26.526 billion during 2009-10 subsequently losses have been accumulated and stood at Rs 31.734 billion as on June 2013. The working results of the Corporation decreased had decreased.

PAO replied that It was fully explained that the initial plan of 91% production was gradually lowered at 75% due to economic recession and that actual procurement of iron ore was much less than initial plan due to 'Credit Scheme' (which continued from October to December 2008) introduced by the management led to financial crunch hence those who initiated the Scheme must be held accountable these the investigations of the 10 cases have been finalized by the NAB Authorities and references thereof filled in the Accountability Court. Moreover, 05 enquiries are under process with NAB.

PAC DIRECTIVE

The PAC pended this para with direction that Chairman NAB will attend next the meeting in person and to explain; why the NAB's performance is not satisfactory.

40. **PARA-99, (ARPSE-2009-10), PAGE-149**
IRREGULAR UTILIZATION OF EMPLOYEES' FUNDS – RS 7.514 BILLION

Audit pointed out that under Section-3 of the Pakistan Steel Mills (PSM) Employees Provident Fund Regulations 1971 provides that the object of the Fund is to accumulate for the benefit of the staff of the Corporation, who have joined the Fund contributing certain sums as a future provision for them and for their families.PSM utilized a sum of Rs 7.514 billion from Employees' Funds at a mark-up of 14-19% (Rs.89.560 million) during the first six months of financial year 2008-09 as a loan. The amount was withdrawn from the Fund from September 3, 2008. The withdrawal continued till December 22, 2008 despite the

Board of Directors (BoD) directives on November 26, 2008 to immediately re-deposit the already withdrawn amount.

PAO replied that in pursuance to PAC's last directives, the MOI&P has constituted a two members Inquiry Committee to probe into the matter vide letter dated 11.04.2014. In this regards, necessary information / documents have been provided to MOI&P on 02.05.2014. Investigation Report has been received from the MOI&P. The recommendations of the committee have been followed. Further, he stated that a Restructuring Plan of PSM has been approved by the ECC in its meeting held on 25th April, 2014. As per approved plan, an amount of Rs.500 million in respect of Provident Fund will be released shortly. The liability will be cleared, accordingly.

PAC DIRECTIVE

The PAC pended this para till the payment of gratuity to PSM's employs and directed to Government of Pakistan to supply gratuity amount on priority basis to PSM, further, directed to CEO, PSM the same practice may not be repeated again.

41. i. **PARA-100, (ARPSE-2009-10), PAGE-150**
SALE OF STEEL PRODUCTS BELOW COST – RS 7.151 BILLION

Audit pointed out that a matter of prudent business practice, the manufacturing cost of main products needs to be controlled to earn reasonable profit margin to ensure sustainability of the Organization. Pakistan Steel Mills (PSM) sold a quantity of 345,651 M/Tons of its main products during the period July 2008 to January 2009 at a total sale price of Rs 18.188 billion, while the cost of sales of the same was Rs 25.339 billion. Thus, PSM sustained a loss of Rs 7.151 billion on sales of products below cost.

PAO replied that the matter has been internally investigated by the committee. The committee in its report has observed. The investigations of the 10 cases have been finalized by the NAB Authorities and references thereof filled in the Accountability Court. Moreover, 05 enquiries are under process with NAB.

ii. **PARA-104, (ARPSE-2009-10), PAGE-156**
UNDUE FAVOUR TO A FIRM BY IRREGULAR REGISTRATION AS A "TRADER" AND "CONSUMER" AT THE SAME TIME

iii. **PARA-105, (ARPSE-2009-10), PAGE-158**
UNDUE FAVOUR TO DEALERS BY INADEQUATELY PUBLICIZING THE CREDIT SCHEME – RS 644.565 MILLION

PAC DIRECTIVE

The PAC pended above 03 paras and directed to NAB to expedite it.

42. **PARA-106, (ARPSE-2009-10), PAGE-159**
ALLOTMENT OF LAND BELOW MARKET VALUE- RS.509.460 MILLION

Audit pointed out as per valuation report dated March 30, 2005 carried out by Pakistan Steel Mills (PSM) through an evaluator, the value of PSM's undeveloped land was Rs 3.000 to Rs 3.500 million per acre. Accordingly the value per sq. yard came to Rs.723 on the basis of one acre = 4,840 sq. yards. A Memorandum of Understanding (MoU) was signed between Government of Pakistan (GOP) and Al-Tuwairqi Group of Companies (ATG), Saudi Arabia on May 6, 2004 for setting up a steel-manufacturing unit in the vicinity of PSM. Clause-3 of the MoU required PSM to provide its 219 acres land to ATG @ Rs.245 per sq. yard. PSM's Board of Directors in its meeting held on June 19, 2004 approved the allotment of 219 acres of undeveloped land. A joint survey was carried out on January 1, 2005 to ascertain the exact area for payment. An area of 220.210 acres (1,065,816 sq. yards) was allotted to Tuwairqi Steel Mills adjacent to PSM. The lease deed for 60 years was executed on February 28, 2005 on payment of Rs 261.125 million @ Rs.245 per sq. yard. The possession of land was taken over by the Company in March 2005. It is worth mentioning here that the rate of Rs.245 per sq. yard was fixed on the ground that "the land is not leveled, undeveloped and not in a downstream industrial estate, and consequently significant civil works would be required to be undertaken within a short period of time by the Project Company". Thus the Company was given land at a much lower rate in contravention of the evaluated price of Rs.723 per sq yard. Resultantly PSM sustained loss of Rs 509.460 million (Rs.723 — Rs.245 = Rs.478 x 1,065,816 sq. yards = Rs 509.460 million).

PAO replied that at Down Stream Industrial Estate (DSIE), developed plots with the following facilities were being offered to the Industrialists who desired to establish their industries in the area based on Pakistan Steel's products/by products i.e. Road Network, Water Supply, Domestic Sewerage, Industrial Sewerage, out fall Drain. The terms of the allotment of the plot in the DSIE were as under:

Lease Period	60 years
Lease Money / Occupancy charges	Rs.550/- per sq yd
Ground Rent	Rs.2.50/- sq yd per year.
Maintenance Charges	Rs.5.00 sq yd per year.

The land offered to M/s ATGC was undulated and huge volume of earth cutting/filling and leveling (Av.10 height)=9,53,96,400 cft, was involved and its cost @ Rs.3.00 per cft would be about Rs.286.19 million (Rs.270.00 per sq. yd). Whereas, cost on other development works i.e. roads, water supply, industrial

sewerage/domestic sewerage and storm water drains etc would be about Rs.300 per sq yd. Thus, total cost on development of said land to bring it at par with the developed plots at Down Stream Industrial Estate would be about Rs.570 million per sq yd. Whereas, it was decided to execute lease deed @ Rs.245/- per sq. yard on the agreed terms & condition by both the parties. It may further re-iterated that (i)The rate of Rs.723 per square yard was evaluated for the purpose of privatization of Pakistan Steel in March 2005 whereas the land offered to M/s Tawaraqui was un-developed and undulated, the price of Rs.245/- per square yard was fixed/finalized in June 2004. (ii)The, land offered to M/s Tawaraqui was not of part of Down Steam Industrial Estate (DSIE). Hence, in view of position explained above, the rate of Rs.245/- per square yard is not comparable with the rate of Rs.723 per square yard.

PAC DIRECTIVE

The PAC settled this para.

43. **PARA-107, (ARPSE-2009-10), PAGE-161**
NON-FORFEITURE OF SECURITY DEPOSIT OF DEFAULTING DEALERS AGAINST NON-LIFTING OF ALLOCATED QUANTITY – RS. 23.920 MILLION

Audit pointed out that under Clause-5 of "Standard Terms and Conditions of Sales Contract" in Pakistan Steel Mills (PSM) provides that: "The material shall be offered to buyers in parts or full as and when received from Production Department. The Notice of Readiness (NoR) will be served through telex/fax/courier or through personal contract to obtain Delivery Order (D.O.) within Seven (07) working days from the date of issuance of the notice and to lift the material within Seven (07) working days from the issuance of the D.O. failing which the seller reserves the right to forfeit security amount in full or prorata to the quantities remained un-lifted."

Contrary to the above, PSM issued NoRs during the period July 2008 to February 2009 for a total quantity of 1,296,298.000 M/Tons of different products, out of which No Rs. of 389,943.000 M/Tons (30% approx.) of different products were expired. The dealers failed to lift the full quantity of quota allocated to them. The expiry of NoRs indicated that allocations were made by the management in excess of requirement of the defaulting dealers, thus depriving the genuine buyers. Moreover, the position of NoRs was required to be up-dated on daily basis on PSM Website to bring transparency; however, the website was kept suspended during the intervening period w.e.f. November 17, 2008 to February 10, 2009. The management did not take any action as per contractual terms against the defaulting dealers by depriving the PSM of its right of forfeiture of security on prorata basis amounting to Rs. 23.920 million (approx).

PAO replied that The Price Fixation Committee after considering the recommendation and also to safeguard the interest of Pakistan Steel products

has amended the clause a (vi) which earlier read that the material shall be offered to Buyers in parts or full as and when received from Production Department. The notice of readiness (NOR) will be served through telex/fax/courier or through personal contact to obtain Delivery Order within seven (07) working days from the date of issuance of the notice and to lift the material within seven (07) working days from the issuance of the D.O failing which the seller reserves the right to deduct the quantities from the contract remained un-lifted. The same has been amended as the material shall be offered to Buyers in parts or full as and when received from Production Department. The notice of readiness (NOR) will be served through telex/fax/courier or through personal contact to obtain Delivery Order within seven (07) working days from the date of issuance of NOR and to lift the material within seven (07) working days from the issuance of the D.O. The total quantity of the D.O.s obtained and the un-lifted/expired NOR's will be deducted from the contract and it will be deemed to be completed with ± 10% option as per clause a (ii) of the total contractual quantities. The same has been included in the new "Selling Arrangement for Pakistan Steel products."

PAC DIRECTIVE

The PAC settled this para and directed to Government of Pakistan to take review security rates and may be informed to PAC Secretariat.

44. **PARA-108, (ARPSE-2009-10), PAGE-162**
UNABSORBED FIXED COST DUE TO SHORTAGES OF RAW MATERIAL - RS. 277.320 MILLION

PAC DIRECTIVE

The PAC settled this para .

45. **PARA-109, (ARPSE-2009-10), PAGE-163**
LESS CHARGING OF ANNUAL GROUND RENT – RS 2.035 MILLION

PAC DIRECTIVE

The PAC settled this para and directed the Management, PSM to settle this issue and informed to PAC.

46. **PARA-110, (ARPSE-2009-10), PAGE-164**
IRREGULAR SHARING OF DUTY / TAXES LEVIED BY A FOREIGN GOVERNMENT - US$ 2.130 MILLION (RS. 181.142 MILLION)

Audit pointed out that under Clause 16; 'Taxes' of a contract agreement dated July 2, 2003 between Pakistan Steel Mills (PSM) and an India based supplier provided that any new duty or tax or increase in any existing duty or tax levied by

the seller's government upon the Iron Ore or the sale, transportation thereof, during the term of the contract shall be borne and paid by the seller. Contrary to above, the Supplier approached PSM in May 2007 to share 50% amount of duty imposed by Indian Government on the export of Iron Ore (lump and fine) @ US$ 4.00 and US$ 1.40 per M/Ton respectively. It was estimated by PSM that the demand of the Supplier would result into financial impact of US$ 2.130 million (approximately) from March to June 2008. The Board of Directors (BoD) of PSM after detailed deliberation on the issue and after finding that the demand was contrary to the contract did not allow PSM to accede to the request of the Supplier. Later on Price Negotiation Committee of PSM in its meeting held on March 8, 2008 agreed to get the remaining shipments from the Supplier and to pay the amount of duty / taxes effective from March 2007 as demanded by the Supplier subject to approval of BoD. Subsequently the BoD in its meeting held on March 19, 2008 endorsed the decision of Price Negotiation Committee. The acceptance of non-contractual demand of the Supplier by the management resulted into assumption of liability of extra expenditure of Rs 181.142 million, which was a loss to the Organization. The matter was reported to the management on April 10, 2009 and referred to the Ministry in June 2009. The management in its reply dated May 19, 2009 stated that the sharing of duty was accepted in view of comparison of spot price received at that time for fine ore. They further added that the matter was in process to be finalized at Pakistan Steel and the amount had not been finalized for payment to the Supplier.

PAO replied as we already informed, M/s Sesa Goa, India was not paid 50% duty / taxes by PSM as claimed by them. Being aggrieved, M/s. Sesa Goa, filed Application before International Chamber of Commerce (ICC) on 09.7.2013 for starting Arbitration proceeding. In pursuance of the said application, International Court of Arbitration has appointed Sole Arbitrator Mr. Steven Philip Finizio. PSM has appointed Dr. Farough Nasim Advocate to represent PSM in ICC pursuant to approval of PSM BOD, MOI&P as well as Law & Justice Division Government of Pakistan, Islamabad. Now, the case is under process with ICC.

PAC DIRECTIVE

The PAC pended this para and directed PSM, Management to pursue this case.

47. **PARA-111, (ARPSE-2009-10), PAGE-166**
AWARD OF 50% OF PROCUREMENT CONTRACT TO 2ND LOWEST BIDDER – RS 14.820 MILLION

Audit pointed out Rules-38 of Public Procurement Rules, 2004 provides that the bidder with the lowest evaluated bid, if not in conflict with any other law, rules, regulation or policy of the Federal Government, shall be awarded the procurement contract within the original or extended period of bid validity. Pakistan Steel Mills (PSM) invited tenders on July 20, 2008 for procurement of 150,000 M/ Tons Iron Ore (lump) on Cost & Freight Free out (CFFO) basis with

plus/minus 10%. The shipment schedule was from September, 2008 to December, 2008. Five parties participated in the bidding and three were technically qualified. As the offer of Indian based qualified firm was conditional in respect of quantity, the commercial offers of two bidders, one Iranian based and the other Indian based suppliers were opened. As per quality adjusted price for lowest hot metal cost, Iran based firm was declared first lowest @ Rs.44,056.18 per M/Ton and India based firm was declared 2nd lowest @ Rs.44,241.43 per M/Ton. The management, instead of awarding the whole procurement contract to the 1st lowest bidder, split the procurement by awarding 50% quantity, i.e., 80,000 M/Tons each to both bidders at their offered rates. Thus, PSM had to bear extra cost of Rs 14.820 million due to the decision of awarding contract to the 2nd lowest bidder, which was a loss. The matter was reported to the management on April 6, 2009 and referred to the Ministry on November 17, 2009. The management in its reply dated May 18, 2009 stated that the Price Committee had discussed the issue concluding that PSM could not be dependent upon a single source and decided to split the quantity on equal ratio of 50% of the tendered quantity because of already two contracts signed with other two Iran based suppliers; therefore, the committee decided to diversify the source of supply of Iron Ore (lump) from Iran to India.

PAO replied that as desired by DAC regarding verification of paras, the management has provided a copy Techno Economic Evaluation Criteria for procurement of 150,000 MT of Iron Ore and a copy of minutes of the meeting held on 15.09.2008 for commercial opening of ore lump and Met Coke offer against tender was provided to Audit 2012.

PAC DIRECTIVE

The PAC pended this para and directed to PAO to look into the matter and the minutes of the board price committee's may be sent to PAC Secretariat for information.

48. **PARA-112, (ARPSE-2009-10), PAGE-167**
IRREGULAR REGISTRATION OF FIRMS BY AWARDING ADDITIONAL DEALERSHIP FOR SALE OF STEEL PRODUCTS

Audit pointed out that Clause-2 of Standard Terms and Conditions for Dealership framed by Pakistan Steel Mills (PSM) provides that the dealership shall be awarded on one proprietor–one dealer ship basis. Additional dealership in the name of same proprietor, his servants or any person or relative such as wife, son(s), daughter(s) who are not actually conducting business for income tax or any Government levies or any other purpose shall not be allowed. Contrary to above, PSM awarded a number of dealerships to proprietors / firms bearing same addresses. The objective for registration with PSM as dealers with different names appeared to be obtaining more quotas of PSM products for sale and

enjoying credit facility for greater period. The irregular award of dealership depicted loose internal controls prevalent in the Organization.

PAO replied that these firms may have same address for doing their business, but they are separate entities having separate proprietors, National Tax Numbers and General Sales Tax Certificates. The legal advisor of Pakistan Steel Mr. Ghulam Dastgir has also opined that "there cannot be any legal bar an awarding dealership to them notwithstanding the fact that there is blood relationship of any partner or member of the company."

PAC DIRECTIVE

The PAC settled this para with direction to Secretary Industries & Production same not to be repeated again.

PAKISTAN STEEL FABRICATING COMPANY LIMITED

49. i. **ANNEXURE-I, ITEM-10, (ARPSE-2009-10), PAGE-365**
NON-SUBMISSION OF ACCOUNTS

ii. **PARA-113, (ARPSE-2009-10), PAGE-169**
INTRODUCTORY PARA

iii. **PARA-113.1, (ARPSE-2009-10), PAGE-169**

iv. **PARA-113.2, (ARPSE-2009-10), PAGE-169**

v. **PARA-113.3, (ARPSE-2009-10), PAGE-170**

vi. **PARA-113.4, (ARPSE-2009-10), PAGE-170**

PAC DIRECTIVE

The PAC settled above 06 paras.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the PAC meeting held on 13th December, 2016, under the Chairperson of Dr. Azra Fazal Pechuho, MNA, to examine the Audit Reports for the year 2009-10, pertaining to the Ministry of Industries & Production are as under:

AUDIT REPORT FOR THE YEAR 2009-10

MINISTRY OF INDUSTRIES & PRODUCTION

EXPORT PROCESSING ZONES AUTHORITY

50. **PARA-96 (ARPSE-2009-10) PAGE-141**
NON-COMPLETION OF PROJECTS WORTH US$ 0.725 MILLION AND NON-RECOVERY OF PENALTY – US$ 0.270 MILLION (RS 23.000 MILLION)

The Audit pointed out that clause-8 of the License Agreement between Export Processing Zones Authority (EPZA) and its Lessees binds the investor to complete construction and start running his planned production unit within a period of 18 months from the date of approved plan. Moreover, Clause-11 provides that the building and construction of the planned production unit must be completed up to a minimum extent of 50% of complete plan within one-year period from the date of the approved plan. In case of non-compliance of the agreed upon clause regarding completion of production unit, a non-construction penalty @ US$ 5.00 per sq. meter per month was agreed to be paid by the Lessee under Clause-10 of the License Agreement.

PAC'S DIRECTIVES (26-01-2015)

The PAC settled the para subject to ensure quick action for remaining recovery.

The PAO apprised the committee that the construction of both units had been completed. They are now in operation and making export from the Zone. Whereas the recovery of penalty charges are not possible due to uncertain business conditions in Karachi. The issue will be placed before the BoD's next meeting to decide the fate of the penalty charges.

PAC DIRECTIVE

The PAC noted that the authority has not imposed penalty charges even violation of contract agreement by the factories owners. Thus, the committee was directed

the PAO to ensure recover of penalty charges from the factories owners under report to Audit/PAC.

PAKISTAN STEEL MILLS CORPORATION (PVT.) LIMITED

51. **PARA-98.1 (ARPSE-2009-10) PAGE-146**

The Audit pointed out that the Gross Profit of Rs 3.197 billion as on June 30, 2008 was converted into Gross Loss of Rs.25.852 billion as on June 30, 2009. This significant gross loss was attributed to the following operational lapses:

i. Actual production during the year 2008-09 at 64% was even lesser than the planned production at 75% of sanctioned capacity. The low planned and even lower actual production contributed in decline in sales volume during the year 2008-09. The basis and timings for development and execution of the production plan needs to be elaborated.

ii. The per metric ton raw material consumption cost increased by 136.1% during the year 2008-09, i.e., from Rs.25,043 in the preceding year 2007-08 to Rs.59,043 during the year 2008-09. This indicated procurements of raw material at higher prices during the year 2008-09, which needs justification.

iii. The net sales during the year 2008-09 were even below the cost of raw material consumed by Rs 8.663 billion. This indicated that sale prices set were unable to absorb even the cost of direct material. In this regard PSM's procedure for planning, establishment of sales prices and sales plan needs to be explained and rationalized.

PAC'S DIRECTIVES (12-03-2014)

The committee expressed its displeasure over the performance of the organization as on the hand it earned an accumulative profit of Rs.9.5 billion till June, 2008 whereas on the other hand it sustained losses of Rs.104 billion since 2008 onward. The committee directed NAB to pursue the process of these cases and the committee be informed about the progress of the case by the DG NAB within one month.

PAC'S DIRECTIVES (26-01-2015)

The PAC pended this para with direction that Chairman NAB will attend next the meeting in person and to explain; why the NAB's performance is not satisfactory.

The PAO apprised the Committee that since the issues of PSM, as pointed out by Audit in their para, are under investigation by NAB, thus, it will be more

impropriate if the representative from NAB is asked to inform the Committee about latest status of their cases.

The Director NAB apprised the Committee that on the direction of Hon. Supreme Court in 2012, all the nine cases which were under investigation by FIA, were transferred to NAB. NAB submitted special references of these nine cases in the Accountability Courts. At present, all the cases are sub-judice.

PAC DIRECTIVE

The PAC directed the NAB to pursue the case vigorously in the court of law under report to Audit/PAC.

GENERAL DISCUSSION

Responding to the queries of the Committee regarding salaries to the employees of PSM, the PAO replied the Committee that since the PSM was on list of privatization, thus, the salaries were being paid to the employees after due approval by the ECC and subsequent release by Finance Division. This process was taking a considerable period of time. However, salaries upto month of August has been paid to employees.

GENERAL DISCUSSION DIRECTIVE

The PAC directed the PAO to make efforts for making payments of salaries to employees of PSM on monthly basis under report to Audit/PAC. The management was, however, directed to provide Audit/PAC the details of land vis-à-vis constructed area of PSM along with a copy of survey conducted by Ghanchi.

52. **PARA-99 (ARPSE-2009-10) PAGE-149**
IRREGULAR UTILIZATION OF EMPLOYEES' FUNDS – RS. 7.514 BILLION

The Audit pointed out that section-3 of the Pakistan Steel Mills (PSM) Employees Provident Fund Regulations 1971 provides that the object of the Fund is to accumulate for the benefit of the staff of the Corporation, who have joined the Fund contributing certain sums as a future provision for them and for their families.

PAC'S DIRECTIVES (12-03-2014)

The committee termed it a criminal activity on the part of the management and directed the PAO to conduct inquiry, fix responsibility and report to the committee within one month. The CEO PSM also assured the committee that the outstanding amount of Rs.500 million would be deposited back within a year.

PAC'S DIRECTIVES (26-01-2015)

The PAC pended this para till the payment of gratuity to PSM's employees and directed to Government of Pakistan to supply gratuity amount on priority basis to PSM, further, directed to CEO, PSM the same practice may not be repeated again.

The Management replied that entire amount of Provident Fund has been deposited in the Fund Account. However, out of Rs. 3,610 million on account of Gratuity a sum of Rs. 2,170 million has been deposited leaving a balance of Rs.1, 440 million and for the said purpose, the Government of Pakistan was being requested again and again.

PAC DIRECTIVE

The PAC directed the PAO to take up the matter with Finance Division personally for its early settlement and submit report to Audit/PAC within 15 days.

53. **PARA-100 (ARPSE-2009-10) PAGE-150**
SALE OF STEEL PRODUCTS BELOW COST – RS 7.151 BILLION

The Audit pointed out that as a matter of prudent business practice, the manufacturing cost of main products needs to be controlled to earn reasonable profit margin to ensure sustainability of the Organization. Pakistan Steel Mills (PSM) sold a quantity of 345,651 M/Tons of its main products during the period July 2008 to January 2009 at a total sale price of Rs 18.188 billion, while the cost of sales of the same was Rs 25.339 billion. Thus, PSM sustained a loss of Rs 7.151 billion on sales of products below cost.

PAC's DIRECTIVES (12-03-2014)

The committee directed the PAO to take up the matter with NAB to pursue the process of these cases and the committee by informed about the progress of the cases by the DG NAB within one month.

PAC's DIRECTIVES (26-01-2015)

The PAC pended the para and directed to NAB to expedite it.

The PAO apprised the Committee that since the issues of PSM, as pointed out by Audit in their para, are under investigation by NAB, thus, it will be more impropriate if the representative from NAB is asked to inform the Committee about latest status of their cases.

The Director NAB apprised the Committee that Reference Nos. 15&22/2012 are sub-judice before the Honorable Accountability Court, which speaks that "when

the Prices of Local & International Market of Billets, HE, CR & GP were at higher side, the prices were not increased by PSM and in this way, a financial loss amounting to billions of rupees was caused to Pakistan Steel". The following persons are nominated as accused:

i. Mr. Mueen Aftab Sheikh, Ex-Chairman PSM.
ii. Mr. Sameen Asghar, Ex-Director (Commercial) PSM and others 32 Dealers of Pakistan Steel.

PAC DIRECTIVE

The PAC directed the NAB to pursue the case vigorously in the court of law under report to Audit/PAC.

54. **PARA-104 (ARPSE-2009-10) PAGE-156**
UNDUE FAVOUR TO A FIRM BY IRREGULAR REGISTRATION AS A "TRADER" AND "CONSUMER" AT THE SAME TIME

The Audit pointed out that para "m" of the Selling Arrangements for Pakistan Steel Products-2008, notified by Pakistan Steel Mills (PSM) on October 22, 2008 provides that no customer shall hold "Consumer" and "Trader" dealerships at the same time". Moreover Para "8(i)" thereof provides that Consumers will be provided priority over Traders for allocation of material.

PAC's DIRECTIVES (26-01-2015)

The PAC pended the para and directed to NAB to expedite it.

The PAO apprised the Committee that since the issues of PSM, as pointed out by Audit in their para, are under investigation by NAB, thus, it will be more impropriate if the representative from NAB is asked to inform the Committee about latest status of their cases.

The Director NAB apprised the Committee NAB reference No.20/2012 "The sale of Billets to Abbas Group at lower rate then the International Market rate causing a loss to Pakistan Steel" is at jurisdiction stage at Honorable NAB Court. The following persons are nominated as accused:

i. Mr. Mueen Aftab Sheikh ex-Chairman PSM.
ii. Mr. Sameen Asghar, Ex-Director (Commercial PSM).
iii. Mr. Malik Bashir Ahmed, Director Operations M/s Abbas Group.
iv. Mr. Khalid Khan, CEO Abbas Steel Group.

PAC DIRECTIVE

The PAC directed the NAB to pursue the case vigorously in the court of law under report to Audit/PAC.

55. **PARA-105 (ARPSE-2009-10) PAGE-158**
UNDUE FAVOUR TO DEALERS BY INADEQUATELY PUBLICIZING THE CREDIT SCHEME – RS 644.565 MILLION

The Audit pointed out that rule-23 of Public Procurement Rules, 2004 provides that any information necessary for bid evaluation shall be provided to bidders in a timely manner and on equal opportunity basis. The irregularity was pointed out to the management in April 2009 and to the Ministry in June 2009. The management in its reply dated May 18, 2009 stated that they had displayed the FCS incentives on their notice boards and also on their website. They added that PSM's L/C Customers seldom exceed 10% and usually 6 to 7% of registered customers do their business.

PAC'S DIRECTIVES (26-01-2015)

The PAC pended the para and directed to NAB to expedite it.

The PAO apprised the Committee that since the issues of PSM, as pointed out by Audit in their para, are under investigation by NAB, thus, it will be more impropriate if the representative from NAB is asked to inform the Committee about latest status of their cases.

The Director NAB apprised the Committee that in this case there are thirteen witnesses and court has examined seven.

PAC DIRECTIVE

The PAC directed the NAB to pursue the case vigorously in the court of law under report to Audit/PAC.

56. **PARA-109 (ARPSE-2009-10) PAGE-163**
LESS CHARGING OF ANNUAL GROUND RENT – RS 2.035 MILLION

The Audit pointed out that according to the standard terms and conditions for allocation of land in the downstream industrial estate of Pakistan Steel Mills (PSM), the Annual Ground Rent (AGR) would be payable in advance at the beginning of each calendar year and is liable to yearly increase of 5% or revision by the competent authority from time to time. The Board of Directors of PSM in the meeting held on June 19, 2004 had approved the allotment of 219 acres (approx) land to Tuwairqi Steel Mills as per standard terms and conditions prevalent at PSM. However, AGR @ Rs.2.50 per sq. yard was fixed in the Lease

Deed for the entire lease period of 60 years without any subsequent yearly increase. The rates of AGR were revised in PSM from Rs.2.50 per sq. yard in January 2006 to Rs.3.197 per sq. yard in January 2009; however; the Company was paying AGR @ Rs.2.50 per square yard. Thus PSM suffered a loss of Rs 2.035 million up to January 2009 due to defective clause of the Lease Deed. The cumulative effect of less charging of the AGR over the entire period of lease would be in billions of rupees.

PAC'S DIRECTIVES (26-01-2015)

The PAC settled this para and directed to Management, PSM to settle this issue and informed to PAC.

The PAO apprised the Committee that the BoD of PSM in 2004 allotted 214 (acres) land to Tawarqi Steel Mills, for the lease period of 60 years without any subsequent yearly increase. As the TSML is closed due non availability of Sui Gas since last one year, hence, they are requesting for supply of gas at subsidized rate. Their request has been forwarded to Finance Division and Ministry of Petroleum & Natural Resources for decision. The Management of TSML is ready to settle outstanding payments of PSM, as early after it revival of the production activities in their mill. PSM had also allotted 50(acres) land to Sui Gas for the period of 60 years on the rate of Rs. 9 Million per acre.

Moreover, 930 acre of land was allotted to NIB on the direction of ECC without any financial benefit to PSM. It was decided that NIB will develop raw land of PSM and return the same to PSM whereas NIB was not doing so.

PAC DIRECTIVE

The PAC directed the PAO to submit a comprehensive report on the details of land given to NIB, Export Processing Zone and other departments along with details of lease agreements to PAC/Audit. The management was, however, directed to negotiate with NIB for settlement of their land dispute, under report to Audit. Moreover, a detailed report regarding Industrial plots of PSM and legal/illegal occupation of their residencies should be provided to Audit within one month.

57. **PARA-110 (ARPSE-2009-10) PAGE-164**
IRREGULAR SHARING OF DUTY / TAXES LEVIED BY A FOREIGN GOVERNMENT - US$ 2.130 MILLION (RS 181.142 MILLION)

The Audit pointed out that clause 16; 'Taxes' of a contract agreement dated July 2, 2003 between Pakistan Steel Mills (PSM) and an India based supplier provided that any new duty or tax or increase in any existing duty or tax levied by the seller's government upon the Iron Ore or the sale, transportation thereof, during the term of the contract shall be borne and paid by the seller.

PAC'S DIRECTIVES (26-01-2015)

The PAC pended this para and directed to PSM, Management to pursue this case.

The PAO apprised the Committee that:

i. PSM has appointed Dr. Farough Nasim Advocate to represent PSM in ICC pursuant to approval of PSM BOD, MOI&P as well as Law & Justice Division Government of Pakistan, Islamabad.

ii. In terms of Para-1 (b) the amended Procedural Order-1 Dr. Farough Naseem, Barrister-at-Law has submitted the points of defence on 02.07.2015 & 15.07.2015 respectively on behalf of Respondent (Pakistan Steel).

iii. The International Court of Arbitration of the International Chamber of Commerce has extended the time limit for rendering the final award from 31st October, 2016 to 31st January 2017.

PAC DIRECTIVE

The PAC pended the para till the outcome of arbitrator decision. The PAO was, however, directed to inform Audit/PAC about the said decision.

58. **PARA-111 (ARPSE-2009-10) PAGE-166**
AWARD OF 50% OF PROCUREMENT CONTRACT TO 2ND LOWEST BIDDER – RS 14.820 MILLION

The Audit pointed out that rules-38 of Public Procurement Rules, 2004 provides that the bidder with the lowest evaluated bid, if not in conflict with any other law, rules, regulation or policy of the Federal Government, shall be awarded the procurement contract within the original or extended period of bid validity. The matter was reported to the management on April 6, 2009 and referred to the Ministry on November 17, 2009. The management in its reply dated May 18, 2009 stated that the Price Committee had discussed the issue concluding that PSM could not be dependent upon a single source and decided to split the quantity on equal ratio of 50% of the tendered quantity because of already two contracts signed with other two Iran based suppliers; therefore, the committee decided to diversify the source of supply of Iron Ore (lump) from Iran to India.

PAC's DIRECTIVES (26-01-2015)

The PAC pended this para and directed to PAO to look into the matter and the minutes of the board price committee's may be sent to PAC Secretariat for information.

The PAO apprised the Committee that in pursuance to the PAC's directive dated 26-01-2015, the matter was got investigated on the alleged loss pointed out by Audit by an Investigation Committee. The Committee after examination and thread bare scrutiny of the case has concluded as under:

a. Award to two suppliers of iron ore was in line with the techno-economical evaluation criteria set forth in the prescribed bidding documents clearly indicating source of diversification therein.

b. By fulfilling the blending requirement through purchase of two iron ores considerable losses have been remedied specially by avoiding the harmful effects of phosphorus.

c. Pakistan Steel has not suffered any loss, in fact as per ultimate conclusion of the contract; the actual amount paid against the same tendered quantity is less than that of the contracted amount.

PAC DIRECTIVE

The PAC recommended the para for settlement.

PAKISTAN MACHINE TOOL FACTORY

59. **PARA-134.1 (ARPSE-2009-10) PAGE-196**

The Audit pointed out that sales of the Company increased to Rs 1,196.947 million in 2008-09 from Rs 918.059 million in 2007-08 registering an increase of 30%. The local sales of the company decreased by 27% which showed Company was losing its share in local market which needs to be improved.

The PAO apprised the Committee that the PMTF had submitted business plan for finance facility of Rs.3 billion in April 2014 and MOIP thereafter finalized draft summary in June 2014 and proposed package of Rs.1.98 billion. As against PC recommended for bailout package of Rs. 1.645 billion covering working capital needs and retired employees liabilities. This package is in process of approval of ECC of cabinet. The release of required funds will start the process of revival of company. Moreover, the factory succeeded in getting orders worth Rs. 1.5 Billion during last year.

PAC DIRECTIVE

The PAC recommended the para for settlement.

60. **PARA-134.2 (ARPSE-2009-10) PAGE-196**

The Audit pointed out that finished goods stock increased to Rs 235.548 million

as on June 30, 2009 from Rs 155.074 million as on June 30, 2008 registering an increase by 52%. The aging and item wise breakup of finished goods were not available to analyze its aging.

The PAO apprised the Committee that main reason for increase in the inventory was stuck off the weapons made for the armed forces. The use of said weapons were minimized at that, however, the same are now in utilization again by the forces following the launching of CPEC. Hopefully, in the current fiscal year, all the entire inventory would be cleared.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to verification of clear inventory by Audit.

61. **PARA-134.3 (ARPSE-2009-10) PAGE-197**

The Audit pointed out that trade debts amounting to Rs 18.830 million were outstanding for a period exceeding three years and no provision was made for the same in the financial statements. This needs to be explained by the management.

The PAO apprised the Committee that Rs.2.880 million has been recovered from customers which was verified by audit and Rs.6.523 million of LD charges were written off from BOD. Efforts are being made to recover the balance amount of 9.427 million.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to verification of recovery of remaining amount by Audit.

STATE ENGINEERING CORPORATION (PVT) LIMITED

62. **PARA-128.1 ARPSE-2009-10**

The Audit pointed out that profit after taxation decreased by 55.82% in 2008-09 to Rs 11.381 million as against profit of Rs.25.765 million in 2007-08. However, accumulated loss amounted to Rs. 1,576.02 million as on June 30, 2009. This indicated unsatisfactory performance of the Company.

The PAO apprised the Committee that the amount of losses, as shown by Audit in Audit para, contains losses of all those departments functioning under SEC being the holding company.

PAC DIRECTIVE

The PAC recommended the para for settlement. The PAO was, however, directed to exclude all those departments running in profit from the privatization list with a report to PAC/Audit.

63. **PARA-129 ARPSE-2009-10**
IRREGULAR PAYMENT OF BONUS – RS 1.018 MILLION

The Audit pointed out that according to Finance Division OM dated March 18, 2002, the bonus would be paid on operational profit of the organization only excluding income from other sources and Managing Directors and members of Board of Directors will not be entitled to receive bonuses. State Engineering Corporation sustained operating loss of Rs 13.219 million in 2007-08 but paid Rs.1, 017,907 on account of bonus to their officers including Chairman of BOD, equal to two months basic pay. This resulted in irregular payment of Rs 1.018 million.

The PAO apprised the Committee that the Finance Division circular referred by the Auditors regulates payment of bonus and not applicable on the payment of ex-gratia, which falls within the competency of Chairman SEC / Board of Directors. Payment of bonus is mandatory whereas ex-gratia is a discretionary payment. Moreover, following the decisions of the DAC, the case for regularization of amount was sent to Ministry of Industries & Production who forwarded the same onward to Finance Division.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to approval from Finance Division.

64. **PARA-130 ARPSE-2009-10**
OVERPAYMENT TO THE CHAIRMAN DUE TO WRONG FIXATION OF PAY– RS. 0.440 MILLION

The Audit pointed out that establishment Division vide letter No. 1/47/2007-E-6 dated September 7, 2007 appointed Chairman of State Engineering Corporation on contract for a period of two years on standard terms and conditions. In the absence of clear cut indication of the grade, the officer was required to draw salary as per his last pay drawn as shown on LPC plus deputation pay if admissible. But SEC management made payment as per SED-I grade (Senior Executive Director-I). The SED-I scale had more benefits than M-I scale. Resultantly the said officer received excess amount of Rs 440,000 on account of his pay and perquisites.

The PAO apprised the Committee that Maj. Gen (Retd), Zaheer Ahmad Khan was appointed as Chairman on contract basis, on standard terms and conditions, for a period of 2 years, vide Establishment Division's Gazette Notification No.1/47/2007-E-6 dated 7.9.2007. Gen. Zaheer took over charge as Chairman SEC with effect from 8th September, 2007.

PAC DIRECTIVE

The PAC recommended the para for settlement.

HEAVY ELECTRICAL COMPLEX (PVT) LIMITED

65. **PARA-132 ARPSE-2009-10**
LOSS DUE TO DEFECTIVE REPAIR/REHABILITATION OF POWER TRANSFORMERS – RS. 28.668 MILLION

The Audit pointed out that under warranty clause 13, in the event of power transformers found defective or not conforming to the specifications, Heavy Electrical Complex (Pvt) Limited (HEC) will be responsible for all losses and defects within a period of 24 months from the date of delivery. Furthermore, unacceptable goods shall be substituted with the acceptable goods at HEC's expenses and costs.

The PAO apprised the Committee that three No of transformers mentioned by the Audit, one (160 MVA BBC make) was never repaired only VPD process was performed on it by HEC which fact has also been accepted by NTDC. While NTDC itself had declared that another of the three transformers (160 MVA STW make) had damaged beyond repairs, only one transformer i.e. 160 MVA Fuji make was sent back to HEC for repairs. However, after deducting the amount under reference, neither WAPDA pursued HEC for repair of the said transformer nor HEC intends to do so as it is not commercially viable. HEC is constrained not to repair the transformer because by doing so it would get back only Rs. 11.0 million (repair charges paid by WAPDA) whereas its current repair charges are roughly estimated at around Rs.17.0 million which on the basis of pre-repair joint inspection carried out in March, 2008 were estimated at Rs.14.310 million.

PAC DIRECTIVE

The PAC directed the PAO to constitute a joint inquiry committee comprising representative from HEC and WAPDA settle the dispute within a period of one month under report to Audit/PAC.

66. **PARA-133 ARPSE-2009-10**
LOSS DUE TO PAYMENT OF LATE DELIVERY CHARGES – RS. 4.398 MILLION

The Audit pointed out that as per clause 9 of contract between LESCO and HEC, the ex-works delivery of material shall be made within 180 days from the date of issuance of Notification of award dated March 10, 2006. The management of Heavy Electrical Complex signed a contract on June 14, 2006 effective from March 10, 2006 with Lahore Electric Supply Company Limited (LESCO) for production and delivery of five power transformers up to September 9, 2006. The management could deliver the transformers up to January 15, 2007. As per clause 18.1 of Section-II of bidding documents LESCO deducted late delivery charges of Rs 4.398 million. Thus, the HEC sustained a loss of Rs 4.398 million.

The PAO apprised the Committee that despite, HEC efforts for refund of the said LD, no fruit has been born. Ultimately, the matter was put-up in the 44th Board of Directors Meeting of the company held on 17.10.2009 for regularizing the said loss (writing-off the amount). The Board approved writing-off such amounts upto the financial year 2005 and advised to make one more effort for realization of the said amounts. The amount being outstanding for more than two years has already been classified as bad debt under policy approved by HEC BOD in their meeting held on 17.10.2009 and provision has been made in accounts for the years 2008-09 and 2009-10.

PAC DIRECTIVE

The PAC recommended the para for settlement.

67. i. **PARA-135.6 ARPSE-2009-10**

The Audit pointed out that the Company has not been making provision for the last many years for accumulated interest amounting to Rs 271.798 million on loans on the plea that initially there was no mention of interest and matter was under consideration with a committee constituted by Finance Division. Audit would emphasize the management to either settle all the pending matters regarding settlement of Government loans without further delay or proper provisions may be made in the accounts.

The Managing Director, PECO, replied that in 1993, the then government had awarded a bailout package of Rs. 1.79 billion to PECO following continuous losses sustained by the company due to certain activities by the union. The said bailout package remained continued from 1993 to 2003. Moreover, in order to defray further expenses and to settle outstanding amount, ECC decided to sell out a piece of land of PECO situated at Badami Bagh, Lahore. In 2005, Finance Division decided to charge interest on loans given as bailout packages. As the company had received an amount of Rs. 1.79 billion in ten years, hence, it was directed to pay an amount of Rs. 4.39 billion on account of interest charged up till 30th June 2016. The company was still willing to pay the interest amount by selling its land at Badami Bagh, however, the main question was that

had the Privatization Commission sold the whole land in 1994?' If they had sold the land in times, mark up should have never been risen to this much. In 2007 and 2014, Ministry of Industries and Production notified that further invitation for disposal of land at Badami Bagh should be stopped because of some legal issue cropped up in 2003 and 2004 through illegal sale of share of PECO by National Investment Trust against written directions by the Finance Division. In 2008, the PAC examined the issue and appointed a PAC under the chairmanship of Sardar Ayaz Sadiq, MNA. The PAC in its report, submitted to the PAC, had held NIT responsible for this loss to the ex-checker. On the basis of this report, NAB was directed by the PAC to take out investigation which has held a number of meetings so far. Presently, NAB Sindh is pursuing the case vigorously and is likely to report back to the PAC in two months.

ii. **PARA-135.7 ARPSE-2009-10**

The Audit pointed out that as per note-23.1 to the financial statements for the year ended June 30, 2009, loans from the Privatization Commission were Rs 481 million whereas the Privatization Commission has confirmed receivable of Rs 1,516 million (2008:Rs 1,452 million) which included principal loan liability of Rs 612.922 million and markup of Rs 903.796 million, which needs to be reconciled/explained.

PAC DIRECTIVE

The PAC clubbed the above mentioned two paras and directed NAB Sindh to provide detail of these cases in the next meeting.

PARAS RECOMMENDED FOR SETTLEMENT

EXPORT PROCESSING ZONED AUTHORITY

68. i. **PARA- 95 ARPSE-2009-10 NON-RECOVERY OF ANNUAL GROUND RENT AND UTILITY CHARGES - US $ 0.988 MILLION (RS.81.006 MILLION)**

PAKSITNA STEEL MILLS

ii. **PARA- 107 ARPSE-2009-10 NON-FORFEITURE OF SECURITY DEPOSIT OF DEFAULTING DEALERS AGAINST NON-LIFTING OF ALLOCATED QUANTITY – RS. 23.920 MILLION**

ENAR PETOTECH SERVICES (PVT) LIMITED

iii. **PARA- 125 ARPSE-2009-10 INTRODUCTORY PARA OF ENAR PETROTECH**

iv. **PARA- 125.1 ARPSE-2009-10**

v. **PARA- 125.2 ARPSE-2009-10**

PAKISTAN MACHINE TOOL FACTORY

vi. **PARA- 134 ARPSE-2009-10 INTRODUCTORY PARA OF PMTF**

vii. **PARA- 134.4 ARPSE-2009-10**

STATE ENGINEERING CORPORATION (PVT) LIMITED

viii. **PARA-128 ARPSE-2009-10**

HEAVY ELECTRICAL COMPLEX (PVT) LIMITED

ix. **PARA-131 ARPSE-2009-10**

x. **PARA-135.1 ARPSE-2009-10**

xi. **PARA-135.2 ARPSE-2009-10**

xii. **PARA-135.3 ARPSE-2009-10**

xiii. **PARA-135.4 ARPSE-2009-10**

xiv. **PARA-135.5 ARPSE-2009-10**

PAKISTAN ENGINEERING COMPANY LIMITED

xv. **PARA-135 ARPSE-2009-10**

PAC DIRECTIVE

The PAC recommended the above mentioned 15 paras for settlement on the recommendations of Audit.

MINISTRY OF INFORMATION, BROADCASTING AND NATIONAL HERITAGE
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Information Broad Casting and National Heritage examined by the PAC on 07th April, 2016, 29th November, 2016, 27th December, 2017 and 09th January 2018.

- 48 paras were presented by the Audit Department which were examined by the Committee. Out of which 15 paras was settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 12 grants out of which 09 were regularized by the committee.

- The committee referred the 07 paras to FIA.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the PAC meeting held on 7th April, 2016, under the Chairmanship of Shaikh Rohale Ashgar, MNA, to examine the Appropriation Accounts (Civil) 2008-09 and Audit Reports for the year 2009-10, pertaining to the Ministry of Information, Broadcasting & National Heritage are as under:

APPROPRIATION ACCOUNTS CIVIL 2008-09 (VOL-I)

NATIONAL HERITAGE

1 i. **GRANT NO.19-CULTURE DIVISION (EXCESS RS.6, 156,968/-)**

ii. **GRANT NO.20-OTHER EXPENDITURE OF CULTURE DIVISION (SAVING RS.48, 346,560/-)**

iii. **GRANT NO.134-DEVELOPMENT EXPENDITURE OF CULTURE DIVISION (SAVING RS.292, 891,285/-)**

On presentation of above three grants by the AGPR, the PAO requested the PAC to give some time for reconciliation of the accounts lying pending following the devolution of Ministry in 2011.

PAC DIRECTIVE

The PAC pended the above three grants on the request of PAO to resolve the issues within one month.

iv **GRANT NO.65-INFORMATION AND BROADCASTING DIVISION (SAVING RS. 6,940,767/-)**

v. **GRANT NO.66-DIRECTORATE OF PUBLICATIONS NEWSREELS AND DOCUMENTARIES (EXCESS RS.3, 192,452/-)**

vi. **GRANT NO.68-INFORMATION SERVICES ABROAD (EXCESS RS.23, 835,684/-)**

vii. **GRANT NO.69-OTHER EXPENDITURE OF INFORMATION AND BROADCASTING DIVISION (SAVING RS.11, 951,550/-)**

viii. **GRANT NO.149-DEVELOPMENT EXPENDITURE OF INFORMATION AND BROADCASTING DIVISION (SAVING RS.138, 797,568/-)**

PAC DIRECTIVE

The PAC recommended for regularization of the excesses / savings in the above five grants on the recommendation of AGPR.

ix. **GRANT NO. 67 - PRESS INFORMATION DEPARTMENT AND DOCUMENTARIES (Saving Rs. 833,946,709)**

AGPR pointed out that the grant closed with a saving of Rs. 824, 946, 709 which worked out to 69.50 percent of the total grant.

The PAO informed the Committee that Ministry was approached by this Department for the supplementary grant. It is to mention that supplementary grant of Rs. 971,570,000/- was sanctioned by the competent authority in April, 2009 to clear the liabilities of pending payment of advertisement agencies outstanding against the Government Departments since long. After getting the grant the Advertisement bills were submitted in the AGPR, some of them were cleared, but the remaining were not cleared due to certain observations/objections.

PAC DIRECTIVE

The PAC deferred the grant with the direction to the PAO to hold DAC on the issue and submit report within one month.

AUDIT REPORT FOR THE YEAR 2009-10

2. **PARA NO. 15.1, PAGE NO. 90, ARPSE-2009-10**
IRREGULAR EXPENDITURE PAID TO ADVERTISING AGENCIES ON ACCOUNT OF LONG OUTSTANDING DUES – RS. 18.880 MILLION

The Audit pointed out that Pakistan Information Department (PID) paid Rs. 18,876,339 from 2002 to 2008 on account of advertisements placed by the different organizations of Government without the approval / verification of the concerned Ministries / Departments & offices that the payment was due and had not been paid earlier. PID management stated that it sought validation from the concerned Ministries except for the Ministry of Water and Power. None other entity responded to such requests. PID was not in a position to ignore payment of Rs. 18.876 million in view of lack of response from the federal entities concerned.

The PAO informed that the matter had been got resolved and delay was occurred due to procedural intricacy.

PAC DIRECTIVE

The PAC recommended the Para for settlement subject to verification of record by Audit.

3. **PARA NO. 3.2.1.1 PAGE 88 AR-2009-10**
UNAUTHORIZED PROCUREMENT OF PHYSICAL ASSETS – C$ 19,935

The Audit pointed out that according to Rule 12 of PPR, 2004, procurements over Rs. 100,000 and upto the limit of Rs.2.00 million shall be advertised on Authority's website. These procurement opportunities may also be advertised in print media, if deemed necessary by the procuring agency. Similarly, as per Cabinet Division's OM No. 4/1/2008 dated 09.04.2008 financial limits for open tender(s) for Pakistan's Missions abroad have been fixed as under:

S. No.	Kind of Tender	Monetary Limits
1	Open tender	US $ 4,000 or € 3,000 and above
2	Limited tender	Less than US$ 4,000 or € 3,000 and above US$ 2,000 and € 1,500
3	Single tender	Upto US $ 2,000 or € 1,500

Contrary to the above, an Information Wing abroad purchased various items of furniture & fixture and machinery & equipment for Press Section amounting to C$ 19,935.48 without obtaining tenders. Moreover, the High Commission was not empowered to incur expenditure without prior approval of the Ministry of Information and Broadcasting. Therefore, the expenditure is held unauthorized.

The PAO informed that the procurement was made in the missions with the approval of the head of missions, however in this case purchase was made and receipts can be provided.

PAC DIRECTIVE

The PAC recommended the para for settlement with the remarks that such irregularities should be avoided in future and directed the PAO to obey the PEPRA rules in future.

4. **PARA-3.2.1.2 PAGE 89 AR- 2009-10**
NON-RECOVERY OF OVERPAID PAY & ALLOWANCES FROM VARIOUS OFFICERS –RS. 180,793

The Audit pointed out that according to para 28 of GFR, Vol-I, no amount due to government should be left outstanding without sufficient reasons.

Contrary to above, in the following cases, an amount of Rs.180, 793 was overpaid to three officers on account of pay & allowances which has not been recovered from them so far:

Non-recovery of govt. dues may be justified besides effecting recovery from the officers concerned under intimation to Audit.

The PAO informed that according to one officer, she had never received the amount in question. The view point of the Ministry was not correct as the overpaid amount has been shown in her LPC, issued by the AGPR.

PAC DIRECTIVE

The PAC recommended the para for settlement on the recommendations of Audit/DAC.

5. **PARA NO. 3.2.1.3, PAGE 89, AR-2009-10**
NON-ADJUSTMENT OF TA/DA ADVANCES - € 1,230, US$ 27,078, S$ 13,263, C$ 1,870 AND RS. 175,957

The Audit pointed out that according to para 269 of GFR, Vol-I, advances drawn for meeting the expenditure on transfer and official tour are required to be adjusted soon after completion of the assignment or before the close of financial year whichever is earlier. Contrary to the above, TA/DA advances were paid to the officers and officials on their transfer from Mission to Headquarter or vice versa but their adjustments have not been made till the date of audit. Non-adjustment of outstanding advances may be justified and the same may be either got adjusted or recovered from all concerned without further delay under intimation to Audit.

The PAO informed that the concerned officers/officials had been directed to get their advances adjusted.

PAC DIRECTIVE

The PAC directed the PAO to provide proof of recovery / settlement in all remaining cases within one month failing which recovery should be made from the officers/ officials.

6. i. **PARA-3.2.1.4 PAGE 90 AR- 2009-10**
NON-RECOVERY OF SERVICE CHARGES FROM PRESS COUNSELOR - € 1,704

The Audit pointed out that as per para 8.22 of FMMA Vol-II, other officers and members of the staff of Mission abroad are required to pay services and other tenant's charges themselves as these are not included in free furnished accommodation to which they are entitled.

During scrutiny of record at Embassy of Pakistan, Berlin, it was observed that an expenditure of € 1,704/49 was incurred vide voucher No. 85 of August, 2007 on account of adjustment of running cost of the flat occupied by a Counselor for the period from 01/01/2006 to 31/12/2006. Audit is of the view that the expenditure of condominium charges were required to be borne by the officer himself. The amount of € 1,704/49 may be recovered from the officer concerned. Ministry replied that according to the officer, service charges @ 4% of house rent were deducted from his salary but Ministry did not provide documentary evidence.

ii. **PARA-3.2.1.5 PAGE 91 AR- 2009-10**
NON-RECOVERY ON ACCOUNT OF HOME LEAVE PASSAGE – RS. 137,287

The Audit pointed out that according to para 28 of GFR, Vol-I, no amount due to government should be left outstanding.

Contrary to above, it has been observed that an amount of Rs.137,287 on account of Home Leave Passage was recoverable from a Press Minister at PAHIC, Dhaka which was not recovered from him so far.The amount in question may be recovered from the officer concerned under intimation to audit.The irregularity was conveyed to the Ministry/Mission in August, 2010 but no response has so far been received.

PAC DIRECTIVE

The PAC referred the above mentioned two paras for pursuance at DAC level.

7. **PARA NO. 3.2.2.1, PAGE NO. 92, AR-2009-10**
NON-RECOVERY OF SECURITY DEPOSIT - US$ 1,300 AND S$ 10,000

The Audit pointed out that in terms of Para 8.14 and 8.14-A of FMMA V-II, the buildings where deposit money is to be paid to the land lord should not be hired. In case payment of deposit money is unavoidable prior approval of the Ministry should be obtained. The security deposit is required to be refunded at the time of handing over the house to the landlord.

Contrary to above, 02 Pakistan Missions abroad paid security deposits amounting to US$ 1,300 and S$ 10,000 for the residences of officers/staff of Information Wings which was not got refunded from the respective landlords at the time of vacation of residences. In one case, the Mission intimated the Ministry of Foreign Affairs, vide fax message No.1/8/2008-Admn, dated 23rd September 2008, that it was not possible to get the refund of security deposit of US$ 1,300 from the landlord. Therefore, the amount may be recovered from the officer. The Mission accordingly included the amount in LPC of the officer as recoverable from him.

The PAO informed the committee that in this case immediate recovery was required / feasible, which were not made. Now it seems difficult to recover the amount from the owner of the houses abroad.

PAC DIRECTIVE

The PAC directed the PAO and Audit to hold a DAC and examine the issue in the light of affidavit signed by the officials/ officers at the time of posting abroad and report to the committee.

ASSOCIATED PRESS OF PAKISTAN CORPORATION

8. **PARA NO. 146, PAGE NO. 213-214, ARPSE- 2009-10**
IRREGULAR APPOINTMENT OF A NEWS EDITOR – RS. 2.442 MILLION

The Audit pointed out that contrary to the above, APPC appointed a graduate as News Editor at APPC Urdu service, on contract basis initially for a period of one year on consolidated pay of Rs. 15,000 per month w.e.f February 4, 2003. The officer was promoted as Chief News Editor (CNE) Urdu Service with increased salary of Rs 30,000 per month w.e.f October 8, 2004. Subsequently, it was learnt that the News Editor now Chief News Editor (CNE) was not having a genuine graduation degree as verified by the Baha-ud-Din Zakaria University, Multan vide letter dated January 8, 2005.

The PAO informed the committee that on recommendation of the Senate Standing Committee his services were terminated and he was only paid for the service period.

PAC DIRECTIVE

The PAC pended the Para and directed the PAO to conduct the inquiry himself and report to the committee / audit within one month.

PAKISTAN BROADCASTING CORPORATION

9. **PARA NO. 148, PAGE NO. 215-216, ARPSE-2009-10**
BLOCKAGE OF FUNDS DUE TO NON-COMMISSIONING OF TRANSMITTERS – RS. 101.343 MILLION

The Audit pointed out that PBC procured two 100 KW transmitters for World and External Services, Landhi Karachi. The equipments were received and provisional acceptance test was completed in May 2008. The equipment remained uninstalled due to non-procurement of its Antenna/Aerial System. Due to ill planed procurement, the delivery of services could not be rendered and the funds to the tune of Rs. 101.343 million were blocked and warranty period of transmitters had since expired.

The PAO informed the committee that the equipment is still intact, however 38 Million is required to make it operative. The case for additional funds has also been forwarded for approval to planning Division.

PAC DIRECTIVE

The PAC pended the Para, as the PAO insured that equipment is technically intact.

10. **PARA NO. 149, PAGE NO. 216, ARPSE- 2009-10**
NON-RECOVERY OF MARKETING RIGHTS – RS. 49.072 MILLION

The Audit pointed out that Pakistan Broadcasting Corporation (PBC) executed an agreement on January 1, 2000 with M/s. Clarity Communication Pakistan (CCP), Karachi for marketing rights of Commercial time on FM-101 (8 units) from January 1, 2000 to May 31, 2003. The amount of agreement was Rs. 46 million per annum (net of taxes). This agreement was renewed for the next three years for the period from June 1, 2003 to May 31, 2006 with value of Rs. 53.500 million per annum (net of taxes).

The management made 2nd renewal of the agreement from June 1, 2006 to May 31, 2009 with value of Rs. 56.100 million per annum. However clauses of bank guarantee, monthly advance payment and yearly escalation had not been included in the agreement.

The company failed to pay monthly installments to PBC. The management did not make concrete efforts for recovery of balance amount, after expiry of contract period. A sum of Rs. 49.072 million was outstanding against CCP as on June 30, 2009.

The PAO informed that the cheques are available for the recovery.

PAC DIRECTIVE

The PAC settled the Para subject to verification of record by Audit.

PAKISTAN TELEVISION CORPORATION LIMITED

11. **PARA NO. 152, PAGE NO. 218-219, ARPSE- 2009-10**
NON-RECOVERY OF UTILIZATION CHARGES – RS. 80.500 MILLION

The Audit pointed out that under the agreement M/s. GDN/SVB was liable to pay an amount of US $ 100,000 for UK specific beam out of minimum guaranteed amount of US $ 250,000 by January 15, 2008 against which the firm paid US $ 150,000. USA specific beam was to be commenced from March 1, 2008 but it was launched on August 13, 2008 after a delay of five and a half months. The firm also did not pay US $ 1,000,000. No legal action was initiated by the Corporation. This resulted in loss of revenue to the Corporation amounting to US $ 1,150,000 (equivalent to Pak/Rs 80.500 million @ Rs. 70 =1 $).

The PAO informed the committee that as decided in DAC fresh inquiry would be conducted and report in this regard would be submitted accordingly.

PAC DIRECTIVE

The PAC pended the Para and directed the PAO to complete the inquiry duly verified by Audit and report within one month to Audit / PAC.

12. **PARA NO. 153, PAGE NO. 219-220, ARPSE-2009-10**
NON-RECOVERY ON ACCOUNT OF PROVISION OF UPLINK FACILITY – RS. 65.272 MILLION

The Audit pointed out that PTVC provided uplink facility to M/s. Indus Entertainment (Pvt.) Limited at a monthly rent of US $ 32,000 from October 12, 2002 as per acceptance letter dated August 10, 2002. The deal was subject to signing of agreement by M/s. Indus Entertainment (Pvt.) Limited. PTVC on June 28, 2006 sent a draft agreement but the same was not signed by the party. PTVC continued to provide uplink facility without any agreement till April 30, 2007, despite default in payment. Resultantly default amount piled up to US $ 796,000 equal to Pak. Rs. 65.272 million. The party paid eleven cheques for Rs.10.861 million which were dishonored but no legal action was initiated against the party.

The PAO insured the committee that he will probe into matter and will resolve it finally.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to hold an inquiry and report to the PAC / Audit within one month.

13. i. **PARA NO. 154, PAGE NO. 220-221, ARPSE-2009-10**
UNDUE FAVOUR TO A PROGRAMME PRODUCTION COMPANY – RS. 52.225 MILLION

The Audit pointed out that Pakistan Television Corporation (PTVC) entered into an agreement with M/s. Sports Star International (SSI) on October 21, 2002 for grant of licence by PTVC to SSI to obtain PTVCs programmes in its archives for telecasting. As per Clause 3.2 of the agreement, PTVC shall issue invoice for each calendar month in the first week of next month to SSI for payment within 30 days. Clause 9.1 further provides that in case payment is not made in time by SSI, PTVC will serve a notice for ceasing the supply of further programmes. If after 30 days of serving of the notice, the payment has not been received, further supply will be stopped within a period of 60 days, failing which the PTVC shall terminate the agreement.

ii. **PARA NO. 156, PAGE NO. 222-223, ARPSE-2009-10**
LOSS DUE TO PROCUREMENT OF PROGRAMMES ALREADY AIRED – RS. 16.459 MILLION

The Audit pointed out that Pakistan Television Corporation purchased 76 programmes (already aired), through a committee during 2007-08, for telecasting in matinee and late night. Out of these programmes, 28 could not earn even its cost of Rs. 29.212 million. Resultantly, PTVC sustained a loss of Rs. 16.459 million on telecast of these programmes (cost Rs. 29.201 million - income Rs. 12.742 million).

PAC DIRECTIVE

The PAC pended and clubbed the above mentioned two Paras with the direction to PAO to inquire the matter from the following point of views.

a) Name of contractor
b) Nature of contract
c) Relation with the contractor of allocating authority with a report to PAC/Audit within one month.

14. **PARA NO. 157, PAGE NO. 223, ARPSE-2009-10**
IRREGULAR EXPENDITURE DUE TO PROCUREMENT OF IMPORTED VEHICLES – RS. 10.061 MILLION

The Audit pointed out that Pakistan Television Corporation purchased four imported vehicles (1 KIA Sportage and 3 Toyota Hilux 4x4 Double Cabin) at a cost of Rs. 10.061 million during 2007-08 from M/s. Hamdani Twin City Motors and M/s. Toyota Capital Motors, Islamabad, respectively. The purchase was

made without prior approval of the Prime Minister. The expenditure of Rs. 10.061 million, therefore, was considered irregular.

The PAO informed the committee that two local and one imported vehicles were purchased for the live coverage of General Election.

PAC DIRECTIVE

The PAC pended the Para and directed the PAO to pursue the case with Establishment Division for regularization and report to PAC/Audit within one month.

15. **PARA NO. 158, PAGE NO. 224, ARPSE- 2009-10**
NON-RECOVERY ON ACCOUNT OF TECHNICAL SERVICES – RS. 9.518 MILLION

The Audit pointed out that the International Relation Division of PTVC provided certain types of technical/up-linking facilities to 09 foreign clients from December 1997 to April 2006. No formal agreement was entered into with the clients to safeguard the public interest. The parties went into default, but PTVC continued to provide its services to them. This resulted in non-recovery of Rs. 9.518 million from foreign clients on account of provision of technical services.

The PAO informed the committee that he will persue the case and evidences in this regard will be provided to audit.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to pursue the case vigorously through Embassies and evidences in this regard should be provided to PAC/Audit.

16. **PARA NO. 159, PAGE NO. 224-225, ARPSE-2009-10**
IRREGULAR EXPENDITURE ON AWARD OF CONSULTANCY – RS. 5.106 MILLION

The Audit pointed out that Pakistan Television Corporation awarded the consultancy services of designing and linking of newly established Chaghi News Centre to a person at a monthly pay of Rs. 425,535 for a period of one year vide agreement dated May 12, 2007. The consultancy was neither advertised in newspaper nor proper procedure for appointment was adopted. An amount of Rs. 5.106 million was paid to the consultant from May 12, 2007 to May 11, 2008. This resulted in an irregular expenditure of Rs. 5.106 million.

The PAO informed the Committee that the Board of Directors has approved the expenditure.

PAC DIRECTIVE

The PAC referred back the Para to the DAC to examine the rules pertaining to power of Board of Directors and report to PAC.

17. **PARA NO. 160, PAGE NO. 225-226, ARPSE-2009-10**
IRREGULAR PAYMENT DUE TO APPOINTMENT ON THE BASIS OF FAKE DEGREE – RS. 2.407 MILLION

The Audit pointed out that contrary to the above, PTVC management appointed Manager Marketing on contract basis for a period of 3 years on August 7, 2007 at a monthly salary of Rs. 100,000, plus car lease Rs. 10,500 per month, mobile Rs. 4,000 per month and petrol 200 liters per month. The officer joined duty on August 25, 2007. As per record available in his personal file, the educational qualification of the officer was BBA (Finance) from Lahore School of Economics. On verifying the degree, the concerned Institution vide its letter dated February 21, 2008 confirmed that the officer concerned did not complete the course and was not awarded degree.

The officer was appointed in PTVC in contravention of the prescribed criteria and qualification and without advertisement in the website as well as in print media for information of interested applicants. The prescribed qualification, as approved by the Board, for the said post was MBA (Marketing), however, the appointment was made on the basis of a photocopy of a fake transcript of BBA (Finance) which happened to be a lower qualification. As per record placed in personal file the educational qualification of the officer was only Matriculation. The officer remained on pay roll of the Corporation till March 2009. Thus, the payment of Rs. 2,407,081 from August 25, 2007 to March 31, 2009 @ Rs. 114,500 per month plus cost of petrol of 19 months @ Rs. 55 per liter made to the officer was considered irregular.

The PAO apprised the committee that the person is already in the custody of FIA in some other case.

PAC DIRECTIVE

The PAC pended the Para and referred the case to FIA for further investigation.

PARAS RECOMMENDED FOR PURSUANCE AT DAC LEVEL

18. i) **PARA NO. 151**
EXCESS DEDUCTION OF SERVICES CHARGES BY WAPDA ON ACCOUNT OF COLLECTION OF TV LICENSE FEE - 273.747 MILLION

ii) **PARA NO. 155**
UNAUTHORIZED EXPENDITURE DUE TO REVISION OF PAY SCALES – RS 48.211 MILLION

PAC DIRECTIVE

The PACreferred the above two Paras for pursuance at DAC level.

PARAS RECOMMENDED FOR SETTLEMENT

ASSOCIATED PRESS OF PAKISTAN

19. i. **PARA NO. 145**

PAKISTAN BROADCASTING CORPORATION

ii. **PARA NO. 147**

PAKISTAN TELEVISION CORPORATION LTD

iii. **PARA NO. 150**

PAC DIRECTIVE

The PAC recommended the above mentioned three Paras for settlement on the recommendations of Audit.

ARCHAEOLOGY DEPARTMENT

20. **PARA NO. 6.1, PAGE NO. 145, AR-2009-10**
IRREGULAR AWARD OF WORKS WITHOUT INVITING TENDERS – RS. 4.3 MILLION

The Audit point out that the Project Director (Jandiala Sher Khan and Shahdara Complex of Monuments) Northern Circle, Archaeology, Lahore awarded four works (having individual cost above Rs. 100,000) to contractors for Rs. 4.3 million without inviting tenders. This resulted in irregular award of works for Rs. 4.3 million.

PAC DIRECTIVE

The PACpended the Para till the examination of report by the Audit.

21. **PARA NO. 6.2, PAGE NO. 145-146, AR-2009-10**
IRREGULAR AWARD OF WORK WITHOUT INVITING TENDERS – RS. 1.7 MILLION

The Audit pointed out that as per para 12(2) of Public Procurement Rules 2004; tenders beyond the value of Rs. 1 million are to be advertised on website of the department and in two daily national newspapers, one in Urdu and the other in English. The Project Director, National Museum, Karachi awarded a work of anti-termite treatment / proofing for Rs. 1.7 million to a contractor without inviting tenders / wide publicity. This resulted in irregular award of work for Rs. 1.7 million.

PAC DIRECTIVE

The PAC pended the Para and directed the PAO to inquire into the matter and report to PAC within one month duly verified by Audit.

22. **PARA NO. 6.3, PAGE NO. 146-147, AR- 2009-10**
NON-ACCOUNTING/AUCTION OF TWO AIR-CONDITIONER PLANTS (7.5 TON CAPACITY) – RS. 1 MILLION

The Audit pointed out that as per para 51 of Archaeological Works Code, when stores of any head become unserviceable a report thereof should be made to the superintendent. This should be done at once on discovery of the fact. The Project Director, National Museum, Karachi did not prepare survey report of two air-conditioner plants (7.5 ton capacity) installed in the National Museum. These plants were removed in August 2007 and new split air-conditioning units were installed. Accounting / auction of these removed plants was not arranged. This resulted in non-accounting / auction of air-conditioner plants valuing approximately Rs. 1 million

PAC DIRECTIVE

The PAC recommended the Para for settlement subject to verification of record by Audit.

23. i) **PARA NO. 6.4, PAGE NO. 147-148, AR- 2009-10**
NON-RECOVERY OF ELECTRICITY/SUI GAS CHARGES FROM OCCUPANTS – RS. 461,049

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ii) **PARA NO. 6.5, PAGE NO. 148, AR- 2009-10**
NON-FORFEITURE OF EARNEST MONEY – RS. 161,000 AND LESS RECOVERY – RS. 65,795

PAC DIRECTIVE

The PAC recommended the above mentioned 02 Paras for settlement on the recommendations of Audit.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the of PAC meeting held on 29th November, 2016 under the convenership of Sardar Ashiq Hussain Gopang, MNA to examine the Appropriation Accounts for the Year 2008-09 and Audit Report for the Year 2009-10, pertaining to the Ministry of Information, Broadcasting & National Heritage are as under:

APPROPRIATION ACCOUNTS (CIVIL) VOL-1 2008-09
MINISTRY OF INFORMATION, BROADCASTING AND NATIONAL HERTITAGE

24. i. **GRANT NO.67-PRESS INFORMATION DEPARTMENT**
SAVING RS. 833,946,709

PAC DIRECTIVE

The AGPR informed that the subject grant was presented before the PAC on 07-04-2016. The Committee issued following directives:-

The PAC deferred the grant with the direction to the PAO to hold DAC on the issue and submit report within one month.

The PAO replied that supplementary grant was sanctioned in the end of April 2009 to clear the liabilities of pending payment of advertisement agencies outstanding against the Government Departments since long. After getting the grant, the Advertisement bills were submitted in the AGPR, some of them were cleared, but the remaining were not cleared due to certain observations/objections.

PAC DIRECTIVE

The PAC recommended the saving in the grant for regularization, however, directed the PAO to maintain the financial discipline in the Ministry as well as in its subordinate/attached departments.

ii. **GRANT NO.19-CULTURE DIVISION**
EXCCESS RS. 6,156,968

The AGPR informed the Committee that the grant closed with an excess of Rs.6, 156,968 which works out to 2.38 percent of the total grant. An amount of Rs.2, 272,783 (0.88%) was surrendered increasing net excess to Rs.8, 429,751 (3.26%).

The PAO replied that the excess occurred mainly due to revision of pay scales in 2008 for which no budget allocation was made available.

PAC DIRECTIVE

The PAC recommended the excess in the grant for regularization.

iii. **GRANT NO.134-DEVELOPMENT EXPENDITURE OF CULTURE DIVISION SAVING RS. 292,891,285**

The AGPR informed the Committee that the grant was closed with a saving of Rs.292, 891,285 which works out to 62.38 percent of the total grant. An amount of Rs.265, 145,825 (56.47%) was surrendered leaving net saving of Rs.27, 745,460 (5.91%).

The PAO apprised the committee that saving mainly occurred in the project titled "Establishment of National Cultural Centre for Performing Art, Islamabad"due to the reason that funds were not released by the planning Commission till close of financial year.

PAC DIRECTIVE

The PAC recommended the saving in the grant for regularization.

(NATIONAL HERTITAGE)

iv. **GRANT NO.20-OTHER EXPENDITURE OF CULTURE DIVISION SAVING RS. 48,346,560**

The AGPR informed the Committee that the grant closed with a saving of Rs.48, 346,560 which works out to 22.74 percent of the total grant. An amount of Rs.9, 378,000 (4.41%) was surrendered leaving net saving of Rs.38, 968,560 (18.33%).

The PAO apprised that the saving occurred due to non implementation of cultural pacts and international contributions and non finalization of National Film Award 2008-09. Hence the funds could not be surrendered in time.

PAC DIRECTIVE

The PAC recommended the saving in the grant for regularization.

AUDIT REPORT FOR THE YEAR 2009-10
MINISTRY OF INFORMATION, BROADCASTING & NATIONAL HERITAGE

25. **PARA-3.2.1.3 PAGE 89 AR 2009-10**
NON-ADJUSTMENT OF TA/DA ADVANCES - € 1,230, US$ 27,078, S$ 13,263, C$ 1,870 AND RS. 175,957

The Audit pointed out that according to para 269 of GFR, Vol-I, advances drawn for meeting the expenditure on transfer and official tour are required to be adjusted soon after completion of the assignment or before the close of financial year whichever is earlier. Contrary to the above, TA/DA advances were paid to the officers and officials on their transfer from Mission to Headquarter or vice versa but their adjustments have not been made till the date of audit.

PAC DIRECTIVES (07.04.2016)

The PAC directed the PAO to provide proof of recovery / settlement in all remaining cases within one month failing which recovery should be made from the officer / officials.

The PAO apprised that TA/DA record of three cases has been verified by Audit where as record of remaining eight cases would be produced to Audit in near future.

PAC DIRECTIVE

The PAC pended the para with the direction to the PAO to get verified the remaining requisite record from the Audit within 15 days under report to PAC.

26. i. **PARA-3.2.1.4 PAGE 90 AR 2009-10**
NON-RECOVERY OF SERVICE CHARGES FROM PRESS COUNSELOR - € 1,704

The Audit pointed out that as per para 8.22 of FMMA Vol-II, other officers and members of the staff of Mission abroad are required to pay services and other tenant's charges themselves as these are not included in free furnished accommodation to which they are entitled. During scrutiny of record at Embassy of Pakistan, Berlin, it was observed that an expenditure of € 1,704/49 was incurred vide voucher No. 85 of August, 2007 on account of adjustment of running cost of the flat occupied by a Counselor for the period from 01/01/2006 to 31/12/2006. Audit is of the view that the expenditure of condominium charges were required to be borne by the officer himself.

PAC DIRECTIVES DATED 07.04.2016

The PAC referred the para for pursuance at DAC level.

The PAO apprised the Committee that the amount has been deducted from the LPC of the officers.

ii. **PARA-3.2.1.5 PAGE 91 AR 2009-10**
NON-RECOVERY ON ACCOUNT OF HOME LEAVE PASSAGE – RS. 137,287

The Audit pointed out that according to para 28 of GFR, Vol-I, no amount due to government should be left outstanding. Contrary to above, it has been observed that an amount of Rs.137,287 on account of Home Leave Passage was recoverable from a Press Minister at PAHIC, Dhaka which was not recovered from him so far. The amount in question may be recovered from the officer concerned under intimation to audit.

PAC DIRECTIVES DATED 07.04.2016

The PAC referred the para for pursuance at DAC level.

PAC DIRECTIVE

The PAC pended both the above mentioned two paras and directed the PAO to get verified the record from Audit within 15 days under repot to the PAC.

27. **PARA-3.2.2.1 PAGE 92 AR 2009-10**
NON-RECOVERY OF SECURITY DEPOSIT - US$ 1,300 AND S$ 10,000

The Audit pointed out that In terms of Para 8.14 and 8.14-A of FMMA V-II, the buildings where deposit money is to be paid to the land lord should not be hired. In case payment of deposit money is unavoidable prior approval of the Ministry should be obtained. The security deposit is required to be refunded at the time of handing over the house to the landlord. Contrary to above, 02 Pakistan Missions abroad paid security deposits amounting to US$ 1,300 and S$ 10,000 for the residences of officers/staff of Information Wings which was not got refunded from the respective landlords at the time of vacation of residences. In one case, the Mission intimated the Ministry of Foreign Affairs, vide fax message No.1/8/2008-Admn, dated 23rd September 2008, that it was not possible to get the refund of security deposit of US$ 1,300 from the landlord. Therefore, the amount may be recovered from the officer. The Mission accordingly included the amount in LPC of the officer as recoverable from him.

PAC DIRECTIVES DATED 07.04.2016

The PAC directed the PAO and Audit to hold a DAC and examine the issue in the light of affidavit signed by the official / officers at the time of posting abroad and report to the committee.

The PAO apprised the Committee that the relevant record has been sent to DG Audit(Federal Government), Islamabad for verification.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to verification of record and satisfaction by Audit.

28. **PARA NO. 15.1 PAGE NO. 89 (AR 2009-10)**
IRREGULAR EXPENDITURE PAID TO ADVERTISING AGENCIES ON ACCOUNT OF LONG OUTSTANDING DUES RS 18.88 MILLION

The Audit pointed out that According to Establishment Division letter No. 1/22/08-TF/R-1 dated 23rd August 2008, the cost of centralized advertisements in the Newspapers for vacant posts advertised by the Task Force on employment was to be met by the respective Division / Department. Audit observed that Pakistan Information Department (PID) paid Rs. 18,876,339 from 2002 to 2008 on account of advertisements placed by the different organizations of Government without the approval / verification of the concerned Ministries / Departments & offices that the payment was due and had not been paid earlier.

PAC'S DIRECTIVES (07.04.2016)

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

The PAO apprised the Committee that the advertisement in the newspapers in respect of vacant posts advertised by the Task Force on Employment would be met by the respective Ministries / Divisions / Departments / Sub-ordinate Offices / Autonomous Bodies / Corporations and also informed PID to split the bills of advertisement and send to the respective Ministries / Divisions for payment. During 2009 Ministry of Information, Broadcasting and National Heritage submitted a Summary to the Prime Minister for approval, which was approved and payment was made to the different agencies with the approval of DG / PIO because the original bills of the agencies were with PID.

PAC DIRECTIVE

The PAC pended the para with the direction to the PAO to hold DAC and settle all the issues contained in the Audit para with Audit before the next meeting of PAC.

29. **PARA NO. 5.5 PAGE NO. 31 (AR 2009-10)**
UNAUTHORIZED PAYMENT OF MEDICAL ALLOWANCE AT THE RATE OF 35% AND 17.50 % OF BASIC PAY TO THE MARRIED AND UNMARRIED EMPLOYEES OF ACADEMY

The Audit pointed out that Para-25 of GFR Vol-I, states that all Departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, the Ministry of Finance. Pakistan Academy of Letters (PAL) paid its employees medical allowance at the rates of 35% and 17.50 % of the basic pay with effect from 14.04.2007. Neither rules were framed and placed before the Board nor approval of Finance Division obtained. Audit held that the amount paid in medical allowance as unauthorized.

The DG Pakistan Academy of Letters (PAL) apprised the Committee that Department has already discontinued the payment of Medical Allowance @ 35% to its employees.With regards to recovery of overpayment, the reference has also been sent to the Finance Division through Ministry of Education but the decision remained pending due to devolution of Ministry of Education.

PAC DIRECTIVE

The PAC pended the para with the direction to the PAO to personally pursue the matter with the Finance Division for its early resolution under report to Audit/PAC.

30. **PARA NO. 5.6 PAGE NO. 32 (AR 2009-10)**
IRREGULAR APPOINTMENTS AND PROMOTIONS IN THE PAKISTAN ACADEMY OF LETTERS

The Audit pointed out that Sections 11 & 12 of the Civil Servants Appointment Act 1973 states that initial appointments shall be made after the vacancies have been advertised in newspapers. The candidate must possess the educational qualifications and experience.

During test check of recruitments and promotions of employees at the Pakistan Academy of Letters (PAL), Audit observed the following irregularity:

- Assistant Public Relations Officer (BPS-11) was appointed on 12.08.1986 without advertising the post. His qualification was Matric. Afterwards he was promoted to the post of Publications Officer (BPS-16 on acting basis) and then to the post of Public Relations Officer (BPS-17) on 21.12.2006 without required qualification, seniority and experience.

- A post of Assistant Director (BPS-17) was advertised on 13.11.2005. The criteria given in the advertisement was Graduation (2ndClass) plus five years experience of service in marketing in Grade-16 in a

Government/Semi-Government Department. The appointee was already working as UDC in PAL and did not possess the required qualification and experience.

- An Assistant (BPS-11) was appointed on 17-03-1987 on ad-hoc basis for three months. The appointment was regularized on 05-01-1988 and appointee was promoted to the post of Assistant Research Officer on 05-09-1988 and given another promotion as Assistant Director (R&T) in BPS-17 on 16.02.1995. The post was not advertised in press. Promotions to the posts of Assistant Research Officer and Assistant Director were made without observing seniority.

  The management replied that the following the recommendations of the DAC, record of all the appointments/promotions has been produced to the inquiry committee, constituted by the Ministry. Two officers has been retired whereas four are in service.

PAC DIRECTIVE

The PAC directed the PAO to finalize the inquiry report within one month and share with Audit before the next meeting of the PAC.

NATIONAL HISTORY & LITERARY HERITAGE DIVISION

(DEPARTMENT OF ARCHAEOLOGY & MUSEUM)

31. i. **PARA NO. 6.1, PAGE-145 AR-2009-10**
IRREGULAR AWARD OF WORKS WITHOUT INVITING TENDERS – RS. 4.3 MILLION

The Audit pointed out that as per Public Procurement Rules, 2004, financial limit for open tender system is Rs 100,000 or over. The Project Director (Jandiala Sher Khan and Shahdara Complex of Monuments) Northern Circle, Archaeology, Lahore awarded four works (having individual cost above Rs. 100,000) to contractors for Rs. 4.3 million without inviting tenders. This resulted in irregular award of works for Rs. 4.3 million.

PAC'S DIRECTIVE DATED 07.04.2016

The PAC pended the para till the examination of report by Audit.

ii. **PARA NO. 6.2, PAGE-145-146 AR 2009-10**
IRREGULAR AWARD OF WORK WITHOUT INVITING TENDERS – RS. 1.7 MILLION

The Audit pointed out that as per para 12(2) of Public Procurement Rules 2004, tenders beyond the value of Rs. 1 million are to be advertised on website of the department and in two daily national newspapers, one in Urdu and the other in English. The Project Director, National Museum, Karachi awarded a work of anti-termite treatment / proofing for Rs. 1.7 million to a contractor without inviting tenders / wide publicity. This resulted in irregular award of work for Rs. 1.7 million.

PAC'S DIRECTIVE DATED 07.04.2016

The PAC pended the Para and directed the PAO to inquire into the matter and report to PAC within one month duly verified by Audit.

The PAO apprised the Committee that the in 2008 the original work was executed but not completed. Funds were not released in accordance to the project phase, during the financial year minimum work was executed. The tender was launched again on the same project. The contract was assigned to the previous contractor on the same previous rates and they finished the project.

PAC DIRECTIVE

The PAC recommended the above mentioned two paras for settlement.

PARA RECOMMENDED FOR SETTLEMENT.

32. **PARA NO. 6.3, PAGE-146-147 AR 2009-10**
NON-ACCOUNTING/AUCTION OF TWO AIR-CONDITIONER PLANTS (7.5 TON CAPACITY) - RS 1 MILLION

PAC DIRECTIVE

The PAC recommended the para for settlement on the recommendations of Audit.

The following thirteen (13) paras were referred to DAC with the direction to PAO to discuss all the departmental issues and get finalized them and all these paras will be discussed in the next meeting of the PAC.

33.
i. **PARA-62 PAGE-87-88 ARPSE-2009-10**
ii. **PARA-146 PAGE-213-214 ARPSE-2009-10**
iii. **PARA-148 PAGE-215-216 ARPSE-2009-10**
iv. **PARA-149 PAGE-216 ARPSE-2009-10**
v. **PARA-152 PAGE-218-219 ARPSE-2009-10**
vi. **PARA-153 PAGE-219-220 ARPSE-2009-10**
vii. **PARA-154 PAGE-220-221ARPSE-2009-10**
viii. **PARA-156 PAGE-222-223 ARPSE-2009-10**
ix. **PARA-157 PAGE-223 ARPSE-2009-10**
x. **PARA-158 PAGE-224 ARPSE-2009-10**
xi. **PARA-159 PAGE-224-225 ARPSE-2009-10**
xii. **PARA-160 PAGE-225-226 ARPSE-2009-10**
xiii. **PARA-61 PAGE-19 ARPSE-2009-10**

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 27th December, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Audit Report for the year 2009-10 pertaining to the Ministry of Information, Broadcasting and National Heritage.

AUDIT REPORT FOR THE YEAR 2009-10

PRESS INFORMATION DEPARTMENT (PID), ISLAMABAD

34. **PARA NO. 15.1 PAGE NO. 89 (AR 2009-10)**
IRREGULAR EXPENDITURE PAID TO ADVERTISING AGENCIES ON ACCOUNT OF LONG OUTSTANDING DUES – RS. 18.88 MILLION

Audit pointed out that according to Establishment Division letter No. 1/22/08-TF/R-1 dated 23rdAugust 2008, the cost of centralized advertisements in the Newspapers for vacant posts advertised by the Task Force on employment was to be met by the respective Division / Department. Audit observed that Pakistan Information Department (PID) paid Rs. 18,876,339 from 2002 to 2008 on account of advertisements placed by the different organizations of Government without the approval / verification of the concerned Ministries / Departments & offices that the payment was due and had not been paid earlier.

PAC DIRECTIVE DATED (07.04.2016)

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

PAC DIRECTIVE DATED (29.11.2016)

The PAC pended the para with the direction to the PAO to hold DAC and settle the issues contained in the Audit para with Audit before the next meeting of PAC.

PAC DIRECTIVE

The PAC pended the para till the next meeting of PAC.

PAKISTAN ACADEMY OF LETTERS

35. **PARA NO. 5.5 PAGE NO. 31 (AR 2009-10)**
UNAUTHORIZED PAYMENT OF MEDICAL ALLOWANCE AT THE RATE OF 35% AND 17.50 % OF BASIC PAY TO THE MARRIED AND UNMARRIED EMPLOYEES OF ACADEMY

Audit pointed out that Para-25 of GFR Vol-I, states that all Departmental regulations in so far as they embody orders or instructions of a financial character or have important financial bearing should be made by, or with the approval of, the Ministry of Finance. Pakistan Academy of Letters (PAL) paid its employees medical allowance at the rates of 35% and 17.50 % of the basic pay with effect from 14.04.2007. Neither rules were framed and placed before the Board nor approval of Finance Division obtained. Audit held that the amount paid in medical allowance as unauthorized.

PAC DIRECTIVE DATED (29.11.2016)

The PAC pended the para with the direction to the PAO to personally pursue the matter with the Finance Division for its early resolution under report to Audit/PAC.

The PAO apprised the Committee that Pakistan Academy of Letters (PAL) has already discontinued the payment of Medical Allowance @ 35% to its employees. With regards to recovery of overpayment, the reference has also been sent to the Finance Division through Ministry of Education to condone the recovery vide PAL's letter No.3(13)/2009-Admn dated 28.10.2010 in the light of minutes of the DAC meeting held on 30.05.2009 in respect of PAL for the year 2007-08. Later on the matter was sent to Ministry of Finance through Ministry of Education, but the decision remained pending due to devolution of Ministry of Education.

PAC DIRECTIVE

The PAC pended the para with the direction to the PAO to provide grade wise list of employees to whom unauthorized payment of medical allowances were given.

36. **PARA NO. 5.6 PAGE NO. 32 (AR 2009-10)**
IRREGULAR APPOINTMENTS AND PROMOTIONS IN THE PAKISTAN ACADEMY OF LETTERS

Audit pointed out that Sections 11 & 12 of the Civil Servants Appointment Act 1973 states that initial appointments shall be made after the vacancies have been advertised in newspapers. The candidate must possess the educational qualifications and experience. During test check of recruitments and promotions of employees at the Pakistan Academy of Letters (PAL), Audit observed the following irregularity.

PAC DIRECTIVE DATED (29.11.2016)

The PAC directed the PAO to finalize the inquiry report within one month and share with Audit before the next meeting of the PAC.

The PAO stated that appointments/promotions were made with the approval of competent authority. The matter would be placed in next meeting of the B.O.D.

PAC DIRECTIVE

The PAC pended the para with the direction to the PAO to frame rules of appointments within one month and report to Audit/PAC.

NATIONAL BOOK FOUNDATION

37. **PARA-62 PAGE-87-88 ARPSE-2009-10**
UNAUTHORIZED PAYMENT OF MEDICAL ALLOWANCE – RS. 34.976MILLION

Audit pointed out that according to Finance Division (RW) letter No.F.l (1) Imp/94 dated June 29, 1999, no Corporation, Autonomous/Semi Autonomous Body will announce, the revision of salary/allowances structure without prior approval of Finance Division (RW). Further, as per Finance Division letter dated July 19, 2004, any proposal for revision in the salaries, allowances and perquisites of the supervisory and executive staff of public sector Corporations/Autonomous/Semi Autonomous Bodies and organizations is required to be carried out by the Board of Directors/Governors with prior approval of the Finance Division (Regulation Wing).

The PAO apprised the committee that employees of the National Book Foundation are facing extreme difficulties in getting appropriate medical care. The Government hospitals do not accept them as Government employees while the private hospitals are not entitled to them. The Board of Governors of NBF approved medical allowance @35% of the basic pay to its employees in its meeting held on 07.11.2000. However, the case has been taken up with the Finance Division for regularization.

PAC DIRECTIVE

The PAC pended the para.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 09th January, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Audit Report for the year 2009-10 pertaining to the Ministry of Information, Broadcasting & National Heritage. The secretary Ministry of Information & Broadcasting informed that he was on leave on 27th December, 2017. My office could not inform properly for which he submitted his apology. The Committee very graciously accepted the same.

AUDIT REPORT FOR THE YEAR 2009-10

PAKISTAN INFORMATION DEPARTMENT (PID)

38. **PARA-15.1 PAGE-89 (AR 2009-10)**
IRREGULAR EXPENDITURE PAID TO ADVERTISING AGENCIES ON ACCOUNT OF LONG OUTSTANDING DUES RS. 18.88 MILLION

Audit pointed out that according to Establishment Division letter No. 1/22/08-TF/R-1 dated 23rd August 2008, the cost of centralized advertisements in the Newspapers for vacant posts advertised by the Task Force on employment was to be met by the respective Division/Department. Audit observed that Pakistan Information Department (PID) paid Rs. 18,876,339 from 2002 to 2008 on account of advertisements placed by the different organizations of Government without the approval/verification of the concerned Ministries/Departments & offices that the payment was due and had not been paid earlier.

PAC DIRECTIVE

The PAC recommended the para for settlement.

PAKISTAN BROADCASTING CORPORATION (PBC)

39. **PARA-148 PAGE-215-216 ARPSE-2009-10**
BLOCKAGE OF FUNDS DUE TO NON-COMMISSIONING OF TRANSMITTERS – RS. 101.343 MILLION

Audit pointed out that Pakistan Broadcasting Corporation (PBC) entered into an agreement on April 18, 2007 with M/s. Thomson Broadcast, Switzerland valuing Swiss Francs CHF 1.757 million equal to Pak Rs. 101.343 million (@ per CHF=Rs. 57.68) for supply of two 100-KW transmitters and some equipment. Under clause 12 of the agreement, the warranty period of one year shall commence after

provisional acceptance test of the equipment, however such warranty period shall not exceed 18 months beyond the date of shipment.

PAC DIRECTIVE (DATED 07-04-2016)

The PAC pended the para, as the PAO ensured that equipment is technically intact.

PAC DIRECTIVES (DATED 29.11.2016)

PAC referred the para to DAC.

The PAO apprised the Committee that funds were not released by the Finance Division. The case was pursued vigorously in the Finance Division through the Ministry of Information & Broadcasting for early release of funds. Due to financial constraint Finance Division instead of release the funds to PBC has surrendered the balance amount of Rs.24.090 million for the financial year 2009-10. NESPAK was requested for installation of the antenna but they refused. LC was not completed in 2014.

PAC DIRECTIVE

The PAC directed the PAO to make the transmitter functional at the earliest under report to Audit/PAC. The para would be treated as settled subject to satisfaction by Audit.

PAKISTAN TELEVISION CORPORATION LIMITED

40. **PARA-152 PAGE-218-219 ARPSE-2009-10**
NON-RECOVERY OF UTILIZATION CHARGES – RS. 80.500 MILLION

Audit pointed out that PTVC entered into an agreement on December 7, 2007 with M/s. Global Digital Networks (Pvt) Ltd (GDN) and M/s. Sound View Broadcasting (Pvt) Ltd (SVB). As per agreement, M/s. GDN/SVB will pay an amount of US $ 250,000 per annum up to January 15, 2008 as minimum guaranteed amount for utilization of UK specific beam. Similarly, US $ 500,000 shall be paid up to March 1, 2008 as minimum guaranteed amount for six months for USA specific beam out of total amount of US $ 1,000,000 per annum.

PAC DIRECTIVE (DATED 07-04-2016)

The PAC pended the para and directed the PAO to complete the inquiry duly verified by Audit and report within one month to audit/PAC

PAC DIRECTIVE (DATED 29-11-2016)

PAC, was referred the para to DAC.

The PAO apprised the Committee that different committees are constituted in the Ministry but they remain unsuccessful to accomplish their tasks. Seven reminders have been issued for a deposit utilization charges but no fruitful result has been obtained. As per contract agreement the period has been lapsed and the company has gone to court of law. Now the matter is sub-judice the officer responsible will be taken to task.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to look into the issues personally fix responsibility against all those found at fault take action against them and report to PAC/Audit within one month.

41. i) **PARA-153 PAGE-219-220 ARPSE-2009-10**
NON-RECOVERY ON ACCOUNT OF PROVISION OF UPLINK FACILITY – RS. 65.272 MILLION

Audit pointed out that being commercial organization the management of PTVC was required to safeguard its interest by making proper agreements containing therein certain clauses which protect the interest of PTVC prior to supply any services to private parties. PTVC provided uplink facility to M/s. Indus Entertainment (Pvt.) Limited at a monthly rent of US $ 32,000 from October 12, 2002 as per acceptance letter dated August 10, 2002. The deal was subject to signing of agreement by M/s. Indus Entertainment (Pvt.) Limited. PTVC on June 28, 2006 sent a draft agreement but the same was not signed by the party.

PAC DIRECTIVE (DATED 07-04-2016)

The PAC pended the para and directed the PAO to hold an inquiry and report to the PAC/Audit within one month.

PAC DIRECTIVE (DATED 29-11-2016)

PAC, was referred the para to DAC.

ii) **PARA-154 PAGE-220-221 ARPSE-2009-10**
UNDUE FAVOUR TO A PROGRAMME PRODUCTION COMPANY – RS. 52.225 MILLION

Audit pointed out that Pakistan Television Corporation (PTVC) entered into an agreement with M/s. Sports Star International (SSI) on October 21,

2002 for grant of license by PTVC to SSI to obtain PTVCs programmes in its archives for telecasting. As per Clause 3.2 of the agreement, PTVC shall issue invoice for each calendar month in the first week of next month to SSI for payment within 30 days.

PAC DIRECTIVE (DATED 07-04-2016)

The PAC pended and clubbed the above mentioned two para with the direction to PAO to inquire from the following point of views.

a. Name of Contractor
b. Nature of Contract

Relation with the contractor and allocating authority with a report to PAC/Audit within one month.

PAC DIRECTIVES (DATED 29.11.2016)

PAC referred the para to DAC.

iii) **PARA-156 PAGE-222-223 ARPSE-2009-10 LOSS DUE TO PROCUREMENT OF PROGRAMMES ALREADY AIRED RS. 16.459 MILLION**

Audit pointed out that Being commercial organization the management of PTVC is required to safeguard the interest of PTVC by initiating profitable operations. Pakistan Television Corporation purchased 76 programmes (already aired), through a committee during 2007-08, for telecasting in matinee and late night. Out of these programmes, 28 could not earn even its cost of Rs. 29.212 million. Resultantly, PTVC sustained a loss of Rs. 16.459 million on telecast of these programmes (cost Rs. 29.201 million - income Rs. 12.742 million).

PAC DIRECTIVE (DATED 07-04-2016)

The PAC pended and clubbed the above mentioned two para with the direction to PAO to inquiryfrom the following point of views.

a. Name of Contractor
b. Nature of Contract

Relation with the contractor and allocating authority with a report to PAC/Audit within one month.

PAC DIRECTIVES (DATED 29.11.2016)

PAC referred the para to DAC.

iv) **PARA-158 PAGE-224 ARPSE-2009-10 NON-RECOVERY ON ACCOUNT OF TECHNICAL SERVICES – RS.9.518 MILLION**

Audit pointed out that PTVC was established with the aim to run its affairs on commercial basis. Being commercial organization, the management was required to safeguard its interest prior to providing service to a private party. International Relation Division of PTVC provided certain types of technical/up-linking facilities to 09 foreign clients from December 1997 to April 2006. No formal agreement was entered into with the clients to safeguard the public interest.

PAC DIRECTIVE (DATED 07-04-2016)

The PAC pended the para and directed the PAO to pursue the case vigorously through Embassies and evidences in this regard should be provided to PAC/Audit.

PAC DIRECTIVES (DATED 29.11.2016)

PAC referred the para to DAC.

PAC DIRECTIVE

The PAC clubbed the above mentioned four paras and referred to DAC and directed the PAO to inquire the matter, fix responsibility against all those found at fault take action against them and report to PAC/Audit within one month.

PARA RECOMMENDED FOR SETTLEMENT
PAKISTAN TELEVISION CORPORATION LIMITED

42. i. **PARA-151 PAGE-217-218 ARPSE-2009-10**
EXCESS DEDUCTION OF SERVICES CHARGES BY WAPDA ON ACCOUNT OF COLLECTION OF TV LICENSE FEE - RS 273.747 MILLION

PAC DIRECTIVE

The PAC recommended the above mentioned para for settlement on the recommendations of Audit.

PARA RECOMMENDED FOR PURSUANCE AT DAC LEVEL

PAKISTAN BROADCASTING CORPORATION (PBC)

ii. **PARA-149 PAGE-216 ARPSE-2009-10**
NON-RECOVERY OF MARKETING RIGHTS – RS. 49.072 MILLION

iii. **PARA-157 PAGE-223 ARPSE-2009-10**
IRREGULAR EXPENDITURE DUE TO PROCUREMENT OF IMPORTED VEHICLES – RS. 10.061 MILLION

iv. **PARA-159 PAGE-224-225ARPSE-2009-10**
IRREGULAR EXPENDITURE ON AWARD OF CONSULTANCY – RS. 5.106 MILLION

v. **PARA-160 PAGE-225-226 ARPSE-2009-10**
IRREGULAR PAYMENT DUE TO APPOINTMENT ON THE BASIS OF FAKE DEGREE – RS. 2.407 MILLION

vi. **PARA-155 PAGE-221-222 ARPSE-2009-10**
UNAUTHORIZED EXPENDITURE DUE TO REVISION OF PAY SCALES – RS. 48.211 MILLION

ASSOCIATED PRESS OF PAKISTAN CORPORATION

vii. **PARA-146 PAGE-213-214 ARPSE-2009-10**
IRREGULAR APPOINTMENT OF A NEWS EDITOR – RS. 2.442 MILLION

PAC DIRECTIVE

The PAC recommended the above mentioned 6 paras for pursuance at DAC level.

MINISTRY OF INFORMATION TECHNOLOGY AND TELECOMMUNICATION
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Information Technology examined by the PAC on 20th July, 2017.

- 37 paras were presented by the Audit Department which were examined by the Committee. Out of which 22 paras was settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 02 grants which were regularized by the committee.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 20th July, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 and Audit Report for the year 2009-10 pertaining to the M/o Information Technology and Telecommunication are as under:

APPROPRIATION ACCOUNTS (CIVIL) VOL-1 2008-09

MINISTRY OF INFORMATION TECHNOLOGY & TELECOMMUNICATIONS

1. i. **GRANT NO.70- INFORMATION TECHNOLOGY AND TELECOMMUNICATION DIVISION**
SAVINGS RS. 54,584,831

AGPR pointed out that grant closed with a saving of Rs.78,586,831 which worked out to 4.82 percent of the total grant. An amount of Rs.24,002,000 (1.47%) was surrendered leaving net saving of Rs.54,584,831 (3.35%).

PAC DIRECTIVE

The PAC recommended the saving in the above mentioned grant for regularization on the recommendation of AGPR.

ii. **GRANT NO.150-DEVELOPMENT EXPENDITURE OF INFORMATION TECHNOLOGY AND TELECOMMUNICATION DIVISION**
SAVINGS RS. 133,176,563

AGPR pointed out that the grant closed with a saving of Rs.1, 377,170,563 which worked out to 69.69 percent of the total grant. An amount of Rs.1, 243,994,000 (62.95%) was surrendered leaving net saving of Rs.133, 176,563 (6.74%).

The PAO apprised the Committee due to financial constraints in the country, the PSDP allocated funds of Rs.11.000 million was reduced to Rs.6.880 million by cutting Rs.4.120 million in the mid year review meeting held in January, 2009.

PAC DIRECTIVE

The PAC recommended the saving in the above mentioned grant for regularization on the recommendation of AGPR.

AUDIT REPORT FOR THE YEAR 2009-10
MINISTRY OF INFORMATION TECHNOLOGY & TELECOMUNICATION

2. **PARA NO. 14.1 PAGE - 84(AR 2009-10)**
DOUBTFUL PAYMENT OF INTERNET CHARGES - RS. 2.580 MILLION

Audit pointed out that according to Para 23 of GFR Volume-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part. Pakistan Computer Bureau (PCB) initiated a Project titled "Introduction of Computer Education in 81 Federal Government (FG) Model Colleges and Schools in ICT, Islamabad" with the objective of equipping 81 selected schools and colleges with the Computer Labs and internet facilities. An amount of Rs. 5.100 million was allocated in the PC-1 for the provision of internet services in the selected schools and colleges. PCB paid an amount of Rs. 2,576,420 to a supplier in June, 2009 who was selected without tendering for provision of DSL connection in 70 FG Model Colleges and schools in ICT Islamabad.

The PAO apprised the Committee that it was amount for provision of DSL connection in 70 FG Model Colleges and Schools in ICT Islamabad. Payment was not directly made to the payee, rather payment was made to Federal Directorate of Education. Non-adjustment of Rs. 2.520 million, record of adjustments of Rs. 0.070 million was got verified from Audit.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to probe the matter and discuss in DAC within one month.

3. **PARA NO. 14.2 PAGE - 84-85 (AR 2009-10)**
LOSS DUE TO DELAY IN EVALUATION OF BID AND REJECTING THE LOWEST BIDDER - Rs. 1.160 MILLION

Audit pointed out that Rule 26(3) of Public Procurement Rules, 2004 states that the procuring agency shall ordinarily be under an obligation to process and evaluate the bid within the stipulated bid validity period. PCB floated a tender on 13.10.2007 for procurement of 110 computers with the closing date of 01.11.2007. According to Request for Proposal (RFP), all bids and prices were to remain valid for 60 days from the closing date of tender.

The PAO apprised the committee that the Purchase Committee finalized the tender but the user was reluctant to accept the non-branded computers and suggested other equipment to be purchased within the budgetary allocation and only 19 computers to be purchased from the remaining budget. M/s Inbox did not supply the computers, rather intimated that they are unable to supply the computers on quoted rates as the rates were valid for 60 days. The re-tendered

the rates of M/s Inbox were the lowest but the purchase committee, at that time, did not recommend by taking the plea of the previous experience of M/s Inbox. Hence, the second lowest bidder was awarded the contract.

PAC DIRECTIVE

The PAC referred the above mentioned para to DAC for concluding discussion and report to the Committee.

4. **PARA NO. 14.3 PAGE - 85 (AR 2009-10)**
PILFERAGE OF COMPUTERS AND PRINTERS FROM PROJECT "HEALTH MIS AT TERTIARY HEALTH CARE LEVEL, SHEIKH ZAYED MEDICAL COMPLEX, LAHORE" – RS. 4.49 MILLION

Audit pointed out that para 23 of GFR Volume-I states that every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part. During audit of project titled "Health MIS at Tertiary Health Care Level, Sheikh Zayed Medical Complex (SZMC), Lahore" implemented under Electronic Government Directorate, Audit observed that equipment valuing Rs. 4.492 million.

The PAO apprised the Committee that FIA has replied and they were of the view that the case has already been pursued by the local police and so the FIA was not agreed to take over the case from the local police. Recently, a fresh joint inquiry was finalized 17.07.2014 by the officers of SZH, Lahore and PCB and they concluded that accused person was arrested by the local police and some of the inventory was recovered from him. For the custody of 27 computers from Police Station, Muslim Town, Lahore. Legal Wing, of MoIT was approached by PCB on superdari to get engage law officer of the same.

PAC DIRECTIVE

The PAC referred the above mentioned para to DAC and directed the PAO to report to the PAC within one month.

5. **PARA NO. 14.4 PAGE - 86 (AR 2009-10)**
IRREGULAR PAYMENT OF UNIVERSAL SERVICE FUND TO USF COMPANY RS. 15.800 BILLION (RS. 15,800 MILLION)

Audit pointed out that Ministry of Information Technology (MoIT) established a Universal Service Fund (USF) and a Research and Development (R&D) Fund in terms of Section 33(A) of the Pakistan Telecommunication Reorganization (Amendment) Act, 2006 consisting of the following. Grants made by the Federal Government and the Provincial Governments. Prescribed contribution by licensees. Sale proceeds from the auction of the right to use radio spectrum.

Loans obtained from the Federal Government and Grants and endowments received from other agencies.

The PAO apprised the Committee that the funds and companies were legally two separate entities and that the MoIT was fully empowered to administer these Funds. The MoIT issued an SRO to establish Companies under Section 42 of the Companies Ordinance, 1984 to utilize the fund money.

PAC DIRECTIVE

The PAC recommended the para for settlement.

NATIONAL TELECOMMUNICATION CORPORATION (NTC)

6. **AUDIT PARA NO.4.2 PAGE NO. 28-29 AUDIT REPORT 2009-10**
NON RECOVERY OF CIRCUITS RENT – RS. 3.181 MILLION

Audit pointed out that according to para 28 of GFR Vol-I, no amount due to Government should be left outstanding without sufficient reasons, and where any dues appear to be irrecoverable the orders of competent authority for their adjustment must be sought.

S.No	Subscriber	Description	Period	Amount (Rs.)
1	IT department Khairpur	The details since when the amount was outstanding are not available in the record. The file is being maintained w.e.f August 2008 and the demand note for the year 2008-09 issued in October 2008	01-07-08 to 30-06-09	2,327,768
2	Gulf Airlines	The amount appears as opening balance w.e.f 01-07-2008. No record was provided to ascertain since when this amount is outstanding.	01-07-08	853,676
TOTAL				**3,181,444**

The PAO apprised the Committee that amount at Sl.No.1 has already been verified by audit. As regard to Gulf Airlines despite all out efforts the amount could not be recovered. The amount being irrecoverable was placed in "Provision for Doubtful Debts" in NTC accounts. The amount was written off with the approval of NTC management Board. The case was also referred to NAB which is still in consideration.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to verification of record of write off amount by Audit.

7. **AUDIT PARA NO.4.4 PAGE NO. 30-31 AUDIT REPORT 2009-10 NON RECOVERY OF OUTSTANDING DUES – RS. 56.076 MILLION**

Audit pointed out that according to Annex-H of NTC Recovery, Dispute Resolution and Doubtful/Bad Debt Policy, in case a Government client/department fails to clear the dues within six months reckoned from the bill month, the facility would be permanently disconnected. Prior to permanent disconnection, a letter will be served by the Regional Head to an officer of equivalent grade (BPS 19/20) of the Ministry/Department concerned.

The PAO apprised the Committee that an amount of Rs. 49.345 million has been recovered which is 88% and efforts were being made to recover the balance amount.

PAC DIRECTIVE

The PAC directed the PAO to recover the remaining amount within two months and report to Audit for verification.

8. i) **AUDIT PARA NO.4.8 PAGE NO. 33-34 AUDIT REPORT 2009-10 EXTRA EXPENDITURE OF ESCALATION CHARGES RS. 1.303MILLION**

According to Rule 10(i) of GFR Vol-I every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.

ii) **AUDIT PARA NO.4.9 PAGE NO. 34-35 AUDIT REPORT 2009-10 IRREGULARITIES IN AWARD OF CONTRACT OF RS. 166 MILLION,NON DEDUCTION OF PENALTY OF RS. 16.6 MILLION & RETENTIONMONEY – RS. 499,911**

Audit pointed out that according to Rule-4 of Public Procurement Rules, 2004, the procuring agencies while engaging in procurements shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement brings value for money to the agency and the procurement process is efficient & economical. Rule 31 stipulates that no bidder or any other person shall be allowed to alter or modify its bid after opening of the bids. Rule 40 further states that there shall be no negotiations with the bidder having submitted the lowest evaluated bid or with any other bidder.

iii) **AUDIT PARA NO.4.10 PAGE NO. 35-36 AUDIT REPORT 2009-10 IRREGULAR EXPENDITURE OF RS. 42.214 MILLION ON ACCOUNT OF INSTALLATION OF HVAC SYSTEM AND NON DEDUCTION OF PENALTY – RS. 4.221 MILLION**

Audit pointed out that as per the pre-qualification notice dated October 07, 2005 for installation of HVAC system, a minimum of 10 years experience was required from the suppliers. Further, as per the terms of contract signed between NTC management and M/s United Engineers & Contractors (Pvt.) Ltd. on October 27, 2006, the supplier was required to complete the work within six months failing which penalty @ 1 % per day will be imposed upto a maximum of 10% of the total project cost.

The PAO apprised the Committee that NAB had completed the investigation against the contractor, consultants and officers/officials of the department who were found involved, against whom inquiries under E&D rules had been initiated and an amount of Rs. 43.382 million has been recovered.

PAC DIRECTIVE

The PAC pended the above mentioned three paras with a direction to PAO to get reconciled the recoveries so far with Audit. Moreover, inquiries already initiated by the department against those found responsible should be finalized within forty five days (45 days), action should be taken against them under E&D rules and a comprehensive report in this regard should be submitted to Audit/PAC.

9. **AUDIT PARA NO.4.13 PAGE NO. 38-39 AUDIT REPORT 2009-10 IRREGULAR EXPENDITURE – RS. 16.698 MILLION**

Audit pointed out that according to Rule 10 (i) of GFR Vol-I, every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money. NTC management signed a contract agreement with M/s Teralight for the establishment of NTC centralized operator service system/booking system on turnkey basis. The total cost of the project was Rs. 32.4 million. The contract agreement was signed on 17.10.2005 and to be completed in one year. No record was provided regarding commencement and completion of the project.

The PAO apprised the Committee that NTC management signed a contract agreement with M/s Teralight for the establishment of NTC centralized operator service system/booking system on turnkey basis. The case was referred to NAB for investigation and recovery of the amount from the contractor. NAB after conducting inquiry in around two years and closed the case.

PAC DIRECTIVE

The PAC endorsed the recommendations of DAC held on 17/07/2017 and directed the PAO to submit compliance report to Audit/PAC within one month.

10. i) **AUDIT PARA NO.4.14 PAGE NO. 39-40 AUDIT REPORT 2009-10 IRREGULAR AWARD OF WORK – RS. 3.935 MILLION**

Audit pointed out that Rule 19 of PPRs 2004 provides that the procuring agencies shall specify a mechanism and manner to permanently or temporarily bar, from participating in their respective procurement proceedings, suppliers and contractors who either consistently fail to provide satisfactory performance. Such baring action shall be duly publicized and communicated to the Authority.

ii) **AUDIT PARA NO.4.15 PAGE NO. 40-41 AUDIT REPORT 2009-10 LOSS DUE TO AWARD OF WORK AT HIGHER RATES – RS. 1.253 MILLION**

According to Rule 4 of Public Procurement Rules, 2004 the procuring agencies, while engaging in procurements, shall ensure that the procurements are conducted in a fair and transparent manner, the object of procurement being value for money to the agency and the procurement process is efficient and economical.

The PAO admitted before the Committee that Audit point of view as correct. Therefore, a fresh inquiry had been ordered which will identify the person(s) at fault.

PAC DIRECTIVE

The PAC pended the above mentioned two paras with a direction to the PAO to get finalize the inquiry report, fix responsibility against all those found at fault, take action(s) against them under report to PAC/Audit within one month.

11. **AUDIT PARA NO.4.16 PAGE NO. 41-43 AUDIT REPORT 2009-10 IRREGULAR REFUND OF LIQUIDATED DAMAGES – RS. 2.266 MILLION**

Audit pointed out that as per liquidated damages clauses of the contract agreement the liquidated damages equivalent to 0.5% of contract amount for each week maximum to 10% will be deducted if the contractor fails to complete the work.NTC management refunded the already deducted LD on account of delayed completion of work to the extent of Rs. 2,266,348 during 2008-09.

The PAO apprised the Committee that there was a review committee in NTC which inquired from the contractor for non completion of contractual work

awarded. The committee examined four cases. The review committee refunded the LD on account of delayed completion of work.

PAC DIRECTIVE

The PAC referred the above mentioned para to DAC to examine whether the committee was formed before release of refund or otherwise.

12. **AUDIT PARA NO.4.17 PAGE NO. 43-44 AUDIT REPORT 2009-10**
IRREGULAR PROMOTIONS IN BPS-20

Audit pointed out that as per Serial No.14 of Annexure-A to SRO No.171 (1) 99, dated 8th February, 1999, the Chairman/Management Board of NTC has been delegated full powers for promotions up to BPS-19 within the approved organizational set up. NTC Headquarter, promoted (02) officers from BPS-19 to BPS-20 on 11.08.2008 without the approval of Establishment Division. It is pertinent to mention that neither the service regulations were got approved by the Establishment Division nor such powers were delegated to the management of NTC, therefore the said promotions were irregular.

The PAO apprised the Committee that on the recommendations of DAC, the NTC service rules were referred to Law & Justice Division for vetting which they had very kindly done.

PAC DIRECTIVE

The PAC pended the para with direction to PAO to refer the issues of promotions as highlighted by Audit to Law & Justice Division for vetting SRO with a report to Audit/PAC.

SPECIAL COMMUNICATIONS ORGANIZATION (SCO)

13. **AUDIT PARA NO.5.7 PAGE NO. 48-49 AUDIT REPORT 2009-10**
LOSS DUE TO CHANGE IN THE BID AMOUNT – RS. 875,092

Audit pointed out that Rule 31 of Public Procurement Rules-2004 stipulates that no bidder or any other person shall be allowed to alter or modify its bid after opening of the bids. However, the procuring agency may seek and accept clarifications from the bidder that does not change the substance of the bid. Any request for clarification in the bid, made by the procuring agency shall invariably be in writing. The response to such request shall also be in writing.

The PAO apprised the Committee that no loss to exchequer has occurred and all the additional work done accommodated within the contractual amount.

PAC DIRECTIVE

The PAC recommended the para for settlement.

PARAS RECOMMENDED FOR SETTLEMENT

NATIONAL TELECOMMUNICATION CORPORATION

14. i. **AUDIT PARA NO.4 PAGE NO. 27 AUDIT REPORT 2009-10**

ii. **AUDIT PARA NO.4.1 PAGE NO. 28 AUDIT REPORT 2009-10**

iii. **AUDIT PARA NO.4.5 PAGE NO. 31-32 AUDIT REPORT 2009-10**

iv. **AUDIT PARA NO.4.6 PAGE NO. 32 AUDIT REPORT 2009-10**

v. **AUDIT PARA NO.4.7 PAGE NO. 32-33 AUDIT REPORT 2009-10**

vi. **AUDIT PARA NO.4.11 PAGE NO. 36-37 AUDIT REPORT 2009-10**

vii. **AUDIT PARA NO.4.12 PAGE NO. 37-38 AUDIT REPORT 2009-10**

SPECIAL COMMUNICATIONS ORGANIZATION

viii. **AUDIT PARA NO.5 PAGE NO. 44 AUDIT REPORT 2009-10**

ix. **AUDIT PARA NO.5.1 (A) PAGE NO. 44 AUDIT REPORT 2009-10**

x. **AUDIT PARA NO.5.1 (B) PAGE NO. 44 AUDIT REPORT 2009-10**

xi. **AUDIT PARA NO.5.1(C) PAGE NO. 44 AUDIT REPORT 2009-10**

xii. **AUDIT PARA NO.5.2 PAGE NO. 45 AUDIT REPORT 2009-10**

xiii. **AUDIT PARA NO.5.3 PAGE NO. 44-45 AUDIT REPORT 2009-10**

xiv. **AUDIT PARA NO.5.4 PAGE NO. 46-47 AUDIT REPORT 2009-10**

xv. **AUDIT PARA NO.5.5 PAGE NO. 47 AUDIT REPORT 2009-10**

xvi. **AUDIT PARA NO.5.6 PAGE NO. 48 AUDIT REPORT 2009-10**

TELEPHONE INDUSTRIES OF PAKISTAN

xvii. **AUDIT PARA NO.6 PAGE NO. 51 AUDIT REPORT 2009-10**

xviii. **AUDIT PARA NO.6.1 PAGE NO. 51 AUDIT REPORT 2009-10**

xix. **AUDIT PARA NO.6.2 PAGE NO. 51 AUDIT REPORT 2009-10**

xx. **AUDIT PARA NO.6.10 PAGE NO. 57-58 AUDIT REPORT 2009-10**

PAC DIRECTIVE

The PAC recommended the above mentioned 20 paras for settlement on the recommendations of Audit.

COURT CASES

NATIONAL TELECOMMUNICATION CORPORATION

15. i. **PARA NO. 4.3 PAGE NO. 29-30 AUDIT REPORT 2009-10**
NON RECOVERY OF SPACE TOWER RENT – RS. 12.447 MILLION
TELEPHONE INDUSTRIES OF PAKISTAN

ii. **PARA NO. 6.5 PAGE NO. 53-54 AUDIT REPORT 2009-10**
LOSS ON PROCUREMENT OF BATTERY SETS – RS. 39.620 MILLION

PAC DIRECTIVE

The PAC pended the above mentioned two paras.

MINISTRY OF INTERIOR
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Interior examined by the PAC on 22nd April, 2014, 24th March, 2016, and 25th August, 2016.

- 26 paras were presented by the Audit Department which were examined by the Committee. Out of which 07 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 09 grants which were regularized by the committee.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the PAC meeting held on 22nd April, 2014 to examine the Appropriation Accounts for the year 2008-09 and Audit Report for the year 2009-10, pertaining to the Ministry of Interior are as under:

APPROPRIATION ACCOUNTS CIVIL 2008-09 (VOL-I)
MINISTRY OF INTERIOR

1. i. **GRANT NO.71**
SAVING OF RS.10, 496,679/-

The Grant closed with a saving of Rs.10,496,679 which works out to 3.08 percent of the total grant. The Department explained that excess was due to revision of pay scales w.e.f 01-07-2008.

ii. **GRANT NO.78**
NET SAVING OF RS. 84, 300,910/-

The Grant closed with a saving of Rs.108, 903,910 which works out to 6.7% of the total grant. An amount of Rs.24, 603,000 (1.39%) was surrendered leaving net saving of Rs. 84,300,910/-

PAC DIRECTIVE

The Committee settled the above two Grants

iii. **GRANT NO.77**
EXCESS OF RS.1, 025,879,734/-

The Grant closed with an excess of Rs.1, 025,879,734 which works out to 17.73% of the total grant.

PAC DIRECTIVE

The Committee regularized the above Grant.

iv. **GRANT NO.72**
NET EXCESS OF RS.258, 513,717/-

The Grant closed with an excess of Rs.258, 313,717 which works out to 11.12% of the total grant. An amount of Rs.200, 000/- was surrendered

increasing net excess to Rs.258, 513,717/- (11.13%). The department explained that excess was due to revision of pay scales w.e.f. 01-07-2008.

v. **GRANT NO.73**
NET EXCESS OF RS.12,867,400/-

The Grant closed with an excess of Rs.12, 867,400 (2.06%) of the total grant. The department explained that excess was due to revision of pay scales w.e.f. 01-07-2008.

vi. **GRANT NO.74**
NET EXCESS OF RS. 3, 131,051,044/-

The Grant closed with an excess of Rs.3, 048,182,286 which works out to 27.67% of the total grant. An amount of Rs.82, 868,758/- was surrendered increasing net excess to Rs. 3,131,051,044 /- (28.42%).

vii. **GRANT NO.75**
EXCESS OF RS. 594, 946,037/-

The Grant closed with an excess of Rs.594, 946,037 (26.39%) of the total grant. The department explained that excess was due to revision of pay scales w.e.f. 01-07-2008.

viii. **GRANT NO.76**
EXCESS OF RS. 49, 149,012/-

The Grant closed with an excess of Rs. 49,149,012/- (10.80%) of the total grant. The department explained that excess was due to revision of pay scales w.e.f. 01-07-2008.

ix. **GRANT NO.151**
NET SAVING OF RS. 2, 668,399,671/-

The Grant closed with an saving of Rs.3, 291,648,671/- which works out to 48.60% of the total grant. An amount of Rs.623, 249,000/- was surrendered increasing net excess to Rs. 2,668,399,671/- /- (39.40%). Department pointed out less booking of Rs.434, 831,328/- and non accountal of surrender of Rs.327, 174,000/-.

PAC DIRECTIVE

The PAO did not satisfy the queries raised by the Members, therefore the Committee directed the PAO to re-examine the above 06 Grants in the DAC meeting which will be discussed in the next meeting of the Committee.

AUDIT REPORT FOR THE YEAR 2009-10
MINISTRY OF INTERIOR

2. **PARA-13.1**
NON RECONCILIATION OF GOVERNMENT RECEIPTS – Rs. 551.510 MILLION

Audit pointed out that the management of Interior Division issued 88,838 new Arms Licences from28.03.2008 to 30.06.2009 under Section 11(b) of the Pakistan Arms Ordinance, 1965. The fee for these licences was estimated at Rs. 515,507,500 which was to be deposited into Government Treasury. However, the receipts were not reconciled with the treasury. In the absence of verification and reconciliation, there was every possibility of issuance of arms licences against fake challans.

The management replied that National Bank of Pakistan had provided statements of accounts deposited against treasury challans. The Arms Wing was in the process of re-structuring and would do the verification of amounts before issuance of arms licences. It was added that Federal Treasury Office, Islamabad confirmed that Rs. 226,843,232/- had been deposited in the relevant head of account in the jurisdiction of Islamabad and Rawalpindi for the period from 28.03.2008 to 30.06.2009.

PAC DIRECTIVE

The Committee directed the PAO that a report containing verified statement of the complete reconciled receipt of the Arms Licence be provided to the Committee / Audit within two months.

3. **PARA- 13.2**
UN-AUTHORIZED RETENTION AND UTILIZATION OF GOVERNMENT RECEIPT – RS. 41.810 MILLION

The Management of ICT Police Islamabad realized receipts amounting to Rs. 41,813,784 in violation of Federal Treasury Rules. Management was using the receipts to meet departmental expenses over and above the budget without Finance Division's approval. Further, the expenditure was being approved by respective heads of department who were not delegated any financial powers in this regard. Moreover, the government receipt was being kept in commercial bank accounts. These bank accounts were opened without the approval of Finance Division. These receipts accounts were also not reflected in the budget of the ICT Police, Islamabad.

The Management was of the view that rules regarding Islamabad Police Welfare Fund had been framed and submitted to the Finance Division for approval.

PAC DIRECTIVE

The Committee directed the PAO to conduct inquiry in the matter by fixing responsibility and a report thereof be sent to the Committee within two months.

4. **PARA- 13.3**
IRREGLAR PURCHASE OF AIRCRAFT – Rs.138.500 MILLION

Audit observed that an aircraft was purchased by the Baluchistan Constabulary for Baluchistan Police in February, 2006. The PC-I provided Rs. 50 million for the purchase. However, the management paid. Rs. 138.50 million without provision in PC-I and approval of Steering Committee. Further, the aircraft purchased had different specifications than given in the PC-I. Audit held that procuring aircraft of different specification at 277% higher than the approved cost was unjustified. Further, PC-I had not been revised so far.

The PAO admitted that it was one of the poorly executed projects and the Aircraft was purchased without the approved plan. He added that a Committee in this regard has been constituted to resolve these issues between the Federal Government and the Government of Balochistan. He requested that the representative of the Government of Balochistan may also be heard before taking any decision.

PAC DIRECTIVE

The Committee directed the PAO to ensure presence of all concerned from the Balochistan Government in the next meeting.

5. **PARA – 13.4**
POOR EXEUCATION OF ISLAMABD DEVELOPMENT PACKAGE

During the audit of Islamabad Development Package (IDP), it was observed that proposed plan for Urban and Rural Areas of Islamabad Capital Territory was approved for Rs. 4,300.250 million. Audit observed that no funds were utilized for Education Sector whereas only Rs.8.240 million(2.9% of allocation) were utilized in health sector for purchase of 03 mobile ambulances and for Feasibility Study. Further, the ambulances procured were yet not operational.

Audit further held that one comprehensive PC-I for each sector should have been prepared and got approved from relevant forum. Instead the management split the development activity and prepared 51 PC-Is under this package (02 Health and 49 for Rural Development) to avoid the approval of higher forums like CDWP and ECNEC.

As per Minutes of 31st Meeting of IDWP held on 31.08.2006 the representatives of planning Division (DAD section) had also proposed that all schemes under IDP

should be included in one PC-I and presented before the appropriate forum but it was not done.

Management replied that an Umbrella PC-I has already been prepared and submitted to the Ministry of Interior. He added that an amount to the extent of Rs. 8.2040 Million has been utilized in the health sector by purchasing ambulances which were functional since 2009. Moreover, work on the Education schemes was also in progress.

PAC DIRECTIVE

The Committee directed the PAO to provide updated figures in each head including Health and Education to the Committee within two months.

6. **PARA 13.5**
UN-ATHORIZED RETENTION OF PUBLIC MONEY – Rs. 13.767 MILLION.

Audit pointed out that FC, KPK drew Rs. 13,766,935/-for the purchase of arms and ammunition in advance for onward payment to the firm but no purchase was made and the amount was kept in a private bank account instead of depositing it into Government Treasury.

The matter was discussed in the DAC meeting held on 8-4-14 which revealed that the requisite amount has been deposited into Government Treasury.

PAC DIRECTIVE

The Committee settled the para with the direction to strictly follow the Government financial rules.

7. **PARA 13.6**
MISAPPROPRIATION IN PURCHASE OF FIRE WOOD – Rs. 0.566 MILLION.

During audit of accounts of Balochistan Constabulary (Zone-I) for the year 2006-07 and 2007-08, it was observed that in June, 2007 an amount of Rs. 566,136 was paid to a supplier of fire wood. However, review of the stock register showed that the fire wood was never taken on record. There is a risk that the fire wood was not purchased and that amount was kept unauthorizedly outside government account.

Management stated that the amount was drawn during financial year 2006-07 but the payment was not made to the contractor. The payment was subsequently made to the contractor with the approval of Commandant Baluchistan Constabulary in next financial year.

In compliance of DAC directives dated 23.01.2010, the IG Baluchistan was requested to nominate an inquiry Officer against the accused officer Mr. Muhammad Jaffer Ex – Zonal Commander Zone-1 who was found guilty for misappropriation of Rs. 566,136 in preliminary inquiry. Accordinlgy Mr. Rehmatullah Khan Niazi was nominated as Inquiry Officer who reported the matter to IG Baluchistan that the accused officer was on secondment abroad. Therefore, no Formal Proceeding could be initiated in his absentia.

PAC DIRECTIVE

The Committee directed the PAO to conduct inquiry in the matter by fixing responsibility and a report thereof be sent to the Committee within two months.

8. **PARA – 13.7**
IRREGULAR DEDUCTION AND RETENTION FROM THE PAY OF JAWANS – Rs.113.220 MILLION

Audit pointed out that an approximate amount of Rs.59.280 million was deducted from the pay of Jawans without any authority as the deduction and retention of money without the approval of Finance was irregular and unjustified.

It was replied that the deductions were not made from their salaries at source rather the Jawans made contributions voluntarily which were to be used for their welfare. However due to Audit objection the same practice has been stopped from the last five years.

9. **PARA – 13.8**
IRREGULAR PURCHASE OF OLD VECHILES – Rs. 0.500 MILLION

PAC DIRECTIVE

The Committee settled the above two paras.

AUDIT REPORT FOR THE YEAR 2009-10
MINISTRY OF INTERIOR

PAKISTAN RANGERS AND FRONTIER CORPS

1. **PARA NO. 7.1**
IRREGULAR/UNAUTHENTIC PAYMENTS – RS. 42.9 MILLION

Audit pointed out that the Director General, Pakistan Rangers (Sindh) Karachi made payments to different contractors against different contracts/works for Rs 42.9 million without detailed record measurements in the measurement books. Moreover, only abstract of total quantities were prepared without details i.e. calculation of quantities with dimensions, site, location and without signatures and dates by the official recording M.B. The payment made for Rs. 42.9 million prior to detailed measurement was unauthentic.

Department replied that the matter has been discussed in the DAC meeting held on 04-04-14 wherein the Measurement Books were prepared as pointed out by the Audit.

PAC DIRECTIVE

The Committee settled the para.

2. **Para No. 7.2**
IRREGULAR ENHANCEMENT IN COST OF WORK – RS. 39.6 MILLION

Audit pointed out that the Director General, Pakistan Rangers (Sindh), Karachi, awarded the work of construction of 24 officer's family residences at Karachi for Rs. 106.684 million against permissible limit of PC-I for Rs 67.068 million (Rs. 2.43 million x 24+15%). Enhancement in the cost of work was made without revision of PC-I. This resulted in irregular enhancement in cost of work for Rs. 39.6 million.

It was replied that PC-I was prepared in the year 2005, while the work was executed in the year 2008. Estimate was revised owing to increase in the prices of material. Moreover, the approval of revised PC-I is under process in Planning Commission.

PAC DIRECTIVE

The Committee directed the PAO to get approval of the revise PC-I.

3. **PARA NO. 7.3**
NON-OBTAINING OF PERFORMANCE SECURITY – RS. 10.7 MILLION

PAC DIRECTIVE

The Committee settled the para with the direction that compliance of financial rules shall be ensured in future.

4. **PARA NO. 7.4**
AWARD OF WORK AT HIGHER RATES – RS. 8.3 MILLION

Audit pointed out that the Director General, Pakistan Rangers (Sindh), Karachi awarded a work of "Supply of Power Generators" amounting to Rs. 92.6 million for 59 numbers of posts. One generator for each check post was required as per specification. The contractor offered two options of generator with rates. One option was to be considered but cost of both options was considered in the evaluation and lump sum contract was awarded to the contractor for Rs. 92.6 million instead of correct amount i.e. Rs. 84.3 million. This resulted in award of work at higher rates for Rs. 8.3 million (92.6 – 84.3).

The department replied that there were two options for provision of power generation system of 3 KVA and 5 KVA but later on scope of work was revised and 12 KVA generator valuing Rs. 320,000 was installed on each border post. No overpayment was made to the contractor.

PAC DIRECTIVE

The Committee Directed the PAO to conduct inquiry in the matter and a report thereof be sent to the Committee within two months.

5. **PARA NO. 8.1**
DOUBLE PAYMENT – RS. 1.3 MILLION

Audit pointed out that the Inspector General Frontier Corps, Peshawar made payments to contractors /suppliers on account of supply of various items/work done through Assignment Account cheques after making necessary deduction whereas full amount of claims, without any deduction from unit cash accounts, was already paid to contractors/suppliers in earlier dates. This resulted in double payment of Rs. 1.3 million.

The matter has been discussed in the DAC meeting held on 10.04.2014 wherein the Department produced the evidence of recoupment of unit account which was verified by Audit.

6. **PARA NO. 8.2**
OVERPAYMENT TO CONTRACTOR DUE TO CALCULATION ERRORS – RS. 181,415

The Inspector General Frontier Corps, Peshawar made excess payment due to wrong calculation of bill. This resulted in overpayment of Rs. 181,415/-

The department explained that no overpayment was made; rather it was a typing error regarding the quantity of steel on the voucher. The requisite documents were verified by Audit on 11.04.2014.

PAC DIRECTIVE

The Committee settled the above two paras.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the PAC meeting held on 24th March, 2016 in Parliament House Islamabad under the convenership of Sardar Ashiq Hussain Gopang, MNA for examination of the Appropriation Accounts for the year 2008-09 and Audit Reports for the year 2009-10, of Ministry of Interior as below:

APPROPRIATION ACCOUNTS CIVIL 2008-09 (VOL-I)
MINISTRY OF INTERIOR

1. i. **GRANT NO.72, ISLAMABAD**
EXCESS OF RS. 258,313,717/-

ii. **GRANT NO.73, PASSPORT ORGANIZATION**
EXCESS OF RS. 12,867,400/-

iii. **GRANT NO.74, CIVIL ARMED FORCES**
EXCESS OF RS. 3,048,182,286/-

iv. **GRANT NO.75, FRONTIER CONSTABULARY**
EXCESS OF RS. 594,946,037/-

v. **GRANT NO.76, PAKISTAN COAST GUARDS**
EXCESS OF RS. 49,149,012/-

vi. **GRANT NO.151**
SAVING OF RS. 3, 291,648,671/-

PAC DIRECTIVE

The PAC settled the above mentioned six grants as recommended by the DAC.

AUDIT REPORT FOR THE YEAR 2009-10
MINISTRY OF INTERIOR

2. **PARA-13.1, PAGE 74 AR 2009-10**
NON RECONCILIATION OF GOVERNMENT RECEIPTS – RS. 551.510 MILLION

The Audit pointed out that Interior Division issued 88,838 new Arms Licences from 28.03.2008 to 30.06.2009 under Section 11(b) of The Pakistan Arms Ordinance, 1965. Arms Licences fee for these licences was estimated at Rs. 515,507,500 and it was to be deposited into Government Treasury. However, the

receipts were not reconciled with the treasury. In the absence of any verification procedure adopted by the management and reconciliation, there was every possibility of issuance of Arms Licence against fake challans.

PAC DIRECTIVE DATED 22.04.2014

The Committee directed the PAO that a report containing verified statement of the complete reconciled receipt of the Arms licence be provided to the Committee/Audit within two months.

The PAO informed the Committee that an inquiry was conducted by FIA which held the then S.O. (Arms) responsible and criminal proceeding was done against him. The Civil Court sentenced the accused officer, however, the higher court suspended the punishment order. Further, the PAO apprised the committee that strict rule has been formed to restrict the corrupt practices in future. The National Bank of Pakistan has also been requested to bifurcate the head of account from renewal fee deposited to newly issued licence fee deposited to know the actual shortfall of the amount and provide the same to the Ministry.

PAC DIRECTIVE

The PAC pended the Para and directed the FIA to provide the comprehensive report whether the criminal case has been contested by the department against the accused officer after the bail from the higher court, and report the committee in the next meeting. The committee further suggested to notify the cancellation of those arms licences which were not renewed after the cut-off date (31-12-2015).

3. **PARA- 13.2, PAGE 74-75, AR 2009-10**
UN-AUTHORIZED RETENTION AND UTILIZATION OF GOVERNMENT RECEIPTS – RS. 41.810 MILLION

The Audit pointed out that Federal Treasury Rule 7 states that all money received by or tendered to Government Officers should be deposited in Treasury without any delay and money so received should not be appropriated to meet departmental expenditure nor should it be kept apart from the public account.

In violation of above rules, the management of ICT Police Islamabad realized receipts amounting to Rs. 41,813,784 during the year 2008-09.

Management was using above receipts to meet departmental expenses over and above the budget without Finance Division's approval. Furthermore, the expenditure was being approved by respective heads of department who were not delegated any financial power in this regard.

PAC DIRECTIVE DATED 22.04.2014

The Committee directed the PAO to conduct inquiry in the matter by fixing responsibility and a report thereof be sent to the Committee within two months.

The PAO informed the committee that an inquiry has been made and warning issued to the officer responsible, whereas, some officers deposited the amount which was liable on them.

PAC DIRECTIVE

The PAC settled the Para subject to verification of record by Audit.

1. PARA- 13.3, PAGE 75-76, AR 2009-10
IRREGULAR PURCHASE OF AIRCRAFT – RS. 138.500 MILLION

The Audit pointed out that an aircraft was purchased by the Baluchistan Constabulary for Baluchistan Police in February, 2006. The PC-I provided Rs.50 million for the purchase. However, the management paid Rs. 138.50 million without provisions in PC-I and approval of Steering Committee. Further, the aircraft purchased had different specification than given in the PC-I.

PAC DIRECTIVE DATED 22.04.2014

The Committee directed the PAO to ensure presence of all concerned from the Baluchistan Government in the next meeting.

The PAO apprised the committee that project is about to complete and deviation in the PC-I has been regularized through revised PC-I by the ECNEC. As per the revised PC-I approved by the ECNEC the Balochistan Government would bear the difference of amount. The representative of Balochistan Government was present in the meeting, informed that the Balochistan Government would not pay the difference of amount.

PAC DIRECTIVE

The PAC pended the Para till its next meeting with the direction to the PAO to get settled the issue with the Balochistan Government in the presence of Finance Division at the earliest.

2. PARA – 13.4, PAGE 76-77, AR 2009-10
POOR EXECUTION OF ISLAMABAD DEVELOPMENT PACKAGE

The Audit pointed out that during the audit of Islamabad Development Package (IDP), it was observed that proposed plan for Urban and Rural Areas of Islamabad Capital Territory was approved for Rs. 4,300.250 million.

Audit observed that no funds were utilized for Education Sector whereas only Rs. 8.240 million (2.9% of allocation) were utilized in health sector for purchase of 03 mobile ambulances and for a feasibility study. Further, the ambulances procured are not yet operational.

Audit further held that one comprehensive PC-I for each sector should have been prepared and got approved form relevant forum. Instead the management split development activity and prepared 51 PC-Is under this package (02 for Health and 49 for Rural Development) to avoid the approval of higher forums like CDWP and ECNEC.

Up-to-date ICT has planned and approved 111 schemes of various sectors at a cost of Rs. 4,300 million. Out of these schemes43 schemes have been completed and 50 schemes are on-going whereas 18 schemes are yet to be started. Accordingly an amount of Rs. 2,188.931 million i.e. 51% of total allocation was released by the Interior, P&D and Finance Divisions. As such expenditure of Rs.2188.931 million on approved schemes has been incurred.

PAC DIRECTIVE DATED 22.04.2014

The Committee directed the PAO to provide updated figures in each head including Health and Education to the Committee within two months.

The PAO informed the committee that after devolution, of Ministries, all the funds could not be spent on the schemes of health and education, made under Islamabad Development Package.

PAC DIRECTIVE

The PAC settled the Para with the remarks that observation of audit relating to the poor utilization of funds by ICT is endorsed.

3. PARA – 13.6, PAGE 77-78, AR 2009-10
MISAPPROPRIATION IN PURCHASE OF FIRE WOOD – RS. 0.566 MILLION

The Audit pointed out that accounts of Baluchistan Constabulary (Zone-1) for the years 2006-07 and 2007-08, it was observed that in June, 2007 an amount of Rs. 566,136 was paid to a supplier of fire wood. However, review of the stock register showed that the fire wood was never taken on record. There is a risk that the fire wood was not purchased and that amount was kept unauthorized outside government account.

Management stated that the amount was drawn during financial year 2006-07 but the payment was not made to the contractor. The payment was subsequently made to the contractor with the approval of Commandant Baluchistan Constabulary in next financial year.

No record was provided to audit to establish that fire wood was actually procured. The risk of embezzlement could not be ruled out.

PAC DIRECTIVE DATED 22.04.2014

The Committee directed the PAO to conduct inquiry in the matter by fixing responsibility and a report thereof be sent to the Committee within two months.

The Management apprised the Committee that the accused officer has deposited the amount and he has been punished with penalty.

PAC DIRECTIVE

The PAC settled the Para.

4. PARA –7.2, PAGE 152, AR 2009-10
IRREGULAR ENHANCEMENT IN COST OF WORK – RS. 39.6 MILLION

The Audit pointed out that the Director General, Pakistan Rangers (Sindh), Karachi, awarded the work of construction of 24 officer's family residences at Karachi for Rs. 106.684 million against permissible limit of PC-I for Rs. 67.068 million (Rs. 2.43 million x 24+15%). Enhancement in the cost of work was made without revision of PC-I. This resulted in irregular enhancement in cost of work for Rs. 39.6 million.

PAC DIRECTIVE DATED 22.04.2014

The Committee directed the PAO to get approval of the revised PC-I.

PAC DIRECTIVE

The PAC settled the Para on the recommendations of Audit.

5. PARA – 7.4, PAGE 153-154, AR 2009-10
AWARD OF WORK AT HIGHER RATES – RS. 8.290 MILLION

The Audit pointed out that the Director General, Pakistan Rangers (Sindh), Karachi awarded a work of "Supply of Power Generators" amounting to Rs. 92.60 million for 59 numbers of posts. One generator for each check post was required as per specification. The contractor offered two options of generator with rates. One option was to be considered but cost of both options was considered in the evaluation and lump sum contract was awarded to the contractor for Rs. 92.60 million instead of correct amount i.e. Rs. 84.31 million. This resulted in award of work at higher rates for Rs. 8.290 million (92.6 – 84.31).

PAC DIRECTIVE DATED 22.04.2014

The Committee directed the PAO to conduct inquiry in the matter and a report thereof be sent to the Committee within two months.

The Management apprised the Committee that official has been served with warning for such carelessness in the wording of agreement and explained that no payment at higher rate was made to the contractor.

PAC DIRECTIVE

The PAC settled the Para.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee Wing)

ACTIONABLE POINTS

Actionable points arising out from discussion of thePAC meeting held on 25th August, 2016 under the convenership of Sardar Ashiq Hussain Gopang, MNA to examine the Audit Reports for the year 2009-10, pertaining to the Ministry of Interior are as under:

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR OF 2009-10

1. PARA-13.1 PAGE 74 (AR 2009-10) NON RECONCILIATION OF GOVERNMENT RECEIPTS - RS. 551.510 MILLION

Audit pointed out that Rule 77 (V) of Federal Treasury Rules Vol-I provides that money deposited into Government Treasury through challans should be reconciled with the concerned Treasury to ensure that the amounts have actually been credited into Government Account.

Management of Interior Division issued 88,838 new Arms Licences from 28.03.2008 to 30.06.2009 under Section 11(b) of The Pakistan Arms Ordinance, 1965. Arms Licences fee for these licences was estimated at Rs. 515,507,500 and it was to be deposited into Government Treasury. However, the receipts were not reconciled with the treasury. In the absence of any verification procedure adopted by the management and reconciliation, there was every possibility of issuance of Arms Licence against fake challans.

PAC DIRECTIVES DATED 22.04.2014:

The Committee directed the PAO that a report containing verified statement of the complete reconciled receipt of the Arms licence be provided to the Committee/Audit within two months.

PAC DIRECTIVE (DATED 24.03.2016)

The PAC pended the Para and directed the FIA to provide the comprehensive report whether the criminal case has been contested by the department against the accused officer after the bail from the higher court, and report the committee in the next meeting. The Committee further suggested to notify the cancellation of those arms licences which were not renewed after the cut-off date (31.12.2015).

The PAO informed the committee that 85 million, out of the total amount, was still unreconciled and the only reason for delay in this whole process was because of

non cooperation by the National Bank's staff, however, all out efforts were being made to get accomplished the remaining task. He further said that a campaign in the electronic and print media regarding verification of arms licences from NADRA was launched which is still in process and its cutoff date is 30th November, 2016. All those licences which will remain unverified will be considered as cancelled after the cutoff date. He, however, confessed before the committee about improper handling of the case by the FIA and assured that he would look into the issue personally under report to the Committee.

PAC DIRECTIVE

The PAC expressed its concern over mishandling of the case by the FIA as well as the Ministry. The Committee, however, directed the PAO to personally look into the matter, hold a meeting, with the FIA authorities and all other concerned to unearth all the FIA and Court cases, fix responsibilities against all those found at fault and submit a comprehensive report within one month.

2. PARA-13.3 PAGE 75-76 (AR 2009-10)
IRREGULAR PURCHASE OF AIRCRAFT - RS. 138.500 MILLION

Audit observed that an aircraft was purchased by the Baluchistan Constabulary for Baluchistan Police in February, 2006. The PC-I provided Rs.50 million for the purchase. However, the management paid Rs. 138.50 million without provisions in PC-I and approval of Steering Committee. Further, the aircraft purchased had different specification than given in the PC-I.

PAC DIRECTIVES DATED 22.04.2014

The Committee directed the PAO to ensure presence of all concerned from the Baluchistan Government in the next meeting.

PAC DIRECTIVES (24.03.2016):

The PAC pended the Para till its next meeting with the direction to the PAO to get settled the issue with the Balochistan Government in the presence of Finance Division at the earliest.

The PAO informed the Committee that the issue of purchase of the aircraft was virtually settled as the same was ratified by the ECNEC. The only issue which remained was as to whether the Balochistan Government was willing to pay the excessive amount or not?. Apparently, it seems that the said Government was reluctant to do so, thus, there remains no other options except to adjust the amount in question through the Federal Adjuster. The representative from the Finance Division who was present in the meeting also endorsed the PAO's proposal.

PAC DIRECTIVE

The PAC endorsed the PAO's proposal regarding adjustment of the excessive amount through the Federal Adjuster and directed that needful may be done in this regard under report to the Committee. The para would be treated as settled subject to full adjustment and its verification by the Audit.

PARA RECOMMENDED FOR SETTLEMENT

3. PARA-13.2 PAGE 74-75 (AR 2009-10)
UN-AUTHORIZED RETENTION AND UTILIZATION OF GOVERNMENT RECEIPTS – RS. 41.810 MILLION

PAC DIRECTIVE

The PAC settled the para on the recommendations of audit.

INTER PROVINCIAL COORDINATION (IPC)
AA-2008-09

OVERVIEW

Annual Appropriation Accounts 2008-09 pertaining to the Inter Provincial Coordination (IPC) examined by the PAC on 19th October 2017.

- The AGPR presented 01 grant which was regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 19th October, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 pertaining to the Inter Provincial Coordination Division is as under:

APPROPRIATION ACCOUNTS CIVIL – VOL – I 2008-09

GRANT NO.05 - INTER PROVINCIAL COORDINATION DIVISION SAVING RS. 4,148,345/-

AGPR pointed out that grant closed with a saving of Rs.4, 148,345/- which worked out to 22.16 percent of the total grant. An amount of Rs.4, 057,175(21.67%) was surrendered leaving net saving of Rs.91, 170 (0.49%).

PAC DIRECTIVE

The PAC recommended the saving in the above mentioned grant for regularization on the recommendation of AGPR.

ISLAMABAD HIGH COURT (IHC)
AA-2008-09

OVERVIEW

Appropriation Accounts for the year 2008-09 pertaining to the Islamabad High Court (IHC), examined by the PAC on 21st March, 2018.

- The AGPR presented 01 grant which was deferred by the committee.

NATIONAL ASSEMBLY SECRETARIAT

(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 21st March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 pertaining to the Islamabad High Court.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. i. **ISLAMABAD HIGH COURT**
SAVING RS.914,886/-

The appropriation closed with a saving of Rs.1,293,486 which worked out to 1.52 percent of the total appropriation. An amount of Rs.378,600 (0.44%) was surrendered leaving net saving of Rs.914,886 (1.08%).

PAC DIRECTIVE

The PAC deferred the grant due to absence of registrar Islamabad High Court in the meeting.

MINISTRY OF KASHMIR AFFAIRS AND GILGIT-BALTISTAN
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Kashmir Affairs and Gilgit-Baltistan examined by the PAC on 30th January, 2017.

- 07 paras were presented by the Audit Department which were examined by the Committee. Out of which 03 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 05 grants out of which 03 grants were regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 30th January, 2017, under the Chairperson of Dr. Azra Fazal Pechuho, MNA, during examination of the Appropriation Accounts for the year 2008-09 and Audit Report for the year 2009-10 pertaining to the Ministry of Kashmir Affairs and Gilgit Baltistan are as under:

MINISTRY OF KAHMIR AFFAIRS AND GILGIT BALTISTAN
APPROPRIATION ACCOUNTS (CIVIL) (VOL-I) 2008-09

1. i) **GRANT NO.79- KASHMIR AFFAIRS AND NORTHERN AREAS**
SAVINGS – RS. 36,154,077/-

The AGPR pointed out that the grant closed with a saving of Rs.36, 694,748 which worked out to 16.22 percent of the total grant. An amount of Rs.540, 671 (0.24%) was surrendered leaving net saving of Rs.36, 154,077 (15.98%).

The PAO apprised the Committee that excess was mainly due to Revision of basic pay scales of all government employees by the Federal Government and Revision of Medical allowance of employees of BPS-01 to BPS-16.

ii) **GRANT NO.80-OTHER EXPENDITURE OF KASHMIR AFFAIRS AND NORTHERN AREAS**
EXCESS – RS. 37,268,563/-

The AGPR pointed out that the grant closed with an excess of Rs.37, 268,563 which worked out to 0.36 percent of the total grant.

The PAO apprised the Committee that excess was mainly due to Revision of basic pay scales of all government employees by the Federal Government and Revision of Medical allowance of employees of BPS-01 to BPS-16.

iii) **GRANT NO.125-CAPITAL OUTLAY ON PURCHASES BY KASHMIR AFFAIRS AND NORTHERN AREAS**
SAVINGS – RS. 332,325,527/-

The AGPR pointed out that the grant closed with a saving of Rs.332, 325,527 which worked out to 11.03 percent of the total grant.

The PAO apprised the Committee that surrender of Rs.332, 325,527 which was issued on 30-06-2009 after the codal date i.e. 15th May. Therefore, it was not taken in Appropriation Accounts.

PAC DIRECTIVE

The PAC recommended the savings/excess in the above mentioned three grants for regularization on the recommendation of AGPR.

2. **GRANT NO.81- NORTHERN AREAS**
EXCESS - RS. 1,478,933,503/-

The AGPR pointed out that the grant closed with an excess of Rs.1,478,933,503 which worked out to 39.23 percent of the total grant.

The PAO apprised the Committee that excess was mainly due to:-

Revision of basic pay scales of all government employees by the Federal Government, Revision of Medical allowance of employees of BPS-01 to BPS-16, Revision of Salary, allowances and privileges of Speaker, Deputy Speaker and Members of Northern Areas Legislative Assembly as admissible to the AJK Assembly.

PAC DIRECTIVE

The PAC recommended the excess in the grant for regularization subject to reconciliation of the above stated facts of the PAO by the Finance Division.

3. **GRANT NO.152-DEVELOPMENT EXPENDITURE OF KASHMIR AFFAIRS AND NORTHERN AREAS DIVISION**
SAVINGS - RS. 1,822,863,338/-

The AGPR pointed out that the grant closed with a saving of Rs.1, 822,863,338 which worked out to 32.19 percent of the total grant.

The PAO apprised the Committee that saving was due to non release of funds as under:-

i) **SAVING - OF RS .1, 813,883,000/-**

Due to non release of funds.

ii) **SAVING - OF RS .8, 980,338/-**

Was due to slow progress in various development schemes.

PAC DIRECTIVE

The PAC recommended the grant for regularization subject to verification of record by AGPR.

MINISTRY OF KAHMIR AFFAIRS AND GILGIT BALTISTAN
AUDIT REPORT FOR THE YEAR 2009-10

4. **PARA NO. 16.1 PAGE - 92 AR - 2009-10**
UNAUTHORIZED PAYMENT OF ESCALATION CHARGES TO NORTHERN AREAS TRANSPORT COMPANY (NATCO) - RS. 11.93 MILLION

The Audit pointed out that according to the Contract Agreement made by Directorate of Civil Supply and Transport (DCST), Northern Areas Gilgit on 11-09-2004, the Northern Areas Transport Company (NATCO) was required to transport wheat from Islamabad to Jaglot on payment of Rs 1.19/kg during the year 2004-05. There was no provision for payment of escalation charges in the contract.

The PAO apprised the Committee that escalation was mainly due to variation in fuel prices. A joint DAC of Federal Audit and Commercial Audit was conducted on dated 06.01.2016 to settle the para, but no agreement could be reached on the formula for payment of escalation, and it was directed that NATCO and Food Department in the supervision of Finance Department Gilgit Baltistan should come up with a mutual agreed formula based on escalation paid by Works Department and MES.

PAC DIRECTIVE

The PAC recommended the para for settlement.

5. **PARA NO. 16.2 (PAGES 92-93 AR - 2009-10)**
OVERPAYMENT TO DIFFERENT CONTRACTORS AS TRANSPORTATION CHARGES DUE TO MISCALCULATION – RS. 55.77 MILLION

The Audit pointed out that Para 10 (2) of GFR stipulates that the expenditure should not be prima facie more than the occasion demands. Directorate of Civil Supplies and Transport (DCST), Northern Area, Gilgit paid Rs. 74,355,855 as escalation to transportation contractors on account of increase in oil prices for the year 2008-09. Audit observed that in the composite transportation rate, the weightage of fuel i.e. diesel was 25%. Thus, in computing escalation charges, the weightage of fuel in the composite rate should have been taken into account. If that had been done, the management would have paid Rs. 18,588,963 in escalation charges. Contrary to that the management paid escalation charges in proportion to increase in the price of diesel. Thus, due to miscalculation, DCST made excess payment of Rs. 55,766,892 to contractors.

The PAO apprised the Committee that the payment for escalation to the tune of Rs.56.167 million to NATCO and Rs.18.188 million to private contractors (Total Rs.74.355 million) based on the actual increase in POL price over and above 5% as provided the escalation clauses of agreement deed.

PAC DIRECTIVE

The PAC pended the para with direction to the PAO to reconcile the record with Audit with a report to PAC.

6. **PARA NO. 16.3 (PAGE 93 AR - 2009-10)**
LESS RECOVERY OF SALE PRICE AMOUNTING TO RS. 2.6 BILLION

The Audit pointed out that as per provisions of Para-26 GFR, it is responsibility of every controlling officer to see that all sums due to Government are regularly and promptly assessed, realized and credited in the Government account. As per ECC decision dated 17-04-2002 and subsequent clarification by Finance Division, the cost of transportation of wheat and handling charges were to be borne by the Government which meant that purchase price was to be passed on to the consumer.

The PAO apprised the Committee that a committee under the Chairmanship of the Federal Secretary Finance, Islamabad, decided vide meeting dated 20.07.2011, to gradually increase prices of wheat up to 70%. The Gilgit Baltistan Government started implementing the decisions and rates were increased. On the increases of wheat prices, the people of Gilgit Baltistan started agitation. The Chairman Gilgit Baltistan Council/Prime Minister of Pakistan approved a Summary dated 28.04.2014, wherein the price of wheat was re-fixed and reduced to Rs.11 per Kg which is still under implementation.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to provision of copy of Prime Minister's directive regarding re-fixation of wheat price and its supply at reduced rate to the consumers, to Audit/PAC.

7. **PARA NO. 16.4 (PAGE 94 AR - 2009-10)**
LOSS OF RS. 22.38 MILLION DUE TO THEFT AND SHORT SUPPLY OF 860,855 KG OF WHEATAT THE FIVE CIVIL SUPPLY DEPOTS IN NORTHERN AREAS

The Audit pointed out that according to Para 23 of GFR (Vol-I), every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part. The Directorate of Civil Supply and Transport (DCST) Gilgit was

procuring wheat from Punjab Province and supplying it to the residents of Northern Areas through Civil Supply Depots. Audit observed that during the year 2008-09, 860,855 kg of wheat was found either stolen or short as per physical verification reports of five Civil Supply Depots.

The PAO apprised the Committee that against Audit's figure of recoverable amount of Rs. 22,456,512 the management claimed that an amount of Rs. 7,996,163 was recoverable on account of Missing (issued to public but deposit challans were not deposited in time) and Shortage Stock (theft). An amount of Rs. 1,744,895 has been recovered, and Rs. 815,552 has been written off by Court. While the balance recoverable (Chilas) is Rs. 5,435,716 case of which is pending in Court.

PAC DIRECTIVE

The PAC pended the para with direction to the PAO to pursue the court case vigorously under report to Audit/PAC.

8. **PARA NO. 16.5 (PAGES 94-95 AR - 2009-10)**
HIRING OF NON CUSTOM PAID (NCP) VEHICLES FOR INTERNAL SECURITY DUTY – RS. 151.24 MILLION

The Audit pointed out that according to para 10 GFR (Vol-I), the expenditure should not be *prima facie* more than the occasion demands. It was noted that DC Gilgit and Skardu incurred an expenditure of Rs. 151.24 million on account of hiring and POL charges of 67 Non Custom Paid vehicles during 2006-09 as detailed below:

District	No. of vehicles	Amount paid (Rs in million)
DC Gilgit	50	131.49
DC Skardu	17	19.75
Total	**67**	**151.24**

The PAO apprised the Committee that the Government of Gilgit-Baltistan has engaged Non Custom Paid vehicles for Internal Security in Gilgit Baltistan after sectarian violence in 2005.There was acute shortage of Government vehicles in Gilgit Baltistan, consequently the District Administration had to engage private vehicles for transportation of LEAs deployed on Internal Security Duty. However the NCP vehicles were easily available on lower rate in the area which was economical and dependable to coup the requirement of LEAs. It is further stated that the whole process was completed by the approval of Provincial Government calling open tenders and keeping in view the lowest rate offered by the private parties.

PAC DIRECTIVE

The PAC noted with concern the violation of law in the instant case and directed the PAO to be careful in future. The para was, however, recommended for settlement subject to regularization of the expenditure by the competent forum of the Government of Gilgit Baltistan.

PARAS RECOMMENDED FOR SETTLEMENT

NORTHERN AREAS TRANSPORT CORPORATION (PVT) LIMITED

9. i) **PARA-161 AND 161.1 ARPSE-2009-10**

ii) **PARA-161.2 ARPSE-2009-10**

PAC DIRECTIVE

The PAC recommended the above mentioned two paras for settlement on the recommendation of Audit.

MINISTRY OF LAW AND JUSTICE
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Law and Justice examined by the PAC on 22nd March, 2018.

- 05 paras were presented by the Audit Department which were examined by the Committee. Out of which 02 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 03 grants out of which were regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 22nd March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 and Audit Report for the year 2009-10 pertaining to the M/o Law and Justice.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. i. **GRANT NO.85 – LAW JUSTICE AND HUMAN RIGHTS DIVISION SAVING RS.8,329,818/-**

AGPR pointed out that the grant closed with a saving of Rs.10,629,818 which worked out to 6.04 percent of the total grant. An amount of Rs.2,300,000 (1.30%) was surrendered leaving net saving of Rs.8,329,818 (4.74%).

ii. **GRANT NO.87 – OTHER EXPENDITURE OF LAW AND JUSTICE EXCESS RS.5,094,640/-**

AGPR pointed out that the grant closed with an excess of Rs.5,094,640 which worked out to 0.65 percent of the total grant.

iii. **GRANT NO.155 – DEVELOPMENT EXPENDITURE OF LAW AND JUSTICE DIVISION SAVING RS.392,197,168/-**

AGPR pointed out that the grant closed with a saving of Rs.1,260,818,168 which worked out to 83.90 percent of the total grant. An amount of Rs.868,621,000 (57.80%) was surrendered leaving net saving of Rs.392,197,168 (26.10%).

The PAO apprised the Committee that the saving was mainly due to the reason that during the year 2008-09, financial cut was imposed on PSDP allocation

PAC DIRECTIVE

The PAC regularized the savings/Excess in the above mentioned three grants on the recommendation of AGPR.

AUDIT REPORT FOR THE YEAR 2009-10

2. i. **PARA NO. 17.2 (PAGE - 100)**
AUDIT REPORT 2009-10
IRREGULAR ENHANCEMENT AND PAYMENT OF FEE OF RS. 6 MILLION TO THE COUNSELS

Audit pointed out that the professional fee of Rs. 1 million was approved by the Prime Minister for each Counsel. Federal Government filed a Presidential Reference before the Supreme Judicial Counsel (SJC) against the Chief Justice of Pakistan in 2007. Law & Justice Division hired the services of two Advocates along with others for prosecuting the reference.

The PAO apprised the Committee that Finance Division empowers the Secretary of this Division being PAO to approve any fee of the advocates, that is why the second Summary with regard to suggesting fee of Rs. 5 million to each lawyers was returned by the Prime Minister for discussion with the lawyers. As the cases were of high profile, therefore, the demand of the advocates was reconsidered and enhanced the amount of the fee. The above stated position reveals that the fee enhanced was approved by the competent authority as per delegated financial powers keeping in view the public interest.

ii. **PARA NO. 17.3 (PAGE - 101)**
AUDIT REPORT 2009-10
IRREGULAR AND UNJUSTIFIED PAYMENT OF RS. 2 MILLION AS FEE TO A SENIOR ADVOCATE

Audit pointed out that Para 10 of GFR Vol-1 provides that no authority should exercise its powers to pass an order which will be, directly or indirectly, to its own advantage. Law and Justice Division nominated a Senior Advocate in a case CP. NO. 21/2007-Chief Justice of Pakistan Versus President of Pakistan and all connected/clubbed petitions before the Supreme Court of Pakistan at a fee of Rupees two million in May, 2007.

The PAO apprised the Committee that since the matter was high profile and sensitive, no advocate was ready to represent the Federal Government in the case of Justice Iftikhar Muhammad Chaudary Ex Chief Justice of Pakistan except Mr. Justice (R) Malik Muhammad Qayyum. The fee of Sr. Advocate Supreme Court was enhanced by the authorized forum i.e. LAC the matter regarding enhancement to the fee was also referred to the Hon. Prime Minister of Pakistan.

iii. **PARA NO. 17.5 (PAGE - 102)**
AUDIT REPORT 2009-10
UN-WARRANTED ENGAGEMENT OF A TEAM OF LAWYERS- RS. 3.7 MILLION

Audit pointed out that according to Para-11 of GFR Vol-I each head of a department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers. Law and Justice Division nominated a Senior Advocate as Government Counsel at a fee of Rs. 4.20 million (Rupees four million to Senior Advocate and Rupees 200,000 to his junior advocates) to defend constitutional petitions (CP No. 73 to 75/07).

The PAO apprised the Committee that all the advocates were nominated on the recommendation of the then Attorney General for Pakistan under circumstances of crucial nature.

PAC DIRECTIVE

The PAC expressed its concern on the above mentioned three paras and noted that payments were made to the lawyers without approval by the Hon. Prime Minister. Therefore, the PAO was directed to obtain Ex-Post-Facto approval from the office of the Prime Minister under report to Audit/PAC.

3. **PARA NO. 17.4 (PAGE - 101)**
AUDIT REPORT 2009-10
OVERPAYMENT OF PAY AND ALLOWANCES TO EX-SECRETARY LAW – RS. 3.06 MILLION

Audit pointed out that according to paragraph 15-A (1) of the High Court Judges (Leave, Pension and Privileges) Order, 1997 where a retired Judge in receipt of pension is appointed to, or is holding a post in connection with the affairs of the Federation or a Province or a body owned or controlled by the Federal Government or a Provincial Government, he shall be entitled to receive full pension in addition to pay, allowances and privileges of the post on which he is re-employed in accordance with the rules applicable on re-employment to retired civil servants.

The PAO apprised the Committee that appointment and terms and conditions of Secretary, Law and Justice were approved by the Prime Minister Whereas, Mr. Justice (R) Mansoor Ahmad was not in receipt of pension during the aforesaid period when he was Secretary of Ministry of LJ&PA. Therefore, the provisions of paragraph 15-A of P.O.3 of 1997 are not applicable in this case.

PAC DIRECTIVE

The PAC recommended the para for settlement.

PARA RECOMMENDED FOR SETTLEMENT

4. **PARA NO. 17.1 (PAGE - 99) AUDIT REPORT 2009-10 IRREGULAR EXPENDITURE ON APPOINTMENT OF FEDERAL COUNSELS ON MONTHLY RETAINERSHIP BASIS - RS 18.99 MILLION**

PAC DIRECTIVE

The PAC recommended the para for settlement on the recommendation of Audit.

NARCOTICS CONTROL DIVISION
AA-2008-09

OVERVIEW

Appropriation Accounts 2008-09 pertaining to the Narcotics Control Division examined by the PAC on 21st March, 2018.

- The AGPR presented 02 grants which were regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT

(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 21st March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 pertaining to the Narcotics Control Division.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. i. **GRANT NO.90 – NARCOTICS CONTROL DIVISION**
SAVING.94,229,422/-

The grant closed with a saving of Rs.94,229,422 which worked out to 12.39 percent of the total grant.

The PAO apprised the Committee that the recruitment of officers sought through FPSC could not be completed during the financial year. 14 Assistant Directors and 18 Inspectors could not be recruited by FPSC during the year due to procedural formalities involved in appointments.

PAC DIRECTIVE

The PAC regularized the saving in the above mentioned grant as explanation given by the PAO.

ii. **GRANT NO.157 – DEVELOPMENT EXPENDITURE OF NARCOTICS CONTROL DIVISION**
SAVING.346,220,829/-

The grant closed with a excess of Rs.243,220,829 . which worked out to 46.34 percent of the total grant. A supplementary grant of Rs.56,901,000 was sanctioned but not included in the supplementary schedule of authorized expenditure.

PAC DIRECTIVE

The PAC regularized the saving in the above mentioned grant on the recommendation of AGPR.

NATIONAL ASSEMBLY SECRETARIAT
AA-2008-09

OVERVIEW

Appropriation Accounts 2008-09 pertaining to the National Assembly Secretariat examined by the PAC on 21st March, 2018.

- The AGPR presented 01 grant which was regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT

(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 21st March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 pertaining to the National Assembly Secretariat.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. **GRANT NO.91 – NATIONAL ASSEMBLY**
(CHARGED)
SAVING RS. 975,910/-

AGPR pointed out that in "Charged Section" the appropriation closed with a saving of Rs.975,910 which worked out to 0.23 percent of the total appropriation.

(OTHER THAN CHARGED)
SAVING RS.5,332,621/-

In other "Than Charged Section" the grant closed with a saving of Rs.17,578,621 which worked out to 2.40 percent of the total grant. An amount of Rs.12,246,000 (1.67%) was surrendered leaving net saving of Rs.5,332,621 (0.72%).

The PAO apprised the Committee that saving was due to vacant posts and less expenditure on TA/DA etc of the MNAs and various contingent heads of Chairman Standing Committees.

PAC DIRECTIVE

The PAC regularized the saving in the above mentioned grant on the recommendation of AGPR.

MINISTRY OF NATIONAL FOOD SECURITY AND RESEARCH
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of National Food Security and Research examined by the PAC on 13th March 2014.

- 16 paras were presented by the Audit Department which were examined by the Committee. Out of which 08 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 08 grants which were regularized by the committee.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the PAC meeting held on 13th March, 2014 on Appropriation Accounts for the year 2008-09 and Audit Report 2009-10, pertaining to the Ministry of National Food Security and Research.

APPROPRIATION ACCOUNTS CIVIL 2008-09 (VOL-I)
Ministry of National Food Security and Research

FOOD, AGRICULTURE AND LIVESTOCK

1. **GRANT NO. 49:**
   SAVING OF Rs. 18,383,349

2. **GRANT NO. 49-A:**
   SAVING OF RS.681, 459

3. **GRANT NO. 50:**
   SAVING OF Rs. 1,806

4. **GRANT NO. 51**
   SAVING OF Rs. 11,755,953

5. **GRANT NO. 124**
   SAVING OF RS. 483,696

6. **GRANT NO. 146**
   SAVING OF RS. 9,419,802,711

7. **GRANT NO. 147**
   SAVING OF RS. 601,438,125

PAC Directive

The Committee settled the above seven grants.

8. **GRANT NO.123-CAPITAL QUALITY ON PURCHASE OF FOOD (DEPARTMENTALIZED ACCOUNT)**
   EXCESS OF RS.745, 904/-

PAC DIRECTIVE
The Committee regularized the grant.

GENERAL DIRECTIVE OF PAC

The Committee directed the PAO that henceforth all matters of the devolved Ministry of Food and Agriculture and its Departments will be dealt with by the Ministry of National Food Security and Research.

AUDIT REPORT 2009-10

NATIONAL FOOD SECURITY AND RESEARCH

1. **PARA-9.1**
IMPROPER PURCHASE OF OIL PALM EXTRACTION MILL – RS. 49.73 MILLION

PAC DIRECTIVE

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

2. **PARA-9.2**
MISSING 620,400 GERMINATED OIL PALM SEEDLINGS IMPORTED FROM MALAYSIA – US$ 322,608

3. **PARA-9.3**
LOSS DUE TO PAYMENT OF EXTRA MARGIN AND EXTENSION CHARGES AGAINST LETTER OF CREDIT – RS. 3.15 MILLION

PAC DIRECTIVE

The Committee directed the PAO to conduct inquiry with regard to the above said two paras and report to be endorsed by the PAO be sent to the Committee within two months.

4. **PARA-9.4**
MIS-PROCUREMENT – RS. 18.180 MILLION

PAC DIRECTIVE

The Committee settled the para.

AUDIT REPORT PUBLIC SECTOR ENTERPRISES 2009-10
MINISTRY OF FOOD & AGRICULTURE

PAKISTAN AGRICULTURAL STORAGE AND SERVICES CORPORATION LIMITED

1. **PARA-80, PAGE-117, ARPSE-2009-10**
(INTRODUCTORY PARA

PAC DIRECTIVE

The Committee settled the para.

2. **PARA-80.1, PAGE-117, ARPSE-2009-10**
FAILURE IN ACHIEVING PROCUREMENT TARGETS OF WHEAT.

PAC DIRECTIVE

The Committee settled the para, however, directed the PAO to streamline the procedure for award of contract of labour.

3. **PARA-80.2, PAGE-118, ARPSE-2009-10**
NON CONSTRUCTION OF PERMANENT STORAGE GODOWNS AND HEAVY EXPENDITURE INCURRED ON CONSTRUCTION OF TEMPORARY PLANTS.

PAC DIRECTIVE

The Committee settled the para, however, directed the PAO to:

i) Policy for construction of godowns may be looked into by involving the Private sector.
ii) Accurate survey of losses of wheat may be carried out.

4. **PARA-80.3, PAGE-118-119, ARPSE-2009-10**
WORKING RESULTS OF THE CORPORATION

5. **PARA-80.4, PAGE-119, ARPSE-2009-10**
CLAIM REGARDING COST DIFFERENTIAL RECEIVABLE FROM GOVERNMENT OF PAKISTAN

6. **PARA-80.5, PAGE-119, ARPSE-2009-10**
COMPLIANCE WITH THE PROVISION OF IAS-19

PAC DIRECTIVE

The Committee settled the above three (03) paras.

7. **PARA-81**
LOSS DUE TO PURCHASE OF SUB-STANDARD RICE IN VIOLATION OF PURCHASE AGREEMENT – RS. 411.260 MILLION

Audit pointed out that the procurement of Super Rice was banned by MINFA from February 18, 2009 and all the heads were advised to intimate the stock position. The heads of Gujranwala and Mandi Bahu Din Zones reported stock quantity of 20,750 and 52,436 rice bags respectively vide stock sheets dated February 19, 2009. The management was suspicious about the extra ordinary procurement hence a high level enquiry was constituted by the PASSCO (HO). The enquiry committee proved that a quantity of 73,186 bags was procured during ban period as it was not possible to take proper samples of the rice in such a short time. Based on the recommendations of enquiry committee, the authority terminated the services of concerned employees. The authority also directed to take fresh samples of the rice purchased during ban period in the presence of G.M (Field), G.M (S&C) and G.M (Commercial). As per the analysis report, the contrasting varieties ranged from 10% to 89% against the standard limits of 7% to 10%. This resulted into loss of Rs 411.260 million due to purchase of sub-standard rice in violation of purchase agreement.

The Departmental representative replied that as per the recommendations of the inquiry committee, 18 persons were dismissed, however, the courts re-instated them. He admitted that a case in this regard has already been referred to FIA for investigation.

PAC DIRECTIVE

The Committee directed the PAO to take up the matter with FIA to finalize the case and a report thereof be sent to the Committee within three months.

8. **PARA-82, PAGE-121-122, ARPSE-2009-10**
UN-JUSTIFIED PAYMENT OF PRICE DIFFERENTIAL – RS. 28.256 MILLION

PAC DIRECTIVE

The Committee directed the PAO to conduct inquiry and a report thereof be sent to the Committee within two months.

9. **PARA-83, PAGE-122, ARPSE-2009-10**
LOSS DUE TO NON UTILIZATION OF GODOWNS/PREMISES OF MILL OWNERS – RS. 23.980 MILLION

10. **PARA-84, PAGE-123-124, ARPSE-2009-10**
IRREGULAR RE-EMPLOYMENT OF OFFICER AFTER DISMISSAL – RS. 4.800 MILLION

11. **PARA-85, PAGE-124, ARPSE-2009-10**
IRREGULAR EXPENDITURE DUE TO RE-EMPLOYMENT – RS. 3.485 MILLION

12. **PARA-86, PAGE-125, ARPSE-2009-10**
LOSS DUE TO IMPRUDENT PURCHASE AND DISPOSAL OF FOUR SUZUKI MEHRAN CARS – RS. 0.334 MILLION

PAC DIRECTIVE

The Committee settled the above four (04) paras.

MINISTRY OF NATIONAL HEALTH SERVICES, REGULATIONS AND COORDINATION
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of National Health Services, Regulations and Coordination examined by the PAC on 04th October 2016.

- 05 paras were presented by the Audit Department which were examined by the Committee. Out of which 01 para was settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 04 grants which were regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the PAC meeting held on 4th October, 2016 under the convenership of Sardar Ashiq Hussain Gopang, MNA to examine the Appropriation Accounts for the Year 2008-09 and Audit Report for the Year 2009-10, pertaining to the Ministry of National Health Services Regulations & Coordinationare as under:

MINISTRY OF NATIONAL HEALTH SERVICES, REGULATIONS & COORDINATION

APPROPRIATION ACCOUNTS CIVIL VOL-I (2008-09)

i. **GRANT NO.55 - HEALTH DIVISION**
SAVINGS RS. 64, 735,899/-

ii. **GRANT NO.56 - MEDICAL SERVICES**
SAVINGS RS. 11,561,107/-

iii. **GRANT NO.57- PUBLIC HEALTH**
SAVINGS RS. 15,063,442/-

iv. **GRANT NO.148 - DEVELOPMENT EXPENDITURE OF HEALTH DIVISION**
SAVINGS RS.6, 601,048,708/-

PAC DIRECTIVE

The PAC settled the above mentioned 04 grants on the recommendations of AGPR.

AUDIT REPORT FOR THE YEAR 2009-10

1. PARA NO. 10.1 PAGE NO. 56 (AR 2009-10)
EMBEZZLEMENT – RS. 1.36 MILLION

Audit pointed out that according to Para 23 of GFR Vol-I, every Government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part. In the Pakistan Medical Research Council (PMRC), Rs. 1,354,629 were drawn fraudulently during 1996-97 to 2004-05. Twenty (20) cheques were issued in the name of PMRC employees / landlords for hiring of residential accommodation whereas employees were also drawing House Rent Allowance during that

period. In nine (9) cases cheques were issued in fake names. Three (3) cheques were issued against purchases which were actually not made. Crossed cheques were issued but scrutiny of few cheques collected from the bank by the PMRC management indicated that either open cheques were issued in favor of employees / landlords or PMRC management opened the crossed cheques.

The PAO apprised the Committee that the accused officer was removed from the service and he was reinstated from the Federal Services Tribunal, the appeal was filed in the Supreme Court against the judgment of FST. The accused has deposited Rs. 871,000/- and an amount of Rs. 4 Lakh is still remaining. The case is in the court of law.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to pursue the court case vigorously in the court of law.

2. PARA NO. 10.2 PAGE NO. 56-57 (AR 2009-10)
LOSS DUE TO NON-TRANSPARENT PROCUREMENT – RS. 3.49 MILLION

Audit pointed out that rule 38 of Public Procurement Rules 2004 provides that the bidder with the lowest evaluated bid should be awarded the procurement contracts. Ministry of Health invited open bids for purchase of 50,000 each of Hepatitis B Kits and HVC kits on September 11, 2006. The technical evaluation committee evaluated 05 bids received for Hepatitis B Kits and accepted 02 bids of M/s Sind Medical Store and M/s ZEDCO which quoted Rs. 74 and Rs.18 each kit respectively.

PAC DIRECTIVE

The PAC recommended the para for settlement.

3. i. **PARA NO. 10.3 PAGE NO. 57-58 (AR 2009-10)**
WASTEFUL EXPENDITURE – RS. 31.17 MILLION

ii. **PARA NO. 10.4 PAGE NO. 58-59 (AR 2009-10)**
NON-RECOVERY OF PENALTY AND LC CHARGES – RS. 11.25 MILLION

iii. **PARA NO. 10.6 PAGE NO. 60 (AR 2009-10)**
IRREGULAR PAYMENT OF RS. 100.50 MILLION AGAINST PRE-RECEIPTED BILLS ON PURCHASE OF EQUIPMENTS AND NON-COMMISSIONING OF EQUIPMENT WORTH RS. 51 MILLION AT JPMC

PAC DIRECTIVE

The PAC referred the above mentioned three paras to the PAC of Provincial Assembly of Sindh, as the Jinnah Post Graduate Medical Center is the devolved subject.

MINISTRY OF OVERSEAS PAKISTANIS AND HUMAN RESOURCE DEVELOPMENT
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Overseas Pakistani and Human Resource Development examined by the PAC on 01st February, 2018.

- 43 paras were presented by the Audit Department which were examined by the Committee. Out of which 15 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 05 grants which were regularized by the committee.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 1st February, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts 2008-09 and Audit Report for the year 2009-10 pertaining to the Ministry of Overseas Pakistanis Foundation & Human Resource Development.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. i. **GRANT NO.82 – LABOUR AND MANPOWER DIVISION**
NET SAVING RS-3,024,769

The AGPR pointed out that grant closed with a saving of Rs.3, 024,769 which worked out to 1.16 percent of the total grant.

ii. **GRANT NO. 83 – OTHER EXPENDITURE OF LABOUR AND MANPOWER DIVISION**
NET SAVING RS-137,902

The AGPR pointed out that grant closed with a saving of Rs. 6,000,459,136 which worked out to 99.38 percent of the total grant. An amount of Rs.6,000,321,234 (99.38%) was surrendered leaving net saving of Rs.137, 902.

iii. **GRANT NO. 84 – OVERSEAS PAKISTANIS DIVISION**
NET SAVING RS-30,932,077

The AGPR pointed out that grant closed with a saving of Rs.30, 932,077 which worked out to 7.96 percent of the total grant.

iv. **GRANT NO. 153 – DEVELOPMENT EXPENDITURE OF LABOUR AND MANPOWER DIVISION**
NET SAVING RS-61,781,542

The AGPR pointed out that grant closed with a saving of Rs.61, 781,542 which worked out to 54.27 percent of the total grant.

The PAO apprised the Committee that the saving of Rs.55 million was due to reduction/ revision of PSDP allocation by Planning and Development Division.

PAC DIRECTIVE

The PAC regularized the savings in the above mentioned four grants on the recommendations of AGPR.

v. **GRANT NO. 154 – DEVELOPMENT EXPENDITURE OF OVERSEAS PAKISTANIS DIVISION**
NET SAVING RS.3,000,000

The AGPR pointed out that grant closed with a saving of Rs.3, 000,000 which worked out to 100 percent of the total grant.

The PAO apprised the Committee that funds were allocated for capacity building of staff. But could not be undertaken which resulted into surrender.

PAC DIRECTIVE

The PAC regularized the grant with the direction to the PAO to ensure utilization of development funds in due course of time and such practices should not be avoided in future.

AUDIT REPORT FOR THE YEAR 2009-10

EMPLOYEE'S OLD AGE BENEFITS INSTITUTION

2. **PARA-163 PAGE-233**
NON-RECOVERY OF CONTRIBUTIONS FROM DEFAULTING EMPLOYERS – RS. 1.364 BILLION

Audit pointed out that Section-9(1) of Employees' Old Age Benefits Act, 1976 stipulates that contributions shall be payable every month by the employer to the Institution in respect of every person in his insurable employment, at the rate of 5% of his wages in the prescribed manner. In Employees' Old Age Benefits Institution (EOBI), 6,946 active employers out of a total of 39,221 all over Pakistan defaulted in paying contributions to the Institution during the period from July 2006 to March 2009.

The PAO apprised the Committee that defaulters and default amount varies year by year as default active units were 5,546 now 3,792, default closed units were 2,137 now 2,522 and default de-registered units were 23 now 29 respectively. Moreover, it is worth mentioned that out of total outstanding amount of Rs. 1,269.379 million against 6,343 units, an amount of Rs. 612.720 million is outstanding against 2,551 closed and de-registered units respectively and the chances of recovery is remote. Whereas, only Rs. 656.659 million is actually recoverable from 3,792 default active units. Continuous efforts are being made

for the recovery of balance amount of Rs. 656.659 million from 3,792 active units.

PAC DIRECTIVE

The PAC pended the para with the direction to the PAO to get resolved all the issues within 90 days including those recommended by DAC in its meeting held on 04-01-2018.

3. **PARA-5.2.1.1 PAGE 103**
UN-AUTHORIZED EXPENDITURE ON ACCOUNT OF PURCHASE OF FURNITURE FOR OFFICIAL RESIDENCE OF THE STAFF OF EMBASSY-C$ 8,208

Audit pointed out that the Cabinet Division vide its letter No. 4/1/2008/PPRA-RA-II dated 9th April, 2008 has enhanced the financial limits for calling of open tenders upto US$ 4,000 or € 3,000 and above, for Pakistan Mission Abroad. Further , the Ministry of Foreign Affairs vide letter No. 3(2) 2009-CWA dated 8th June, 2009 had conveyed sanction of the competent authority for the purchase of certain furniture items subject to the observance/fulfillment of all codal & procedural formalities by the Mission.

The PAO apprised the Committee that position of Community Welfare Attaché in Canada has been abolished. The Ambassador, being the competent authority exercises his/her powers in such procurements. The financial limits for calling off open tender upto US$.4000/- needs to be enhanced.

PAC DIRECTIVE

The PAC settled the para with the direction to the PAO to avoid unwanted splitting of projects in future and loop holes in the system, if any, in this regard should be plugged in consultation with all concerned. The matter regarding enhancing financial limit of US$.4000/- for calling open tenders should be taken up with Finance Division. A comprehensive report to this affect be submitted to Audit/PAC.

4. **PARA-5.2.2.1 PAGE 104 AR**
NON-ADJUSTMENT OF TA/DA ADVANCES – US$ 1,212, DH 31,556 AND RS. 665, 550

Audit pointed out that in terms of para 269 of GRF, Vol.-I, the adjustment of advances drawn by government employees is required to be made upon return of the government servant to Headquarter or 30th June whichever is earlier. Contrary to the above, advances amounting to US$ 1,212, DH 31,556 & Rs.665,550 on account of TA/DA , transportation charges and purchase of air tickets were paid to various officers/officials during the period from 2006-09

which were neither adjusted nor recovered from them despite the lapse of a considerable period.

The PAO apprised the Committee that as per the statement of CFO of Ministry of Foreign Affairs, the expenditure made by the Head of Chancellery, Rome, in connection with the visit by the then Prime Minister (Mr. Shaukat Aziz). Thus, the expenditure had nothing to do with the Ministry of Overseas Pakistanis and Human Resource Development.

PAC DIRECTIVE

The PAC directed the PAO to take up the matter with the Ministry of Foreign Affairs, in DAC meeting and submit the report to PAC within one month.

OVERSEAS PAKISTANIS FOUNDATION

5. **PARA-168**
NON-TRANSPARENT AWARD OF WORK – RS. 2,404.192 MILLION

Audit pointed out that as per Rule 12(2) of Public Procurement Rules, 2004, all procurement opportunities over two million rupees should be advertised on the Authority's website as well as in other print media or newspapers having wide circulation. Rule 22 (2) further provides that a procuring agency shall specify the manner and method of submission and receipt of bids in an unambiguous and clear manner in the bidding documents.

The PAO apprised the Committee that the award of development work to FWO was approved by the OPF Board of Governor considering bottle neck of the past and all pros & cons were observation contained in the audit para. However, the said case has also been taken up by the PM Inspection Commission and its report was expected to be finalized by next week.

PAC DIRECTIVE

The PAC pended the para with the direction to the PAO to get finalized the Prime Minister Inspection report at the earliest and submit the same to Audit/PAC in fifteen (15) days. The fate of the Audit Para will be determined on the receipt of PIMC report.

6. **PARA-170**
NON-POSSESSION OF LAND – RS. 32.790 MILLION

Audit pointed out that the Board of Governors of OPF in its 47th meeting held on February 27, 1994 decided to establish a housing scheme at Islamabad. Overseas Pakistanis Foundation (OPF) purchased 5,810 kanals land valuing Rs.

3,195 million through M/s.Tariq Siraj and Associates in 1994 and 1999. Due to non-confirming of the power of attorney of the landlord concerned from Revenue Department as it proved fake later on, 593 kanals land valuing Rs. 32.790 million could not be possessed by OPF and the owner of land had filed a suit in the court of law.

The PAO apprised the Committee that Consequent upon recommendation of DAC an inquiry committee was constituted to fix responsibility against all those who are responsible for the aforesaid loss. The committee in its report dated July, 20, 2010 has recommended that a criminal/civil proceeding against the Sub-Registrar Rawalpindi along with witnesses of executants of Attorney who identified the executants is required to be initiated by the concerned Division. Further the said para is also under investigation of PM Inspection Commission and its report was expected to be finalized by next week.

PAC DIRECTIVE

The PAC pended the para with the direction to the PAO to get finalized the Prime Minister Inspection Commission report at the earliest. The fate of the Audit Para will be determined on the receipt of PIMC report.

7. **PARA-172**
PAYMENT OF FRAUDULENT CLAIM – RS. 4.988 MILLION

Audit pointed out that as per Memorandum of Association of Overseas Pakistanis Foundation (OPF) the objectives of the Foundation are to advance the social welfare of the Pakistanis working overseas and their families in Pakistan, by identifying their problems and by contributing to their solution. To facilitate the affectees of Gulf War, the task for collection of compensation claims was assigned to the OPF by the United Nations Compensation Commission (UNCC). 44,498 affectees of different categories filed the claims with OPF, which were submitted to UNCC for processing.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to provision of death certificate to Audit.

SINDH WORKERS WELFARE BOARD

8. **PARA NO. 6 PAGE -06**
NON-PROVISION OF FACILITIES BY THE CONTRACTORS AS PER CONTRACTUAL OBLIGATION - RS. 77.000 MILLION

Audit pointed out that as per Clauses 10.3 and 11.1 of the Contract Agreement, the Contractor is required to construct, furnish and maintain the Engineer's office

at the site of work comprising covered area of 60 square meters. The contractor is also required to provide a brand new 1000 cc or equivalent vehicle with 200 liters of petrol per month and Rs. 3,000 per month as Maintenance Charges during the execution period, from the date of start of work till the date of the completion of the scheme.

The PAO apprised the Committee that there were 64 packages for the work which were awarded to 14 contractors who constructed the site offices. According to contract agreement for each contract it was required to provide brand new 1000 cc vehicles to consultants but only 28 vehicles were provided, however, full amount was paid to the contractors.

PAC DIRECTIVE

The PAC referred the para to the DAC and directed the PAO to hold last/final DAC on the para and submit report to the PAC. The fate of the audit para will be determined on the receipt of DAC recommendation.

KHYBER PAKHTUNKHWA WORKERS WELFARE BOARD

9. **PARA NO. 8 PAGE-09**
NON-RECOVERY/FORFEITURE OF EARNEST MONEY AND SECURITY DEPOSIT - RS. 4.245 MILLION

Audit pointed out that Clause 2.3 of Contract Agreement states that, in the event of contractors refusing to carry out the work, whole of security deposit of the contractor whether paid in one sum or deducted by installments, alongwith earnest money, shall stand forfeited and be absolutely at the disposal of the client, and the same consequence shall ensue as if the contract has been rescinded. Khyber Pakhtunkhwa Workers Welfare Board, Peshawar awarded a work for the construction of a model school at Takht Bhai on 17.01.2003 for Rs. 25.352 million with time limit of 18 months.

The PAO apprised the Committee that mobilaztion advance and bank gurantee has been received from the contractor and all the record has been provided to Audit for verification. For the rest of recovery, the matter is sub-judice and next date of hearing is fix for 28-02-2018. The then Deputy Director found involved in this negligence was terminated by the department but Honorable Supreme Court of Pakistan has reinstated him.

PAC DIRECTIVE

The PAC pended the para and directed the Director General Audit (Works) Federal to review the case and submit report thereupon to the Committee.

BALUCHISTAN WORKERS WELFARE BOARD

10. i. **PARA NO. 10 PAGE - 11**
LOSS DUE TO NON-RECOVERY OF INCOME TAX - RS. 1.596 MILLION

Audit pointed out that as per Income Tax Ordinance, 2001 income tax @ 3.5% is to be recovered from the gross amount of supplies made by the contractors/ suppliers. Baluchistan Workers Welfare Board, Quetta made payment of Rs. 45.613 million in July 2007 to different Suppliers for the supply of furniture and medical equipment, but income tax @ 3.5% was not deducted at source from the payments of suppliers. This resulted in to loss due to non-recovery of income tax - Rs. 1.596 million.

ii. **PARA NO. 11 PAGES - 12-13**
LOSS DUE TO NON-RECOVERY OF 1/5TH OF GST - RS. 1.377 MILLION

Audit pointed out that as per Para 2(2) of SRO No. 660 dated 30.06.2007 a Withholding Agent shall deduct an amount equal to 1/5th the of the total Sales Tax shown in the sales tax invoice issued by the supplier and make payment of the balance amount to him. Baluchistan Workers Welfare Board, Quetta made payment of Rs. 45.613 million in July 2007 to different suppliers for supply of furniture and medical equipment.

The PAO admitted before the Committee that GST was duly required to be with held form the payment to the supplier. The contractor has absconded.

PAC DIRECTIVE

The PAC clubbed the above mentioned two paras and directed Director General Audit (Works) Federal to review the issue as contained in audit paras and submit report to PAC.

SINDH WORKERS WELFARE BOARD

11. **PARA NO. 12 PAGES - 13-14**
EXCESS PAYMENT DUE TO EXCESSIVE QUANTITIES OF WORK RS.11.449 MILLION

Audit pointed out that as per Para 83 of CPWD Code, the authority granted by a sanction to an estimate must on all occasions be looked upon as strictly limited by the precise objects for which the estimate was intended to provide. Accordingly, any anticipated or actual saving on a sanctioned estimate for a

definite project should not, without special authority, be applied to carry out additional work not contemplated in the original project.

The PAO apprised the Committee that all the record regarding revised PC-I was available, which would be got verified from Audit.

PAC DIRECTIVE

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

BALUCHISTAN WORKERS WELFARE BOARD

12. **PARA NO. 13 PAGES - 14-15**
EXCESS PAYMENT DUE TO EXCESSIVE QUANTITIES OF WORK - RS. 3.226 MILLION

Audit pointed out that as per Para 83 of CPWD Code, the authority granted by a sanction to an estimate must on all occasions be looked upon as strictly limited by the precise objects for which the estimate was intended to provide. Accordingly, any anticipated or actual savings on a sanctioned estimate for a definite project should not, without special authority, be applied to carry out additional work not contemplated in the original project.

The PAO that during execution of work some changes were made like height of building increased to cater extreme hot weather which was not considered at the time of preparation of PC-I. No excess expenditure was incurred beyond the approved cost of the project.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to place the matter before BoD in its next meeting to determine its fate and outcome be reported to PAC/Audit within 30 days. The Committee, however, directed the department to avoid recurrence to such practices in future.

SINDH WORKERS WELFARE BOARD

13. **PARA NO. 14 PAGES-15-16**
IRREGULAR/UN-AUTHENTIC PAYMENT DUE TO NON-RECORDING OF DETAILED MEASUREMENTS - RS. 1,993.892 MILLION

Audit pointed out that as per Para 209 (d) of CPWA Code, all payments for work and supplies are based on the quantities recorded in the Measurement Book. It is incumbent upon the person taking the measurements to record the quantities

clearly and accurately. He would also work out and enter in the Measurement Book the figure for the contents or area column. Sindh Workers Welfare Board,Karachi awarded and got executed five works in 108 packages/contracts amounting to Rs. 5,457.335 million. The contractors quoted item-wise rates as per BOQ.

The PAO apprised the Committee that the record of detail of quantities executed, recorded in the Measurement Books in chronically order and its payment as per Contract Agreement to Audit for Verification.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to inquire the matter, especially with reference to the number of projects and the payments made thereupon in the audit year under consideration, and submit report to PAC within two months. The department was directed to bring along with Chief Engineer in the next meeting.

14. **PARA NO. 15 PAGE-16**
IRREGULAR AWARD OF WATER SUPPLY CONTRACT WITHOUT TENDERS RS. 16.779 MILLION AND EXCESS PAYMENT OF RS. 9.853 MILLION

Audit pointed out that according to Rule 12(2) of Public Procurement Rules, 2004 every work/supply having value more than Rs. 2 million must be awarded through an advertisement in two daily newspapers, one in Urdu and another in English, besides placing the same on the Authority's website. Sindh Workers Welfare Board, Karachi awarded work to NLC for the supply of water through tankers for Labor Square, SITE, and Karachi without any advertisement for tenders in the press and paid Rs. 16.779 million for the supply of water during the year 2008-09.

The PAO apprised the Committee that the work for supply of water through tankers at SITE, Karachi was awarded to NLC in 1994 due to the reasons that quality of water was very good, and the system of delivery was without any leakages. Also NLC charged rates keeping in mind the welfare activity on cost to cost basis. Moreover, the record of water supply was maintained at the SITE Colony and was available for verification.

PAC DIRECTIVE

The PAC recommended the para for settlement

BALOCHISTAN WORKS WELFARE BOARD

15. i. **PARA NO. 18 PAGES - 21-22**
NON-RETRIEVAL OF TWENTY (20) VEHICLES FROM UN-AUTHORIZED USERS

Audit pointed out that as per Secretary, Balochistan Works Welfare Board, Quetta letter No. WWB/ QTA/2008/3483-84 dated 03.04.2008 addressed to Secretary, Labour & Manpower Department, Government of Balochistan twenty vehicles of different makes/models of WWB were under unauthorized use of Labour and Manpower Department. Baluchistan Workers Welfare Board, Quetta did not make efforts for retrieval of the Board's vehicles and the same were still under unauthorized possession of the officers of the department.

ii. **PARA NO. 19 PAGES - 22-23**
NON-RECOVERY/WRITE-OFF OF LOSS DUE TO THEFT OF SEVEN (07) VEHICLES

Audit pointed out that as per Rule 20 of GFR Volume-I all losses, defalcations and frauds are reported to the government and audit besides initiating departmental inquiry against the concerned officers to fix responsibility for omission or commission. Baluchistan Workers Welfare Board, Quetta did not make efforts for the recovery or write-off of the value of seven (07) vehicles which were stolen / snatched from various officers of WWB.

The PAO apprised the Committee that the vehicles of 1990-91 models, purchased from the BoD Head of Account, were at the disposal of BoD. Since the said vehicles were registered in the name of Secretary, thus, he distributed the same as per his sweet will. All the vehicles are still available.

PAC DIRECTIVE

The PAC clubbed the above mentioned two paras and directed the PAO to produce the record regarding justification of distribution alongwith the details of recipients who actually received and utilized these vehicles, to Audit within fifteen (15) days for verification.

16. **PARA NO. 20 PAGES - 23-25**
NON-OBTAINING OF PERFORMANCE SECURITY - RS. 248.429 MILLION

Audit pointed out that as per Clause 21.1 of Contract Agreement the successful Tenderer shall furnish to the Employer a Performance Security in the form and the amount stipulated in the Conditions of Contract @ 10% of the agreement amount within a period of 10 days after the receipt of Letter of Acceptance. Baluchistan Workers Welfare Board, Quetta, Punjab Workers Welfare Board, Lahore and Khyber Pakhtunkhwa Workers Welfare Board, Peshawar did not obtain Performance Security for Rs.248.429 million from the contractors in sixteen contracts/works as warranted by the Agreements putting the public interest at stake.

The PAO apprised the Committee that both Punjab Workers Welfare Board and Khyber Pakhtunkhwa Workers Welfare Board had got verified the performance security from Audit.

PAC DIRECTIVE

The PAC recommended the para for settlement.

SINDH WORKERS WELFARE BOARD

17. **PARA NO. 24 PAGES - 29-30**
NON-IMPOSITION OF PENALTY FOR DELAY IN COMPLETION OF THE PROJECTS/WORKS - RS. 71.028 MILLION

Audit pointed out that as per special stipulations of Contract Agreement, Liquidated Damages/Penalty is to be recovered upto 10% of agreement amount from the contractors who fail to complete the work within the stipulated time. Sindh Workers Welfare Board, Karachi did not get the on-going development projects completed in time. Ten (10) on-going schemes were in process with time overrun/ delay from 11 months to 114 months. Delay in completion delayed the benefits of housing and education facilities to the industrial workers and their children.

The PAO apprised the Committee that delay in all schemes were purely due to law and order situation and non-release of funds timely. Penalty was not imposed because delay was not on the part of contractors. The extensions after finding the ground realities/genuineness were issued by the competent authority (Director General Works).

PAC DIRECTIVE

The PAC recommended the para for settlement with the direction to the PAO that the extension should be given in any project with certain plausible and justifiable reasons. The department, however, directed to avoid recurrence of such practice in future.

PUNJAB WORKERS WELFARE BOARD

18. **PARA NO .26 PAGES 31-32**
NON-PRODUCTION OF RECORD PERTAINING TO ALLOTMENTS/ RECOVERIES OF LABOR COLONIES

Audit pointed out that Section 14(2) of Auditor General's (Functions, Powers and Terms & Conditions of Services) Ordinance, 2001 states that "the officer in-charge of any office or department shall afford all facilitates and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition". Punjab Workers Welfare Board, Lahore did not provide the record pertaining to criteria/policies of allotment and details of rent recovery of accommodation allotted in Labor Colonies.

The PAO apprised the Committee that the record being scattered all over the province could not be produced to Audit, however, the same will be made available during next year's audit.

PAC DIRECTIVE

The PAC directed the PAO that all the record be provided to Audit for verification at the earliest under report to PAC. The department was, however, directed to ensure maintenance of recovery record in a proper and presentable form.

PARAS RECOMMENDED FOR PURSUANCE AT DAC LEVEL

19. i. **PARA-164 (ARPSE-2009-2010) PAGE-234**
LOSS OF CAPITAL GAIN DUE TO NON-DISPOSAL OF RIGHT SHARES – RS. 80.146 MILLION

OVERSEAS PAKISTANIS FOUNDATION

ii. **PARA-174**
PAYMENT TO AN IMPOSTOR – RS. 0.657 MILLION

iii. **PARA NO. 03 PAGE - 03**
NON-RECOVERY OF DE-ESCALATION ON CEMENT - RS. 1.501 MILLION

iv. **PARA NO. 04 PAGE - 04**
IRREGULAR PAYMENT AND NON-ADJUSTMENT OF PRICE VARIATION RS. 221.887MILLION

v. **PARA NO. 7 PAGE-08**
OVERPAYMENT OF CONSULTANCY FEE - RS. 15.532 MILLION

vi. **PARA NO. 16 PAGES-18-20**
IRREGULAR EXECUTION OF WORKS WITHOUT TECHNICAL SANCTION OF ESTIMATE RS.8, 204.028 MILLION

vii. **PARA NO. 21 PAGES-26-27**
UNDUE FINANCIAL AID DUE TO NON-OBTAINING OF INSURANCE OF WORKS RS. 18.079 MILLION

viii. **PARA NO. 22 PAGE-27**
NON-RECOVERY OF INSTALLMENTS OF HOUSES/FLATS ALLOTTED ON OWNERSHIP BASIS - RS. 0.964 MILLION

ix. **PARA NO. 25 PAGES - 30-31**
NON-OBTAINING OF VOUCHED ACCOUNT - RS. 38.035 MILLION

x. **PARA NO. 28 PAGES - 33-34**
LOSS DUE TO NON-DEDUCTION OF STAMP DUTY - RS. 0.222 MILLION

PAC DIRECTIVE

The PAC recommended the above mentioned 10 paras for pursuance at DAC level.

PARAS RECOMMENDED FOR SETTLEMENT

20. i. **PARA NO. 162**
NON-SUBMISSION OF ACCOUNTS FOR THE YEAR 2008-2009

ii. **PARA NO. 169**
EXTRA COST DUE TO LATE FINALIZATION OF CONTRACT – RS. 40.590 MILLION

iii. **PARA NO. 171**
NON-ENCASHMENT OF PERFORMANCE GUARANTEE – RS. 13.624 MILLION

iv. **PARA NO. 173**
NON-RECOVERY OF ADVANCE RENT – RS. 0.841 MILLION

v. **PARA NO. 167**
AUDIT COMMENTS

vi. **PARA NO. 1, PAGE-01**
NON-RECOVERY OF DE-ESCALATION IN PRICES OF CEMENT, STEEL AND HIGH SPEED DIESEL- RS. 9.019 MILLION

vii. **PARA NO. 2 PAGE-02**
OVERPAYMENT DUE TO INCORRECT BASE RATE - RS. 4.033 MILLION

viii. **PARA NO. 05 PAGE-05**
NON-RECOVERY OF INSTALLMENTS OF HOUSES/FLATS ALLOTTED ON OWNERSHIP BASIS - RS. 21.684 MILLION

ix. **PARA NO. 09 PAGE-10**
NON-FORFEITURE OF SECURITY DEPOSIT OF DEFAULTING CONTRACTORS - RS. 3.942 MILLION

x. **PARA NO. 17 PAGES - 20-21**
EXTRA EXPENDITURE DUE TO PREPARATION OF TECHNICAL SANCTIONED ESTIMATES OF WORK AT HIGHER RATES - RS. 32.899 MILLION

xi. **PARA NO. 23 PAGES -28-29**
NON-ACCOUNTING OF PROFIT ON SECURITY DEPOSITS - RS. 8.238 MILLION

xii. **PARA NO. 27 PAGES-32-33**
NON-CONFORMING USE OF SCHOOL BUILDING - RS. 19.978 MILLION

xiii. **PARA NO. 29 PAGES-34-35**
OVERPAYMENT DUE TO HIGHER RATES - RS. 0.104 MILLION

PAC DIRECTIVE

The PAC recommended the above mentioned 13 Paras for settlement on the recommendations of Audit.

PAKISTAN ATOMIC ENERGY COMMISSION
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Pakistan Atomic Energy Commission examined by the PAC on 22nd March, 2018.

- 01 paras was presented by the Audit Department which was examined by the Committee and was settled.

The AGPR presented 02 grants which were regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT

(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 22nd March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 and Audit Report for the year 2009-10 pertaining to the Pakistan Atomic Energy Commission.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. I. **GRANT NO.13 – ATOMIC ENERGY**
SAVING RS.407/-

AGPR pointed out that the grant closed with a saving of Rs.407.

II. **GRANT NO. 170 – CAPITAL OUTLAY ON DEVELOPMENT OF ATOMIC ENERGY**

SAVING/EXCESS RS.224,872,000/-

AGPR pointed out that the grant closed with a saving of Rs.2,197,570,000 which worked out to 13.89 percent of the total grant. An amount of Rs.1,972,698,000 (12.47%) was surrendered leaving net saving of Rs. 224,872,000 (1.42%).

PAC DIRECTIVE

The PAC regularized the savings/Excess in the above mentioned two grants on the recommendation of AGPR.

AUDIT REPORT FOR THE YEAR 2009-10

PARA RECOMMENDED FOR SETTLEMENT
KNPC

2. I. **PARA NO. 19.1 (PAGE - 110) AUDIT REPORT 2009-10**
NON-COMPLIANCE OF CONTRACTUAL OBLIGATION AND RESULTING LOSSES- RS. 723.46 MILLION

PAC DIRECTIVE

The PAC recommended the para for settlement on the recommendations of DAC held on 16-06-2015.

MINISTRY OF PARLIAMENTARY AFFAIRS
AA-2008-09

OVERVIEW

Appropriation Accounts 2008-09 pertaining to the Ministry of Parliamentary Affairs examined by the PAC on 21st March, 2018.

- The AGPR presented 01 grant which was regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT

(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 21st March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 pertaining to the Ministry of Parliamentary Affairs.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. **GRANT NO. 93 – PARLIAMENTARY AFFAIRS DIVISION**
Savings Rs.166,120/-

AGPR pointed out that the grant closed with a saving of Rs.66,699,120 which worked out to 41.25 percent of the total grant. An amount of Rs.66,533,000 (41.15%) was surrendered leaving net saving of Rs.166,120 (0.10%).

PAC DIRECTIVE

The PAC regularized the saving in the above mentioned grant on the recommendation of AGPR.

MINISTRY OF PETROLEUM AND NATURAL RESOURCES
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Petroleum and Natural Resources examined by the PAC on 06th March 2013, 26th February 2014, and 27th July 2016.

- 65 paras were presented by the Audit Department which were examined by the Committee. Out of which 28 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 06 grants which were regularized by the committee.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

MINISTRY OF PETROLEUM & NATURAL RESOURCES

ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of the Public Accounts Committee held on 6th March, 2013, regarding Appropriation Accounts for the year 2008-09 pertaining to Ministry of Petroleum & Natural Resources are summarized as under:

APPROPRIATION ACCOUNTS (CIVIL/DS) VOL-XI, 2008-09

1. i) **GRANT NO. 95- GEOLOGICAL SURVEY OF PAKISTAN (OTHER THAN CHARGED) (SAVING RS. 11,622,085)**

The Audit pointed out that the grant closed with a saving of Rs. 11,622,085/- which worked out of 5.42% of the total grant. An amount of Rs. 11,066,600/- was surrendered leaving net saving of Rs. 555,485/- (0.273%).

APPROPRIATION ACCOUNTS (CIVIL/DS) VOL-IX, 2008-09

ii) **GRANT NO. 177- CAPITAL OUTLAY ON P & NR (OTHER THAN CHARGED) (SAVING RS. 68,490,908)**

The Audit pointed out that the grant closed with a saving of Rs. 68,490,908/- which worked out to 61% of the total grant. The P&D revised the allocation to Rs. 47,528,000/- by reducing Rs. 65,057,000/- from the original grant. An amount of Rs. 2,101,000/- from revised allocation was surrendered leaving net saving of Rs. 1,332,908/- (2.93%) of the final grant.

APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 2008-09

iii) **GRANT NO. 94 - PETROLEUM & NATURAL RESOURCES DIVISION (SAVING RS. 117,462,580)**

The Audit pointed out that the grant closed with a saving of Rs. 117,462,580 which worked out to 43.40 percent of the total grant.

The PAO explained that an amount of Rs. 108,000,000 pertaining to this grant was booked under Grant No. 158-Development Expenditure of Petroleum & Natural Resources. Moreover, surrender order of Rs. 925,000/- and Rs. 2,590,000/- issued on 14-05-2009 and 30-06-2009 respectively were not accounted for in Appropriation Accounts. Further

saving was due to vacant posts and control over the expenditure by adopting economic measures.

iv) **GRANT NO. 96 - OTHER EXPENDITURE OF PETROLEUM & NATURAL RESOURCES DIVISION (SAVING RS. 11,000,000)**

The Audit pointed out that the grant closed with a saving of Rs. 11,000,000 which worked out to 18.33 percent of the total grant.

The PAO explained that an amount of Rs. 11,000,000/- surrendered on 30-06-2009 (after codal date) was not taken into account.

v) **GRANT NO. 158 - DEVELOPMENT EXPENDITURE OF PETROLEUM & NATURAL RESOURCES DIVISION (SAVING RS. 4,789,529,394)**

The Audit pointed out that the Grant closed with a saving of Rs. 4,789,529,394 which worked out to 80.81 percent of the total grant. An amount of Rs. 4,677,984,736 (78.93%) was surrendered leaving net saving of Rs. 111,544,658 (1.88%)

The PAO explained that an amount of Rs. 108,000,000/- (pertaining to Grant No. 94) was wrongly booked under this Grant. Similarly, an amount of Rs. 336,812,783/- was wrongly booked twice i.e. at AGPR Islamabad and AGPR, Sub Office, Lahore. Moreover, surrender of Rs. 42,351,000 was not accounted for in Appropriation Accounts.

vi) **GRANT NO. 177- CAPITAL OUTLAY ON PETROLEUM & NATURAL RESOURCES (SAVING RS. 153,472,474)**

The Audit pointed out that the grant closed with a saving of Rs. 153,472,474 which worked out to 61.19 percent of the total grant. An amount of Rs. 7,813,500 (3.11%) was surrendered leaving net saving of Rs. 145,658,974 (58.08%).

The PAO explained that out of total saving of Rs. 147.7 million, the saving of Rs. 144.6 million was due to reduction in original allocation by Planning & Development Division.

PAC DIRECTIVE

The PAC settled the above 06 grants with the direction that there should be zero saving/excess in future.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the PAC of PAC meeting held on 26th February, 2014 on Audit Report 2009-10, pertaining to the **Ministry of Petroleum & Natural Resources** are as under:

AUDIT REPORT FOR THE YEAR 2009-10
M/O PETROLEUM & NATURAL RESOURCES

1. PARA -20.1 (PAGE-114) AR 2009-10
IRREGULAR OPENING OF BANK ACCOUNTS FOR MAINTENANCE OF EXPLORATION & PRODUCTION TRAINING FUND (EPTF) AND RETENTION – RS. 364.53 MILLION

Audit pointed out that under Federal Government guidelines; oil exploration companies were required to spend a minim of US $ 10,000 per year on training prior to commercial discovery and US $ 25, 000 per year after commercial discovery. The audit was of the opinion that the ministry had not formulated rules for operations of EPTF with the approval of finance division. In the absence approved rules and non-production of records could not verified that the expediter was consistent with the objective of this fund.

The departmental representative assured that the record will be produced for verification before the audit in the next DAC meeting.

PAC DIRECTIVE

The Committee directed the Ministry to verify the relevant record from the Audit and compliance report thereof may be sent to the Committee within two months.

2. PARA-20.2 (PAGE-114-115) AR 2009-10
NON-RECOVERY FROM SUI NORTHERN GAS PIPELINES (SNGPL) – RS. 167.55 MILLION

PAC DIRECTIVE

The Committee settled the para.

3. PARA 20.3 (PAGE-115-116) AR 2009-10
MIS-PROCUREMENT OF IMPORTED VEHICLE-RS. 2.414 MILLION

Audit pointed out that Geological survey of Pakistan (GSP) purchased an imported vehicle amounting to Rs. 2.414 million at time when ban was imposed

on purchase of new imported vehicles out of Rs. 6.000 million funds. The said provision was not included in the agreement.

The departmental representative replied that the procurement was made during the earthquake emergency period; therefore the management could not seek prior approval. The case for seeking ex-post facto approval sanction has already been forwarded to the competent authority.

PAC DIRECTIVE

The Committee directed the PAO to substantiate the issue within 3 months otherwise responsibility may be fixed and a report may be furnished to the Committee. The Committee also directed the PAO to write letter to all the departments/organizations working under the administrative control of the Ministry to strictly follow the financial rules.

4. PARA 20.4 (PAGE-116-117) AR 2009-10
UNECONOMICAL PURCHASE OF UNRELIABLE VEHICLES RS. 4.800 MILLION

PAC DIRECTIVE

The Committee settled the para.

5. i. PARA NO. 5.1 (A) DP 11200&11748-GDS
NON-REALIZATION OF INTEREST ON NON/LATE PAYMENT OF GAS DEVELOPMENT SURCHARGE RS. 428.457 MILLION

ii. **PARA NO.5.1 (B) DP 4190-GDS/K**
NON-REALIZATION OF INTEREST ON NON/LATE PAYMENT OF GAS DEVELOPMENT SURCHARGE – RS. 257.767 MILLION

iii. **PARA 1.1 AR 2009-10 (DP NO.568)**
NON-REALIZATION OF ROYALTY ON OIL & GAS FROM M/S OGDCL – RS. 931.657 MILLION

iv. **PARA 1.3 AR 2009-10 (DP NO.573)**
SHORT REALIZATION OF ROYALTY FROM M/S PPL AND M/S OGDCL – RS. 56.041 MILLION

v. **PARA 1.5 AR 2009-10 (DP NO.567)**
NON/SHORT REALIZATION OF ROYALTY ON NATURAL GAS FROM E & P COMPANIES IN BLOCK 22 OILFIELD RS. 9.026 MILLION

vi. **PARA 1.6 AR 2009-10 (DP NO.569)**
NON-REALIZATION OF ROYALTY ON CONDENSATE BY M/S OGDCL –RS. 26.360 MILLION

vii. **PARA 3.1 AR 2009-10 (DP NO.564)**
NON-REALIZATION OF PETROLEUM DEVELOPMENT LEVY FROM M/S ATTOCK PETROLEUM LIMITED IN RESPECT OF DIRECT SALE – RS. 11.608 MILLION

viii. **PARA 3.2 AR 2009-10 (DP NO.3202-CD/K)**
NON-REALIZATION OF PETROLEUM DEVELOPMENT LEVY ON IMPORT OF HSD RS. 55.813 MILLION

ix. **PARA 4.1(a) AR 2009-10 (DP NO.604)**
NON-SHORT REALIZATION OF DISCOUNT RETAINED ON LOCAL CRUDE OIL PRICE FROM OIL REFINERIES – RS. 2,456.491 MILLION

x. **PARA 4.1(B) AR 2009-10 (DP NO.835)**
NON/SHORT REALIZATION OF DISCOUNT RETAINED ON LOCAL CRUDE OIL PRICE FROM OIL REFINERIES – RS. 242.770 MILLION

xi. **PARA 4.3 AR 2009-10 (DP NO.837)**
NON-REALIZATION OF DISCOUNT RETAINED ON LOCAL CRUDE OIL PRICE FROM PARCO – RS. 575.873 MILLION

xii. **PARA 5.2 AR 2009-10 (MR # 12 & 13)**
SHORT REALIZATION OF LEASE RENT FROM E&P COMPANIES DUE TO APPLICATION OF INCORRECT RATE – RS. 64.069 MILLION

xiii. **PARA 6.1 AR 2009-10 (MR-6)**
NON-MONITORING OF REALIZATION OF ROYALTY DUE FROM E&P COMPANIES LEADING TO ITS LATE PAYMENT

xiv. **PARA6.3 AR 2009-10 (MR-20)**
NON EXISTENCE OF STREAMLINED PROCEDURE FOR COLLECTION AND ACCOUNTING OF RECEIPTS ON ACCOUNT OF TRAINING OF PERSONNEL – RS. 240 MILLION (US $ 3,225,000) APPROX. PER ANNUM

xv. **PARA 6.5 AR 2009-10 PARA 04 OF AIR F-3269**
LATE PAYMENT OF PETROLEUM DEVELOPMENT LEVY BY OIL REFINERIES

PAC DIRECTIVE

The PAC settled the above fifteen (15) paras.

6. PARA 5.1 (C) DP 11203-GDS
NON-REALIZATION OF INTEREST ON NON/LATE PAYMENT OF GAS DEVELOPMENT SURCHARGE – RS. 112.392 MILLION

7. PARA 5.2 DP 11202 & 12069 – GDS
NON-REALIZATION OF GAS DEVELOPMENT SURCHARGE – RS. 259.231 MILLION

PAC Directive

The Committee directed that statement showing details of payments to the legal team since 2006 may be provided to the Committee within 3 months with regard to Para 5.2.

8. i. **PARA 5.1 (D) DP 4310-GDS/K & 11750 – GDS**
NON-REALIZATION OF INTEREST ON NON/LATE PAYMENT OF GAS DEVELOPMENT SURCHARGE – RS. 10.395 MILLION

ii. **PARA 5.3 DP 11749-GDS**
SHORT- PAYMENT OF GAS DEVELOPMENT SURCHARGE AND INTEREST – RS. 6.262 MILLION

iii. **PARA 1.2 AR 2009-10 (DP NO. 570)**
SHORT REALIZATION OF ROYALTY ON NATURAL GAS AND CONDENSATE – RS. 109.953 MILLION

iv. **PARA 1.4 AR 2009-10 (DP NO. 571 & 572)**
NON REALIZATION OF ROYALTY ON LIQUEFIED PETROLEUM GAS RS. 35.040 MILLION

v. **PARA 2.1 AR 2009-10 (DP NO. 565)**
NON REALIZATION OF GAS DEVELOPMENT SURCHARGE FROM M/S MARI GAS COMPANY LTD. – RS. 6,789.039 MILLION

vi. **PARA 2.2 AR 2009-10 (DP NO. 566)**
NON REALIZATION OF GAS DEVELOPMENT SURCHARGE FROM M/S TULLOW PAKISTAN LTD – RS. 67.656 MILLION

vii. **PARA 2.3 AR 2009-10 (DP NO.4959-GDS/K)**
NON REALIZATION OF GAS DEVELOPMENT SURCHARGE DUE TO IRREGULAR RECOUPING OF SHORTFALL BY M/S SSGCL, KARACHI – RS. 2,014 MILLION

viii. **PARA 2.4 AR 2009-10 (DP NO.4805 AND 4828 – GDS/K)**
SHORT REALIZATION OF GAS DEVELOPMENT SURCHARGE – RS. 1,215.518 MILLION

9. PARA 2.5 AR 2009-10 (DP NO.4829 – GDS/K, MR # 22, 691)
NON REALIZATION OF INTEREST ON LATE PAYMENT OF SURCHARGE – RS. 1,226.525 MILLION

PAC DIRECTIVE

After presentation of the above 9 paras, the PAO could not answer the queries raised by the Members of the Committee. The Committee expressed its displeasure on the issue, however, directed the Ministry to either invoke the legal provisions regarding recovery and interest of GDS or pay the amount and a report thereof be sent to the Committee within three (03) months. The FIA was also directed to provide copies of the Inquiry report pertaining to the alleged embezzlement in the OGDCL

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the of PAC meeting held on 27th July, 2016 under the convenership of Sardar Ashiq Hussain Gopang, MNA to examine the Audit Reports for the year 2009-10, pertaining to the **Ministry of Petroleum & Natural Resources**are as under:

AUDIT REPORT PUBLIC SECTOR ENTERPRISES
FOR THE YEAR OF 2009-10

SUI NORTHERN GAS PIPELINES LIMITED

1. PARA-191.9, ARPSE-2009-10

The Audit pointed that the trade payable increased from Rs. 27.416 billion in 2007-08 to Rs 49.786 billion in 2008-09 which indicated an increase of 81%. The working capital management of the company is questionable. As at June 30, 2009 the company had a cash and bank balance of Rs. 1.317 billion. The DAC in its meeting held on June 11, 2009 had already directed the Company to transfer funds amounting to Rs. 7.138 billion to assignment account against unutilized cash of KPP schemes. Detailed analysis of working capital revealed that the Company had not devised a strategy to repay the amount unutilized against KPP schemes. The Company had not disclosed in its financial statements as on June 30, 2009 a commitment of Rs. 7.138 billion in respect of above mentioned KPP schemes which was required under part-II clause-10 (iii) of fourth schedule of Companies Ordinance 1984.

The MD, SNGPL explained that since the amount received from the Government of Pakistan has already been recognized as deferred credit in the balance sheet

(Liability side). Khushal Pakistan schemes are disband for the last three years. The funds are available in the assignment account and they are not utilized anywhere else nor we have violated the procedure. Consider it as a accounting procedure mistake. The balance amount will be surrendered.

PAC DIRECTIVE

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

OIL AND GAS DEVELOPMENT COMPANY LIMITED

2. PARA-193.3, ARPSE-2009-10

The Audit pointed out that trade debts increased by 38% to Rs. 56.140 billion as on June 30, 2009 as against Rs. 40.705 billion of the previous year while overall sales had increased by 4% only. The credit policy of the Company needs to be reviewed to secure the interest of the Company.

The PAO apprised the committee that 99.18% of the total amount has been recovered. The MD, SNGPL explained that 99.2% of the Rs. 56.14 billion has been recovered, some small amounts are subjudice. Attock Refinery limited has applied in FBR for the adjustment of sales tax, it is only a issue of time. Efforts are underway to recover the balance amount. The portion of the debt is related to the sales tax, which we have paid. The MD of the OGDCL explained that we have recovered a big amount from the Attock Refinery Limited for the adjustment of sales tax, and we are perusing for the adjustment of sales tax with FBR.

PAC DIRECTIVE

The PAC settled the para with the direction to recover the remaining amount and its verification by audit.

3. PARA-196, ARPSE-2009-10
IRREGULAR PAYMENT OF LEGAL FEE – RS. 25.209 MILLION

The Audit pointed out that in terms of Ministry of Law, Justice and Human Rights letter dated January 1, 2005, the Corporations, Autonomous/Semi autonomous Bodies/ Authorities and Government controlled organizations may continue their present arrangements in assigning to their counsel cases pending adjudication before various Courts of Law or where appeals are to be filed in the Appellate Courts within the limitation period. However, where the fee exceeds Rs. 100,000, approval of the Ministry should be sought before the payment. Contrary to the above, the management of Oil and Gas Development Company Limited appointed legal advisors for different court cases on exorbitant fee without approval of the Ministry of Law and Justice. An amount of Rs. 4.805 million and Rs. 20.404 million was paid as legal fee during 2007-08 and 2008-09

respectively. The relevant record was not produced on demand. This resulted in an irregular payment of Rs. 25.209 million (Rs. 4.805 million + Rs. 20.404 million).

The MD, OGDCL apprised the committee that OGDCL is the company under the companies ordinance and governs under the Board of Directors. We utilize our own budget approved by BOD. Such expenses are related to the company's internal procedures approved by BOD. The Board approves to engage legal counsels in accordance with the nature of cases. In this regard PAC decision dated 15th May 2014 is as under " The Public Sector Companies operate under the Ordinance 1984, and the BODs have the power and authority to take decision without the requirement of taking approval from the Government but stay within the guidelines provided in the " Public Sector Companies Corporate Governance Rules 2013".

PAC DIRECTIVE

The PAC settled the para and directed the PAO to follow the directions/guidelines of PAC relating to the BOD of different departments in future.

4. PARA-198, ARPSE-2009-10
NON-IMPOSITION OF LIQUIDATED DAMAGES – RS. 3.748 MILLION

The Audit pointed out that in terms of clause 47.1 of the tender documents and other conditions of contract if the contractor fails to complete the work within stipulated period, liquidated damages @ 0.2% for each day of delay in completion of the works subject to maximum of 10% of the contract price shall be recovered from him. OGDCL awarded a contract agreement dated July 5, 2005 to M/s. Aziz Builders for construction of Officer's Camp at Chanda Field for Rs. 37.484 million. As per work order dated August 24, 2005, the work was required to be completed within 12 calendar months effective from the date of taking over possession of the site. Maximum time allowed for mobilization and taking over possession of the site was 14 days from the date of issue of work order. Thus the entire work was to be completed upto July 19, 2006.

The PAO apprised the committee that the matter is subjudice in the court of law the date of decision is fixed for 27th September 2016. The PAO further explained we have made payments, and retained 10% of the amount as retention money. Pakistan Engineering Council allows us to take guarantees for insurance purpose from insurance companies. As per PEC rules we accepted insurance from United Insurance Company. After the termination of contract with the builder we consulted the UIC for insurance claim, and we found that the insurance company was bankrupted and then we went in arbitration.

PAC DIRECTIVE

The PAC pended the para till the decision of the Court of Law.

GOVERNMENT HOLDINGS (PVT) LIMITED

5. PARA-205.3, ARPSE-2009-10

The Audit pointed out that trade debts increased by 100% (2009:Rs. 15,371.346 million, 2008: Rs. 7,675.126 million), whereas Sales were increased by 26%. This resulted in adverse debtors' turnover ratio (2009: 1.90 times, 2008: 3.02 times). The management is stressed for recovery of debtors.

The MD, GHPL apprised the committee that we have installed the plant of CO2 in October 2015 at Chanda Gas Field. The remaining amount in this issue is withheld and is in arbitration. We are offering 10% of discount but they are demanding for 20%. This issue will be resolved within one month.

PAC DIRECTIVE

The PAC settled the para subject to verification of record of the settlement of the dispute between departments by the Audit.

6. PARA-206, ARPSE-2009-10
UNAUTHORIZED PAYMENT OF PAY AND ALLOWANCES – RS. 2.630 MILLION

The Audit pointed out that Government Holdings (Pvt) Limited appointed a CFO/Director Finance in MP-II Scale w.e.f October 16, 2006 on contract for two years upto October 15, 2008 vide Ministry of Petroleum and Natural Resources letter dated September 19, 2006. The officer requested on July 9, 2008 for renewal of his contract for further three years, which was not finalized till August 2009 i.e. the date of audit. Contrary to the above, Managing Director (GHPL) made unauthorized payment of Rs. 2.630 million on account of pay and allowances for period from October 2008 to August 2009 without the renewal of contract.

The MD, GHPL apprised the committee that a CFO/Director Finance(GHPL) was appointed for the period of two years and after the expiry of the contract the BOD of GHPL allow to continue to perform his duties till the recruitment of Director Finance. The matter was presented before the BOD of GHPL. BOD of GHPL requested to Ministry of Petroleum and Natural Resources for submitting/reviewing his application to Prime Minister for kind perusal.

PAC DIRECTIVE

The PAC settled the para subject to regularization of the amount from BOD and its verification by the Audit.

7. PARA-207, ARPSE-2009-10
IRREGULAR PAYMENT OF LEAVE ENCASHMENT –RS. 1.189 MILLION

The Audit pointed out that Ministry of Finance (Regulation Wing) vide OM dated April 21, 2008 clarified that officers serving in management position scales (MP-I, II and III) were not entitled for encashment of unspent leave. The clarification was conveyed by the Ministry of Petroleum and Natural Resources to the Managing Director, GHPL vide letter dated April 23, 2008.Managing Director and Director Finance, (CFO) of Government Holdings (Private) Limited (GHPL) were working in MP-I and MP-II scales respectively. According to the instructions of Finance Division they were not entitled to avail leave encashment facility, but the officers had drawn an amount of Rs. 1.189 million as leave encashment in December 2008.

The PAO stated that this issue will be sent to BOD for regularization.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to hold fresh DAC on the para.

8. PARAS RECOMMENDED FOR PURSUANCE AT DAC LEVEL

i. **PARA NO. 178 (ARPSE 2009-10) Page 258**
ii. **PARA NO. 179 (ARPSE 2009-10) Page 260**
iii. **PARA NO. 186 (ARPSE 2009-10) Page 269**
iv. **PARA NO. 187 (ARPSE 2009-10) Page 270**
v. **PARA NO. 188 (ARPSE 2009-10) Page 271**
vi. **PARA NO. 189 (ARPSE 2009-10) Page 272**
vii. **PARA NO. 176.2**
viii. **PARA NO. 176.5**
ix. **PARA NO. 177**
x. **PARA NO. 181.3**
xi. **PARA NO. 181.4**
xii. **PARA NO. 182.1**
xiii. **PARA NO. 185**
xiv. **PARA NO. 1.2 AR 2009-10 Page 02 (DP No.570)**
xv. **PARA NO. 1.4 AR 2009-10 Page 04 (DP No.571 & 572)**
xvi. **PARA NO. 2.1 AR 2009-10 Page 09 (DP No.565)**
xvii. **PARA NO. 2.3 AR 2009-10 Page 11 (DP No.4959-GDS/Karachi)**
xviii. **PARA NO. 2.4 AR 2009-10 Page 12 (DP No.4808 and 4828-GDS/Karachi)**
xix. **PARA NO. 2.5 AR 2009-10 Page 13 (DP No.4829 and 4828-GDS/K, MR#22,691)**
xx. **PARA NO. 4.2 AR 2009-10 Page 21 (DP No.561)**
xxi. **PARA NO. 5.1 AR 2009-10 Page 25 (MR-11)**
xxii. **PARA NO. 5.3 AR 2009-10 Page 28 (MR-14)**

xxiii. **PARA NO. 6.2 AR 2009-10 Page 32 (MR-16)**
xxiv. **PARA NO. 6.4 AR 2009-10 Page 35 (MR-21)**

PAC DIRECTIVE

The PAC observed that the fresh DAC had not been held since 2014. The PAC directed the PAO to hold a DAC meeting on the above mentioned 24 paras before its submission to the PAC.

PARAS RECOMMENDED FOR SETTLEMENT

9. SUI NORTHERN GAS PIPELINES LIMITED

i. **PARA-191&191.1**
ii. **PARA-191.2, ARPSE-2009-10**
iii. **PARA-191.3, ARPSE-2009-10**
iv. **PARA-191.4, ARPSE-2009-10**
v. **PARA-191.5, ARPSE-2009-10**
vi. **PARA-191.6, ARPSE-2009-10**
vii. **PARA-191.7, ARPSE-2009-10**
viii. **PARA-191.8, ARPSE-2009-10**
ix. **PARA-191.10, ARPSE-2009-10**
x. **PARA-192, ARPSE-2009-10**

OIL AND GAS DEVELOPMENT COMPANY LIMITED

i. **PARA-193&193.1, ARPSE-2009-10**
ii. **PARA-193.2, ARPSE-2009-10**
iii. **PARA-193.4, ARPSE-2009-10**
iv. **PARA-194, ARPSE-2009-10**
v. **PARA-195, ARPSE-2009-10**
vi. **PARA-197, ARPSE-2009-10**
vii. **PARA-199, ARPSE-2009-10**
viii. **PARA-200, ARPSE-2009-10**
ix. **PARA-201, ARPSE-2009-10**

PAKISTAN MINERAL DEVELOPMENT CORPORATION (PVT) LIMITED

x. **PARA-202 &202.1, ARPSE-2009-10**

xi. **PARA-202.2, ARPSE-2009-10**

GOVERNMENT HOLDINGS (PVT) LIMITED

xii. **PARA-205 &205.1, ARPSE-2009-10**
xiii. **PARA-205.2, ARPSE-2009-10**
xiv. **PARA-208, ARPSE-2009-10**

PAC DIRECTIVE

The PAC settled the above mentioned 24 paras on the recommendation of Audit.

MINISTRY OF PORTS AND SHIPPING
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Ports and Shipping examined by the PAC on 14th March 2017.

- 33 paras were presented by the Audit Department which were examined by the Committee. Out of which 18 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 02 grants which were regularized by the committee.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 14th March, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 and Audit Report for the year 2009-10, pertaining to the Ministry of Ports and Shipping are as under:

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09 (CIVIL) (VOL-I)

I. GRANT NO.102 – PORTS AND SHIPPING DIVISION SAVINGS RS. 25,167,003

The AGPR pointed out that the grant closed with a saving of Rs. 25,167,003 which worked out to 20.44 percent of the total grant. An amount of Rs. 20,587,813 (16.72%) was surrendered leaving net saving of Rs.4, 579,190 (3.72%).

II. GRANT NO.178 –CAPITAL OUTLAY ON PORTS AND SHIPPING DIVISION SAVINGS RS. 325,527,249/-

The AGPR pointed out that the grant closed with a saving of Rs. 325,527,249 which worked out to 86.68 percent of the total grant. An amount of Rs. 288,730,000 (76.88%) was surrendered leaving net saving of Rs. 36,797,249 (9.80%).

PAC DIRECTIVE

The PAC recommended the savings in the above mentioned two grants for regularization on the recommendation of AGPR**.**

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 2009-10 DG (CA&E), KARACHI

GWADAR FISH HARBOUR

1. PARA-215 (ARPSE-2009-10) PAGE-309
CONTINUATION OF SERVICE OF AN OFFICER AFTER SUPERANNUATION – RS. 1.772 MILLION

PAKISTAN NATIONAL SHIPPING CORPORTAITON

2. PARA-217 (ARPSE-2009-10) PAGE-312
LOSS DUE TO LACK OF DUE DILIGENCE IN CONCLUDING CHARTER PARTY AGREEMENTS - US$ 3.337 MILLION (RS. 246.938 MILLION)

PORT QASIM AUTHORITY

3. **PARA-218.4 (ARPSE-2009-10) PAGE-315**

4. i) **PARA-218.1 (ARPSE-2009-10) PAGE-314**

   ii) **PARA-219 (ARPSE-2009-10) PAGE-316**
   ABNORMAL DELAY IN PREPARATION AND SUBMISSION OF ACCOUNTS

5. **PARA-219 (B) (ARPSE-2009-10) PAGE-318**
B. INADEQUATE RECORD TO VERIFY UN-RECOGNIZED PDC RS. 1,586 MILLION AND REVENUE RECOGNIZED RS. 25 MILLION

6. **PARA-220 (ARPSE-2009-10) PAGE-323**
ALLOTMENT OF 20 ACRES PLOT FOR WAREHOUSE TO MIDDLE MAN INVOLVING BENEFIT – RS. 380 MILLION

DG AUDIT (FEDERAL GOVERNMENT), ISLAMABAD

AUDIT REPORT FOR THE YEAR 2009-10

7. **PARA NO. 21.1 PAGE NO. 120 (AR 2009-10)**
IRREGULAR APPOINTMENT OF PROJECT DIRECTOR AND DOUBTFUL PAYMENT – RS. 2.07 MILLION

PAC DIRECTIVE

The PAC directed the PAO to implement the recommendations of the last DAC on the above mentioned 08 paras and submit the report to PAC at the earliest. The PAC will consider said implementation report of the DAC in its next meeting.

PARAS RECOMMENDED FOR PURSUANCE AT DAC LEVEL

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 2009-10
DG (CA&E), KARACHI

1) **PARA 165.2 AUDIT COMMENTS (KOFA) AR 2009-10**
2) **PARA 165.3 AUDIT COMMENTS (KOFA) AR 2009-10**
3) **PARA 165.4 AUDIT COMMENTS (KOFA) AR 2009-10**
4) **PARA 219(F) AR 2009-10**
   INCORRECT VALUATION OF STORES/SPARES – RS. 50.000 MILLION
5) **PARA 221 AR 2009-10**
   HIRING OF TUGS AND BOATS IN VIOLATION OF BOARD OF DIRECTORS POLICY FOR REPLACEMENT – RS. 382.958 MILLION

6) **PARA 222 AR 2009-10**
NON-RECOVERY OF PERIPHERAL DEVELOPMENT CHARGES FROM ALLOTTEES – RS. 609.582 MILLION

7) **PARA 224 AR 2009-10**
NON-RECOVERY FROM PQA EMPLOYEES –RS. 7.00 MILLION

PAC DIRECTIVE

The PAC recommended the above mentioned 7 paras for pursuance at DAC level.

PARAS RECOMMENDED FOR SETTLEMENT

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 2009-10 DG (CA&E), KARACHI

1) **PARA 165 INTRODUCTORY PARA (KOFA) (AR 2009-10)**
2) **PARA 165.1 AUDIT COMMENTS (KOFA) (AR 2009-10)**
3) **PARA 166 (AR 2009-10)**
FRAUDULENT PAYMENT OF SALARY AND LEAVE ENCASHMENT – RS. 0.662 MILLION
4) **PARA 216 INTRODUCTORY PARA (PNSC) (AR 2009-10)**
5) **PARA 216.1AUDIT COMMENTS (PNSC) (AR 2009-10)**
6) **PARA 216.2 AUDIT COMMENTS (PNSC) (AR 2009-10)**
7) **PARA 216.3 AUDIT COMMENTS (PNSC) (AR 2009-10)**
8) **PARA 216.4 AUDIT COMMENTS (PNSC) (AR 2009-10)**
9) **PARA 218 INTRODUCTORY PARA (PQA) (AR 2009-10)**
10) **PARA 218.2 AUDIT COMMENTS (PQA) (AR 2009-10)**
11) **PARA 218.3 AUDIT COMMENTS (PQA) (AR 2009-10)**
12) **PARA 218.5 AUDIT COMMENTS (PQA) (AR 2009-10)**
13) **PARA 219 (A) (AR 2009-10)**

PHYSICAL VERIFICATION OF STORES AND SPARES AND FIXED ASSETS – RS. 5,457 MILLION

14) **PARA 219 (C) (AR 2009-10)**
OVERSTATEMENT OF ASSETS AND LIABILITIES DUE TO NON-ESTABLISHMENT OF SEPARATE LEGAL ENTITIES

15) **PARA 219 (D) (AR 2009-10)**
RECORDING OF REVENUE ON CASH BASIS

16) PARA 219 (E) (AR 2009-10)
ABSENCE OF DETAILS REGARDING CERTAIN ACCRUALS AND EXPENSES RELATING TO CHANNEL DREDGING-RS. 436.950 MILLION

17) PARA 223 (AR 2009-10)
NON-RECOVERY OF NON-UTILIZATION FEE FROM ALLOTTEES - RS. 35.520 MILLION

AUDIT REPORT FOR THE YEAR 2009-10

DG AUDIT (FEDERAL GOVERNMENT), ISLAMABAD

18) PARA NO. 21.2 PAGE NO. 120-121 (AR 2009-10)
UNJUSTIFIED EXCESS EXPENDITURE ON TWO PROJECTS- RS. 1,035.65 MILLION

PAC DIRECTIVE

The PAC recommended the above mentioned 18 paras for settlement on the recommendation of Audit.

PRESIDENT SECRETARIAT
AA-2008-09

OVERVIEW

Appropriation Accounts 2008-09 pertaining to the President Secretariat examined by the PAC on 21st March, 2018.

- The AGPR presented 01 grant which was regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT

(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 21st March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 pertaining to the President Secretariat.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. i. **STAFF HOUSEHOLD AND ALLOWANCES OF THE PRESIDENT (CHARGED)**
SAVING Rs.15,547,223/-

AGPR pointed out that the appropriation closed with a saving of Rs.19,410,366 which worked out to 5.35 percent of the total Appropriation. An amount of Rs.3,863,143 (1.06%) was surrendered leaving net saving of Rs.15,547,223 (4.29%).

The PAO apprised the Committee that saving of Rs.15,182,050 is under P.C.G (President Contingent Grant) had converted the "LAPSABLE" Assignment Account into "NON-LAPSABLE" w.e.f 30-06-2009.Moreover, Finance Division (Budget Wing) vide their U.O.Dy.No.470-DS(BR-II)2011, dated 05-03-2011 has agreed that the savings under P.C.G are not required to be surrendered to the government account. After excluding the saving of P.C.G of Rs.15.182 million, the actual savings comes to Rs.8,824/- which is 0.01% of the final grant.

PAC DIRECTIVE

The PAC regularized the saving in the above mentioned grant with the direction to the PAO to avoid recurrence of such irregularities in future.

PRIME MINISTER'S OFFICE
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the prime Minister's Office examined by the PAC on 27th December, 2016.

- The AGPR presented only 01 grant which was regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of of the PAC meeting held on 27th December, 2016, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, to examine the Appropriation Report for the year 2008-09, pertaining to the Prime Minister Secretariat are as under:

PRIME MINISTER'S SECRETARIAT
APPROPRIATION ACCOUNTS CIVIL VOL-I 2008-09

GRANT NO.9- PRIME MINISTER'S SECRETARIAT
SAVINGS RS. 1,429,672/-

The AGPR pointed out that the grant closed with a saving of Rs. 1,429,672/- which works out to 0.35 percent of the total grant. An amount of Rs. 1,036,375 (0.25%) was surrendered leaving net saving of Rs. 393,297 (0.10%).

PAC DIRECTIVE

The PAC recommended the saving in the grant for regularization.

M/O PRIVATIZATION
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the M/o Privatization examined by the PAC on 21st March, 2018.

- The AGPR presented 01 grant which was regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT

(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 21st March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 pertaining to the Ministry of Privatization.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. **GRANT NO.99-PRIVATISATION DIVISION**
   SAVING RS.2,733,807/-

   AGPR pointed out that the grant closed with a saving of Rs.2,733,807 which worked out to 4.43 percent of the total grant.

   PAC DIRECTIVE

   The PAC regularized the saving in the above mentioned grant on the recommendation of AGPR.

PRIME MINISTER'S INSPECTION COMMISSION (PMIC)
AA-2008-09

OVERVIEW

Appropriation Accounts 2008-09 pertaining to the Prime Minister's Inspection Commission (PMIC) examined by the PAC on 21st March, 2018.

- The AGPR presented 01 grant which was regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT

(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 21st March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 pertaining to the Prime Minister's Inspection Commission.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. **GRANT NO.12-PRIME MINISTER'S INSPECTION COMMISSION EXCESS RS.780,607/-**

AGPR pointed out that the grant closed with an excess of Rs.780,607 which worked out to 4.11 percent of the total grant.

The PAO apprised the Committee that the budget was allocated against the vacant posts on the basis of minimum of the relevant pay scales whereas PMIC had to engage experienced officials on deputation whose pays were much higher than the allocated budget.

PAC DIRECTIVE

The PAC regularized the excess in the above mentioned grant on the recommendation of AGPR.

MINISTRY OF RAILWAYS
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Railways examined by the PAC on 04th &05th April, 2017.

- 281 paras were presented by the Audit Department which were examined by the Committee. Out of which 124 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 03 grants which were regularized by the committee.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 4th &5th April, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 and Audit Report for the year 2009-10 pertaining to the Ministry of Railwaysare as under:

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09
(M/O RAILWAYS)

1) i) GRANT NO.103-PAKISTAN RAILWAYS (REVENUE)
EXCESS OF RS. 5,440.188/- MILLION

The PAO apprised the Committee that the excess was mainly due to Ad-hoc increase in pension and increase in fuel prices.

ii) GRANT NO. 179-CAPITAL OUTLAY OF PAKISTAN RAILWAYS
SAVINGS OF RS. 1,956.368/- MILLION

The PAO apprised the Committee that the savings was due to the non finalization of procurement process of imported material and non incurrence of expenditure on account of custom duty/sales tax due to non receipt of imported material till the close of the year.

PAC DIRECTIVE

The PAC recommended the excess/saving in the above mentioned two grants for regularization.

APPROPRIATION ACCOUNT FOR THE YAR 2008-09 (CIVIL) (VOL-I)
(ACCOUNTANT GENERAL PAKISTAN REVENUE)

2) GRANT NO.179 CAPITAL OUTLAY ON PAKISTAN RAILWAYS
SAVINGS RS. 2,145,000,000/-

The AGPR pointed out that the grant closed with a saving of Rs. 2,145,000,000 which worked out to 28.56% of the total grant. The entire saving was surrendered in time.

PAC DIRECTIVE

The PAC recommended the saving in the above mentioned grant for regularization on the recommendation of AGPR.

AUDIT REPORT FOR THE YEAR 2009-10

3) PARA NO. 2.7, PAGE NO. 542-AR-2009-10
NON-RECOVERY OF RS. 310.34 MILLION ON ACCOUNT OF MAINTENANCE/OPERATIONAL CHARGES

The Audit pointed out that railway administration failed to recover the maintenance / operational charges of sidings / level-crossings as detailed below:-

(i) An amount of Rs. 19.963 million was recoverable from M/s Southern Electric Power Co. Ltd. (SEPCOL) and Saba Power Co. Ltd.
(ii) An amount of Rs. 64.808 million was outstanding against Defence Department for the period from July 2002 to June 2009.
(iii) An amount of Rs. 148.927 million was outstanding for the period from July 1995 to June 2009 against various Government Departments and other organizations.
(iv) Amount of Rs. 18.486 million and Rs. 5.299 million was outstanding against WAPDA and Pak Arab Fertilizers Limited, Multan, respectively.
(v) An amount of Rs. 1.215 million for the year 2008-09 was not recovered from the various agencies.
(vi) An amount of Rs. 51.642 million was outstanding against various Government departments / agencies as well as private bodies for the period from July 2007 and onwards.

The PAO apprised the Committee that they had recovered an amount of Rs. 166 Million from various Government Departments including WAPDA, Defence etc. An amount of Rs. 132 Million was outstanding besides Rs. 2 Billion receivables for which efforts are under way to affect recovery.

PAC DIRECTIVE

The PAC recommended the para for settlement to the extent where recoveries had been verified by Audit. However, for the rest outstanding amount, the PAO was directed to accelerate efforts for recovery under report to Audit/PAC.

4) PARA NO. 1.6, PAGE NO. 33-AR-2009-10
LOSS OF RS. 248.72 MILLION DUE TO ILLEGAL CHANGE IN RATE OF LAND-USAGE CHARGES

The Audit pointed out that the Executive Committee of Railway Board approved leasing of 103 acres land in favour of M/s MAXCORP International (Royal Palm Golf & Country Club, Lahore) on 20.04.2001. Subsequently, another approval was accorded by the same Committee on 26th July, 2001 whereby land-usage charges were reduced from Rs. 52.43 per sq. yard to Rs. 4.00 per sq. yard. Thus, PR sustained a loss of Rs. 248.72 million during the period from 1st September, 2001 to 31st October, 2009.

The PAO apprised the Committee that in 2001, an agreement between Ministry of Railways and joint venture headed by Shaikh Ramzan was made. Now the case is sub- judice in different Courts of Justice as well as investigation agencies like NAB. In 2013, the Ministry filed a writ Petition in Honourable Supreme Court of Pakistan for rehearing of the case for termination of the contract/agreement as well as arrears from the company. But the case is still sub-judice.

PAC DIRECTIVE

The PAC directed the PAO to provide copy of agreement of joint venture made in 2001 between Ministry of Railways and M/s MAXCORP International, to the Committee before its next meeting.

5) PARA NO. 10.2, PAGE NO. 152-AR-2009-10
NON-ADJUSTMENT OF RS. 57.870 MILLION OF INPUT TAX

The Audit pointed out that during audit of the Concrete Sleeper Factory, Kohat, it was observed that an amount of Rs. 38.677 million was due to be got refunded from Sales Tax Department on account of excess input sales tax for the period from 2001-02 to 2007-08. Furthermore, an amount of Rs. 19.193 million was being claimed on the same account for the year 2008-09. No serious efforts seem to had been made by Railway administration to realize these long outstanding claims.

The PAO apprised the Committee that on 23.07.2010, FBR had introduced a procedure to submit monthly returns online & refund claims through "RCPS" (a refund programme). To enter into this programme, FTN/NTN was pre-requisite. Therefore, this office approached FBR and Ministry of Railways for issuance of FTN/NTN and finally after hiring a consultant, FTN/NTN had been allotted to Concrete Sleeper Factory, Kohat and now monthly returns and refund claims were being filed according to the procedure in vogue and hopefully the pending cases would be finalized shortly. The PAO further replied that on 03.03.2017 efforts were made to settle the issue, but no positive response was received from F.B.R. The matter was un-settled for want of decision by the FBR Islamabad.

PAC DIRECTIVE

The PAC directed the National Assembly Secretariat to write a letter to Secretary Finance Division for early resolution of long outstanding dispute between Ministry of Railways and Revenue Division (FBR) with a report to PAC/Audit.

6) PARA NO. 5.2, PAGE NO. 124-AR-2009-10
INACTION ON FRAUD AND MISAPPROPRIATION OF RS. 53.068 MILLION

The Audit pointed out that Traffic Account Branch reported 101 cases of fraud and misappropriations involving Rs. 176.883 million. Inquiries/investigations were

conducted by the executive. Resultantly an amount of Rs. 123.815 million was recovered from the employees concerned but remaining amount of Rs. 53.068 million was outstanding. Furthermore, due recoveries had been made in 29 out of 101 cases but no disciplinary action was taken against them.

The PAO apprised the Committee that on 01.03.2017, an amount of Rs. 81.594 million was recoverable against 72 cases out of which an amount of Rs. 12.239 million was dropped after inquires and an amount of Rs. 27.862 million had been recovered. Balance recoverable amount was Rs. 41.493 million for which efforts are under way to efforts recovery.

PAC DIRECTIVE

The PAC recommended the para for settlement to the extent where recoveries had been verified by Audit. However, for the rest outstanding amount, the PAO was directed to accelerate efforts for recovery under report to Audit/PAC.

7) PARA NO. 1.5, PAGE NO. 32-AR-2009-10
IRREGULAR RE-EMPLOYMENT AFTER SUPERANNUATION RESULTING IN UNAUTHORIZED EXPENDITURE OF RS. 20.254 MILLION

The Audit pointed out that Establishment Division letter dated 28th January, 1989 stipulates that re-employment beyond the age of superannuation in all cases requires approval of the Prime Minister. Pakistan Railway Advisory and Consultancy Services Limited (PRACS) re-employed retired government officials after superannuation in violation of the above rules. An unauthorized expenditure of Rs. 20.254 million was incurred on their pay and allowances during the period from January 2002 to December 2009.

The PAO apprised the Committee that it was intimated on 07.04.2016 and 02.03.2017 that Managing Director PRACS was empowered to make all appointments including retired Railways employees as per clause 2.3 of PRACS Service Rules. Most of the employees had left the service of PRACS.

PAC DIRECTIVE

The PAC directed the PAO to write a letter to Secretary Establishment Division for regularization of the anomalies under report to Audit/PAC.

8) PARA NO. 2.6 PAGE NO. 53-AR-2009-10
LOSS OF RS. 10.077 MILLION DUE TO NON-RECOVERY OF TOLL TAX SHARE

The Audit pointed out that Clause 23.1 of contract agreement executed in December 2008 for collection of toll tax on KhushalGarh Rail-cum-Road Bridge stipulated that total amount of bid money would be payable in monthly

installments. Further, clause 23.2 of the contract provided that if contractor failed to deposit monthly installments of bid money on the due date, he would pay a penalty @ 1% on the outstanding amount beyond 3 days subject to further recession of contract, if default exceeded 15 days. The contract was made with the face value of Rs. 15.10 million for a period of 12 months. The possession of site was handed over to the contractor on 10th September, 2008 and the contract expired in September 2009, while more than 69% of the amount was outstanding. Audit observed that the contract was required to be cancelled by invoking Clause 23.2 of the contract. This resulted in loss of Rs. 10.077 million due to non-realization of toll tax share.

The PAO apprised the Committee that Deputy Chief Engineer, Bridges intimated on 14.06.2010 that a number of notices had been issued to the contractor to deposit outstanding amount of Rs. 9.977 million but in vain. A recovery suit was filed in the Court of Civil Judge, Peshawar, on 22nd February 2010. It was intimated on 08.11.2014 that the officer held responsible Mr. Saeed Khan, Ex-DEN/Peshawar was issued warning to be careful in future. Deputy Chief Engineer, Bridges intimated on 14.04.2015 that the honorable court had granted decree in favour of Pakistan Railways on 03.03.2015. The said bridge had been closed for road traffic since 19.08.2014.

PAC DIRECTIVE

The PAC directed the PAO to pursue the cases in the court of law vigorously under report to Audit/PAC.

9) PARA NO. 1.4, PAGE NO. 31-AR-2009-10
UNJUSTIFIED EXPENDITURE OF RS. 10.00 MILLION ON THE CONSULTANCY FOR RESTRUCTURING OF PAKISTAN RAILWAY

The Audit pointed out that Ministry of Railway hired consultancy services of M/s Pakistan Railway Advisory & Consultancy Services Limited (PRACS), during 2008-09, for Reorganization / Restructuring of Pakistan Railways at a cost of Rs. 10.00 million. The core objectives thereof were Financial Management, Procurement, Human Resource Management, Training, Capacity Building, Assets Management and Information Technology. No progress for improvement of Pakistan Railway in the above mentioned areas had been observed, resulting in wastage of an amount of Rs. 10.00 million.

The PAO apprised the Committee that World Bank funded project worth Rs. 10 Million was meant for improvement of Pakistan Railways in Financial Management, Procurement, Human Resource Management, Training, Capacity Building, Assets Management and Information Technology. Unfortunately its objectives could not be achieved, except the Land Management Assessment.

PAC DIRECTIVE

The PAC directed the PAO to provide details of progress report of the contractual work alongwith Land Management Assessment done through Geographic Information System (GIS Software) Mapping to the Committee/Audit.

10) PARA NO. 9.3, PAGE NO. 149-AR-2009-10
IRREGULAR EXPENDITURE OF RS. 3.216 MILLION ON THE PROCUREMENT OF VEHICLES

The Audit pointed out that during a period of ban two vehicles, one Honda 1800cc valuing Rs. 1.584 million and one Toyota Corolla 1300cc costing Rs. 1.364 million, were procured in August 2006 and October 2008 for Minister for Railways and Secretary/Chairman, Ministry of Railways/Railway Board, respectively, without obtaining approval of Ministry of Finance. Besides, an expenditure of Rs. 0.268 million was incurred by RAILCOP on POL and maintenance charges of the both vehicles up to 30th June, 2009. This resulted in irregular expenditure of Rs. 3.216 million.

The PAO apprised the Committee that they made a reference to the Finance Division. Result of reference was furnished to Audit on 08.01.2013, which indicated that public limited companies established by and working under the auspices of Federal Ministries fell under the ambit of decision of National Economic Council as far as procurement of new vehicles or replacement of the existing vehicles was concerned. Further clarification of the matter if required could be obtained from the concerned Division.

PAC DIRECTIVE

The PAC directed the PAO to provide a copy of the letter of previous Cabinet Committee to Ministry of Law and Justice for seeking their opinion/policy guidelines regarding the ban in question under report to Audit/PAC.

11) i) PARA NO. 1.7, PAGE NO. 34-AR-2009-10
IRREGULAR / UNJUSTIFIED CHANGE OF TERMS AND CONDITIONS WHILE LEASING OUT PR GOLF CLUB, LAHORE

ii) PARA NO. 6.3, PAGE NO. 130-AR-2009-10
LOSS ON ACCOUNT OF REVENUE SHARE DUE TO NON-INCLUSION OF INCOME FROM SALE OF FOOD AND BEVERAGE ITEMS

PAC DIRECTIVE

The PAC pended the above mentioned two paras till the next meeting.

12) i) PARA NO. 1.2.12, PAGE NO. 199-AR-2009-10
LOSS OF RS. 5,942.44 MILLION DUE TO LATE ROLLING OUT OF LOCOMOTIVES

ii) PARA NO. 1.2.5, PAGE NO. 198-AR-2009-10
NON-RECOVERY OF LIQUIDATED DAMAGES CHARGES AMOUNTING TO RS. 2,482.526 MILLION

PAC DIRECTIVE

The PAC referred the above mentioned two Audit Paras to the Main Committee for further discussion thereupon. The PAO was, however, directed to reopen their internal inquiries on the matter again for fixing responsibility against all those found responsible under report to Audit/PAC.

13) PARA NO. 1.2.9 PAGE NO. 199-AR-2009-10
SHORT SUPPLY OF TECHNOLOGY OF RS. 19.837 MILLION

The Audit pointed out that as per agreement M/s. Dongfang China agreed to supply transfer of technology (TOT) documents for manufacture of various principal assemblies and components. Out of US $ 805,920 allocated for TOT, the supplier did not supply complete TOT for items having value of US $ 239,000 (Rs. 19.837 million). Thus, due to short transfer of technology expenditure on transfer of technology was wasted.

The PAO apprised the Committee that all the 69 locomotives purchased from Chinese Company (DongFang) remained operative during the warranty period of these years. The supplier was responsible for operating these engines. Some technical faults had started occurring even during the warranty period of the engines. The company was blacklisted and the matter was referred to NAB and no departmental inquiry could be held.

PAC DIRECTIVE

The PAC directed the PAO to provide comprehensive report on performance of sixty nine locomotives remained operational during warranty period or otherwise, the list of parts provided by the company during this period, the actual expenditure involved in this whole issue, actions taken by the Department/Ministry against responsible, etc to the Committee/Audit within one month.

14) PARA NO. 1.6.3 PAGE NO. 192-AR-2009-10
IRREGULAR ENHANCEMENT OF QUANTITIES OF WORK VALUING RS. 361.148 MILLION

The Audit pointed out that para 42 (i) (IV) of Public Procurement Rules (PPRs)-2004 stipulates that repeat orders not exceeding 15% of the original order are admissible.

(i) PR executed two contract agreements with M/s FWO on 14.08.2006 for earthwork at embankment, laying sub-ballast and supply & stacking of ballast. The quantities of various items were enhanced in September 2007. The value of first contract was increased from Rs. 302.877 million to 416.181 million (37.63%) and value of second contract was increased from Rs. 314.069 million to Rs. 446.989 million (42.32 %). This resulted in irregular enhancement of contract by Rs. 246.224 million.

(ii) An agreement for construction of bridges was awarded to FWO at total cost of Rs. 139.339 million. The quantities of various items were enhanced and face value of work was increased to Rs. 254.263 million. This resulted in increase of Rs. 114.924 million, i.e. 82.48 %, increase from the original cost.

The PAO apprised the Committee that the work was awarded to M/s FWO on single bid basis. The designs of certain activities were not finalized till award of contract; therefore, tentative quantities were incorporated in the agreement in order to complete the work within prescribed schedule. On finalization of designs, the quantity of each item of work was reviewed and revised as per actual requirement. As a result of detailed soil investigation, the construction of bridges were designed/decided on pile foundation and as such the scope of work so involved was included in Addendum Slips at already accepted rates. Consequently, completion period was also extended for further one year.

PAC DIRECTIVE

The PAC recommended the para for settlement with the direction to avoid recurrence of such practice in future.

15) i) PARA NO. 1.5.9 PAGE NO. 190-AR-2009-10
SPLITTING OF WORK COSTING RS. 105.049 MILLION

ii) PARA NO. 1.5.6 PAGE NO. 189-AR-2009-10
LOSS OF RS. 99.991 MILLION ON ACCOUNT OF PAYMENT OF ESCALATION

PAC DIRECTIVE

The PAC noted with concern over splitting of work and floating of tenders prior to approval of designed department, thus, directed the PAO to fix responsibility against all those responsible for taking such decision at that time, take action against them and submit report to the Committee within one month.

16) PARA NO. 1.5.7 PAGE NO. 189-AR-2009-10
LOSS OF RS. 26.167 MILLION DUE TO PROCUREMENT OF MATERIAL AT HIGHER RATES AND TREATMENT CHARGES

The Audit pointed out that Pakistan Railways procured 38,349.448 cft Hard Wood for an amount of Rs. 58.641 million from the 3rd lowest bidder vide agreement dated 10th October, 2007.The injudicious decision resulted in extra expenditure of Rs. 19.073 million. The Technical Committee recommended the offer of 3rd lowest with the remarks that this type of wood (Slangan Batu) would not require further treatment but an expenditure of Rs. 7.094 million was further incurred on account of treatment charges.

The PAO apprised the Committee that offer of the 3rd lowest bidder was accepted due to the reason that his material was considered durable having useful life of 20 years whereas the useful life of the material of the 1st and 2nd lowest bidders was 15 years. Technical Committee thus declared offer of the 3rd lowest bidder economical which was accepted by the competent authority accordingly.

PAC DIRECTIVE

The PAC directed the PAO to provide copy of report from the Forestry Department regarding the using of hardwood in the tracks to Audit for verification; the para would be treated as settled on satisfaction of Audit.

17) PARA NO. 1.4.3 PAGES NO. 186-187-AR-2009-10
POOR PLANNING

The Audit pointed out that an agreement for construction of sub-structure of a bridge included installation of 289 Rft liner of Mild Steel sheet for pile-work @ Rs. 14,000 per Rft. The quantity was increased to 547 Rft on demand of the contractor. This resulted in extra expenditure of Rs. 3.612 million. An agreement for construction of bridge with face value of Rs. 33.698 million was executed on 1st January, 2008. The bridge was designed for both Up and Down lines but subsequently it was decided to utilize the existing bridge for Up line. The contractual cost was revised from Rs. 33.698 million to Rs. 24.3 million. The work was completed at a cost of Rs. 24.790 million whereas a single line bridge should have been completed at a cost of Rs. 16.849 (33.698/2) million. Hence an

extra expenditure of Rs. 7.941 million (24.790 – 16.849) was incurred on the bridge.

The PAO apprised the Committee that the increase in length below bed level from 5ft to 15 ft resulted in overall increase of liner length from 289 Rft to 547 Rft. The increase in quantity was therefore, unavoidable as without this increase construction of bridge was not possible. Design of the bridge was revised keeping in view site requirement, therefore, quantum of work was increased. The contract was, therefore, revised vide addendum slip dated 25.08.2008. Bridge was completed with the cost of Rs. 24.790 million as per CEN/Design plan.

PAC DIRECTIVE

The PAC recommended the para for settlement.

18) PARA NO. 1.4.2 PAGE NO. 186-AR-2009-10
WASTEFUL EXPENDITURE AMOUNTING TO RS. 3.00 MILLION ON TOPOGRAPHIC AND DIGITAL MAPPING

The Audit pointed out that, a contract for detailed survey and digital mapping of Railway corridor from KM 934 to 1167 in connection with laying of 2nd line parallel to the existing alignment was executed on 3rd January, 2006 for a sum of Rs. 3.00 million. During execution of the project field staff faced complications which indicated that survey and mapping were not properly done. Resultantly envisaged benefits could not be achieved from the expenditure.

The PAO apprised the Committee that the topographic survey and digital mapping was carried out to provide data of each activity to design office for its proper designing. The contracts for execution of different works of Doubling of Track on Khanewal-Raiwind Section were awarded with tentative quantities on the basis of the existing structures prior to the finalization of designs with a view to expedite completion of the project. The designs based on the said survey were finalized by design office subsequently. The quantities provided in such agreements were therefore, examined in consultation with relevant design and revised where required.

PAC DIRECTIVE

The PAC recommended the para for settlement.

19) PARA NO. 1.6.6 PAGE NO. 193-AR-2009-10
IRREGULAR APPOINTMENT AND UNJUSTIFIED WITHDRAWAL OF PAY AND ALLOWANCES AMOUNTING TO RS. 1.665 MILLION PER ANNUM

The Audit pointed out that Establishment Division's U.O dated 27th July, 2002 provides that engagement of retired officers requires prior permission of

Government invariably. Rules further provide that no employee can be appointed on contract basis after attending the age of 65 years. Contrary to the above, various retired government officers were appointed without prior permission of the Establishment Division. Besides, some officers and officials were engaged even after attaining the age of 65 years. The payment on account of their pay and allowances was irregular.

The PAO apprised the Committee that appointment of retired officers was referred to Secretary Railway Islamabad and consequent upon receipt of approval of competent authority the posts were advertised through national news papers. The applicants were called for interview/test by the Principle Officer. All recruitments in the project were made after fulfillment of formal requirements after obtaining the approval of Ministry of Railway. DAC did not agree with the contention of management and directed to identify the persons responsible for not observing the rules while appointing retired government servants.

PAC DIRECTIVE

The PAC directed the PAO to take up the matter of regularization with Secretary Establishment Division under report to Audit/PAC.

PARAS RECOMMENDED FOR PURSUANCE AT DAC LEVEL
DG AUDIT (RAILWAYS), LAHORE

20) 1) PARA NO. 2 (AR 2009-10)
CASH MANAGEMENT

2) **PARA NO. 3 (AR 2009-10)**
RAILCOP & PRACS

3) **PARA NO. (A)(B) (AR 2009-10)**
CHART OF ACCOUNTS

4) **PARA NO. 1.1 (AR 2009-10)**
CASH AND ACCRUAL BASIS

5) **PARA NO. 1.2 (A)& (B) (AR 2009-10)**
GROSS & GOODS EARNINGS

6) **PARA NO. 1.3 (A)& (B) (AR 2009-10)**
OPERATIONAL LOSSES

7) **PARA NO. 2.2 (A,B) (AR 2009-10)**
CAPITAL AND NET WORTH

8) **PARA NO. 2.3 (AR 2009-10)**
REVENUE RESERVES

9) **PARA NO. 2.5 (A,B,C) (AR 2009-10)**
CURRENT LIABILITIES

10) **PARA NO. 2.6 (A,B,C) (AR 2009-10)**
FIXED ASSETS

11) **PARA NO. 2.7 (AR 2009-10)**
DEFERRED ASSETS

12) **PARA NO. 2.8 (AR 2009-10)**
CURRENT ASSETS

13) **PARA NO. 2.9 (I)(A) (AR 2009-10)**
MAINTENANCE OF ACCOUNTS RS. 15.637 MILLION

14) **PARA NO. 2.9 (I)(B) (AR 2009-10)**
MAINTENANCE OF ACCOUNTS RS. 21,284.00 MILLION

15) **PARA NO. 2.9 (I)(C) (AR 2009-10)**
MAINTENANCE OF ACCOUNTS RS. 90.197 MILLION

16) **PARA NO. 2.9 (I)(D) (AR 2009-10)**
MAINTENANCE OF ACCOUNTS RS. 7.800 MILLION

17) **PARA NO. 2.9 (II) (AR 2009-10)**
MAINTENANCE OF ACCOUNTS

18) **PARA NO. 2.9 (III) (AR 2009-10)**
MAINTENANCE OF ACCOUNTS RS. 1,438.00 MILLION

19) **PARA NO. 2.9 (IV) (AR 2009-10)**
MAINTENANCE OF ACOUNTS

20) **PARA NO. 2.9 (V) (AR 2009-10)**
MAINTENANCE OF ACCOUNTS RS. 5,426.00 MILLION

21) **PARA NO. 2.9 (VI) (AR 2009-10)**
MAINTENANCE OF ACCOUNTS RS. 2,118.638 MILLION

22) **PARA NO. 2.9 (VII) (AR 2009-10)**
MAINTENANCE OF ACCOUNTS RS. 59.470 MILLION

23) **PARA NO. 2.9 (VIII) (AR 2009-10)**
MAINTENANCE OF ACCOUNTS RS. 79.693 MILLION

24) **PARA NO. 2.9 (IX) (AR 2009-10)**
MAINTENANCE OF ACCOUNTS

25) **PARA NO.1.2 (AR 2009-10)**
LOSS OF RS. 2.837 MILLION UNDER REVENUE FROM MARKETING

26) **PARA NO.1.3 (AR 2009-10)**
LOSS OF RS. 1.906 MILLION DUE TO NON-RECEIPT OF DEBTORS

27) **PARA NO.1.1 (AR 2009-10)**
IRREGULAR AMENDMENTS IN BIDDING DOCUMENTS

28) **PARA NO. 1.2 (AR 2009-10)**
UNJUSTIFIED BOOKING OF EXPENDITURE OF RS. 30.034 MILLION TO A PROJECT

29) **PARA NO.1.9 (AR 2009-10)**
NON-REFLECTION OF LOSSES OF RS. 6,741.170 MILLION IN APPROPRIATION ACCOUNTS

30) **PARA NO.1.12 (AR 2009-10)**
INORDINATE DELAY IN THE COMPLETION OF CRITICAL PROJECTS

31) **PARA NO.1.13 (AR 2009-10)**
MISMANAGEMENT RESULTED IN UNNECESSARY INCREASE IN COST OF PROJECTS

32) **PARA NO.1.14 (AR 2009-10)**
LOSS OF MILLIONS OF RUPEES ON ACCOUNT OF THEFT/EMBEZZLEMENT/ MISAPPROPRIATION/ DAMAGES TO RAILWAY ASSETS

33) **PARA NO.1.15 (AR 2009-10)**
NON-REPORTING OF LOSSES TO STATUTORY AUDIT

34) **PARA NO.1.17 (AR 2009-10)**
IRREGULAR AWARDING OF CITY BOOKING AGENCIES TO PRACS RESULTING IN UNJUSTIFIED EXPENDITURE OF RS. 47 MILLION PER ANNUM

35) **PARA NO.2.2 (AR 2009-10)**
AWARD OF A CONTRACT WITHOUT COMPETITION RS. 114.217 MILLION

36) **PARA NO.2.3 (AR 2009-10)**
IRREGULAR ABNORMAL INCREASE IN THE COST OF WORKS (RS. 23.236 MILLION)

37) **PARA NO.2.8 (AR 2009-10)**
MIS-UTILIZATION/NON-ADJUSTMENT OF RS. 1,260.381 MILLION OF DIFFERENT DEPOSIT WORKS

38) **PARA NO.2.9 (AR 2009-10)**
NON-RECOVERY OF RS. 8.854 MILLION AND OTHER IRREGULARITIES NOTICED DURING AUDIT OF RAILWAY REST HOUSES

39) **PARA NO.2.10 (AR 2009-10)**
WASTEFUL EXPENDITURE OF RS. 4.685 MILLION

40) **PARA NO. 2.14 (AR 2009-10)**
IRREGULAR EXPENDITURE OF RS. 6.540 MILLION

41) **PARA NO. 2.20 (AR 2009-10)**
LOSS OF RS. 1.866 MILLION DUE TO NON-OBSERVANCE OF RULES

42) **PARA NO. 2.26 (AR 2009-10)**
LOSS OF RS. 5.815 MILLION DUE TO SHORTAGE OF MATERIAL

43) **PARA NO. 2.27 (AR 2009-10)**
UNNECESSARY RETENTION OF RELEASED MATERIAL VALUING RS. 31.716 MILLION

44) **PARA NO. 2.28 (AR 2009-10)**
BLOCKAGE OF CAPITAL AMOUNTING TO RS. 18.171 MILLION DUE TO UNNECESSARY RETENTION OF MATERIAL

45) **PARA NO. 2.29 (AR 2009-10)**
UNNECESSARY RETENTION OF SCRAP VALUING RS. 5.964 MILLION

46) **PARA NO. 2.31 (AR 2009-10)**
LOSS OF RS.6.499 MILLION DUE TO LESS BILLING OF ELECTRICITY SUPPLY

47) **PARA NO. 2.33 (AR 2009-10)**
LOSS OF RS. 0.780 MILLION DUE TO PAYMENT OF PILE TESTING

48) **PARA NO.2.34 (AR 2009-10)**
EXPENDITURE OF RS.6.787 MILLION BEYOND THE PRESCRIBED LIMITS

49) **PARA NO. 2.37 (AR 2009-10)**
UNJUSTIFIED EXPENDITURE OF RS.1.374 MILLION ON APPOINTMENTOF TLA STAFF

50) **PARA NO. 2.38 (AR 2009-10)**
LOSS OF RS.394.100 MILLION DUE TO NON-REALIZATION OF LEASE/CROSSINGS CHARGES AND NON-ADJUSTMENT OF PAYMENT AGAINST SNGPL

51) **PARA NO.2.39 (AR 2009-10)**
IRREGULAR / UNJUSTIFIED PAYMENTS OF RS. 12.500 MILLION AS COMPENSATION

52) **PARA NO. 2.41 (AR 2009-10)**
LOSS OF RS. 2.117 MILLION DUE TO DELAY IN COMPLETION OF A PROJECT

53) **PARA NO. 3.4 (AR 2009-10)**
LOSS OF RS. 0.386 MILLION DUE TO NON-RECOVERY OF DEMURRAGE CHARGES

54) **PARA NO. 3.6 (AR 2009-10)**
LOSS OF RS. 54.541 MILLION DUE TO ACCEPTANCE OF TENDERS AT HIGHER RATES

55) **PARA NO.3.8 (AR 2009-10)**
LOSS OF RS. 11.016 MILLION DUE TO ACCEPTANCE OF DEFECTIVE MATERIAL/NON- REPLACEMENT OF DEFECTIVE MATERIAL

56) **PARA NO. 3.13 (AR 2009-10)**
UNNECESSARY PROCUREMENT OF MATERIAL COSTING RS. 13.572 MILLION

57) **PARA NO. 3.14 (AR 2009-10)**
NON-RECOVERY OF LIQUIDATED DAMAGES CHARGES AMOUNTING TO RS. 3.407 MILLION

58) **PARA NO. 3.17 (AR 2009-10)**
UNJUSTIFIED / IRREGULAR PURCHASE OF WELDING PLANTS COSTING RS. 1.830 MILLION

59) **PARA NO. 3.18 (AR 2009-10)**
LOSS OF RS. 61.261 MILLION DUE TO EXTRA PAYMENT ON ACCOUNT OF DEVALUATION OF PAKISTANI CURRENCY

60) **PARA NO. 3.21 (AR 2009-10)**
LOSS OF RS. 4.203 MILLION DUE TO UNNECESSARY FABRICATION OF POLICE UNIFORMS

61) **PARA NO. 3.23 (AR 2009-10)**
NON-FINALIZATION OF ACCOUNTS NOTES VALUING RS. 477.00 MILLION

62) **PARA NO. 3.26 (AR 2009-10)**
LOSS OF RS. 26.418 MILLION DUE TO SHORTAGE OF SCRAP MATERIAL

63) **PARA NO. 3.28 (AR 2009-10)**
BLOCKAGE OF CAPITAL AMOUNTING TO RS. 145.875 MILLION DUE TONON-DISPOSAL OF SCRAP

64) **PARA NO. 3.32 (AR 2009-10)**
LOSS OF RS. 0.406 MILLION DUE TO SHORT RECEIPT OF MATERIAL

65) **PARA NO. 3.33 (AR 2009-10)**
FINANCIAL INDISCIPLINE OF RS. 5.508 MILLION

66) **PARA NO. 3.39 (AR 2009-10)**
OVERSTOCK OF ORDINARY STORES VALUING RS. 1142.81 MILLION

67) **PARA NO. 3.40 (AR 2009-10)**
SURPLUS MATERIAL VALUING RS. 151.055 MILLION LYING IN THE DEPOTS FOR MORE THAN 24 MONTHS

68) **PARA NO. 3.41 (AR 2009-10)**
NON-DISPOSAL OF SURPLUS STORES VALUING RS. 57.969MILLION

69) **PARA NO. 3.42 (AR 2009-10)**
DEFECTIVE STORE LYING IN STORES DEPOTS CAUSING LOSS OF RS. 27.134 MILLION

70) **PARA NO. 3.43 (AR 2009-10)**
LOSS OF RS. 6.661 MILLION DUE TO PROCUREMENT OF DEFECTIVE MATERIAL

71) **PARA NO. 4.1 (AR 2009-10)**
LOSS OF RS 4.497 MILLION AND BLOCKAGE OF CAPITAL OF RS. 3.050 MILLION

72) **PARA NO. 5.1 (AR 2009-10)**
FRAUD OF RS. 8.091 MILLION DUE TO SELLING OF FAKE/BOGUS PRINTED CARD TICKETS AT OKARA STATION

73) **PARA NO. 5.3 (AR 2009-10)**
NON-CLEARANCE OF STATION OUTSTANDING AMOUNTING TO RS. 80.241 MILLION

74) **PARA NO. 5.4 (AR 2009-10)**
NON-REALIZATION OF FREIGHT CHARGES AMOUNTING TO RS. 101.841 MILLION

75) **PARA NO. 5.5 (AR 2009-10)**
UNREALIZED EARNINGS OF RS. 747.257 MILLION

76) **PARA NO. 6.1 (AR 2009-10)**
NON-RECOVERY OF RS. 49.882 MILLION FROM ROYAL PALM GOLF & COUNTRY CLUB LAHORE

77) **PARA NO. 6.2 (AR 2009-10)**
INCORRECT/NON-RECEIPT OF REVENUE SHARE

78) **PARA NO. 6.4 (AR 2009-10)**
IRREGULAR INVITATION OF EXPRESSIONS OF INTEREST / PRE QUALIFICATION FOR DEVELOPMENT OF COMMERCIAL COMPLEXES AT RAILWAY STATIONS

79) **PARA NO. 7.1 (AR 2009-10)**
LOSS OF RS. 45.617 MILLION ON ACCOUNT OF COMMERCIAL RENT DUE TO UNAUTHORIZED UTILIZATION OF RAILWAY LAND

80) **PARA NO. 7.2 (AR 2009-10)**
FRAUDULENT EXECUTION OF FRESH CONTRACT AGREEMENT AND LOSS OF RS. 177.934 MILLION DUE TO NON-RECOVERY OF PUNITIVE CHARGES

81) **PARA NO. 7.3 (AR 2009-10)**
NON-RECOVERY OF RENTAL AND PUNITIVE CHARGES AMOUNTING TO RS. 9.285 MILLION ON ACCOUNT OF TV CABLE CROSSINGS

82) **PARA NO. 7.4 (AR 2009-10)**
LOSS OF RS. 1,324.13 MILLION DUE TO NON-RECOVERY OF LEASE/RENTAL CHARGES

83) **PARA NO. 7.5 (AR 2009-10)**
IRREGULAR LEASING OUT OF LAND AND NON-RECOVERY/NON-RECONCILIATION OF RENTAL CHARGES AMOUNTING TO RS. 20.401 MILLION

84) **PARA NO. 7.7 (AR 2009-10)**
UNAUTHORIZED OCCUPATION OF RAILWAY QUARTERS RESULTING IN LOSS OF RS. 9.683 MILLION ON ACCOUNT OF RENTAL CHARGES

85) **PARA NO. 7.8 (AR 2009-10)**
UNAUTHORIZED OCCUPATION OF RAILWAY LAND VALUING RS. 5,694.084 MILLION

86) **PARA NO. 7.10 (AR 2009-10)**
NON-RECOVERY OF RENTAL/LEASE CHARGES AMOUNTING TO RS. 20.835 MILLION

87) **PARA NO. 8.3 (AR 2009-10)**
MISMANAGEMENT RESULTING IN BLOCKAGE OF CAPITAL AMOUNTING TO RS. 0.420 MILLION

88) **PARA NO. 9.1 (AR 2009-10)**
LOSS OF RS. 4.090 MILLION DUE TO INCURRENCE OF EXCESS EXPENDITURE ON THE INSTALLATION OF TWO SIGN BOARDS

89) **PARA NO. 9.2 (AR 2009-10)**
LOSS OF RS. 3.613 MILLION DUE TO CASTING OF DEFECTIVE MATERIAL

90) **PARA NO. 9.4 (AR 2009-10)**
MISAPPROPRIATION OF GOVERNMENT MONEY AMOUNTING TO RS. 0.500 MILLION

91) **PARA NO. 10.1 (AR 2009-10)**
IRREGULAR/UNJUSTIFIED FOREIGN VISIT OF THE MANAGING DIRECTOR (PRACS)

92) **PARA NO. 1.1 (AR 2009-10)**
TIME OVERRUN

93) **PARA NO. 1.4 (AR 2009-10)**
NON-FORMULATION OF OBJECTIVES

94) **PARA NO. 1.5.2 (AR 2009-10)**
INJUDICIOUS EXECUTION OF CONTRACT AGREEMENT

95) **PARA NO. 1.6.1 (AR 2009-10)**
IRREGULAR AWARD OF A CONTRACT ON SINGLE TENDER BASIS. RS.160.264 MILLION

96) **PARA NO.1.6.2 (AR 2009-10)**
IMPROPER FORMULATION OF TENDER DOCUMENTS

97) **PARA NO. 1.6.3 (AR 2009-10)**
DELAY IN EVALUATION/ ACCEPTANCE OF BIDS

98) **PARA NO.1.1.2 (AR 2009-10)**
WORK BEHIND SCHEDULE-

99) **PARA NO.1.1.5 (AR 2009-10)**
IRREGULAR EXPENDITURE OF RS. 1.157 MILLION

100) **PARA NO.1.1.6 (AR 2009-10)**
WASTEFUL EXPENDITURE RS.0.285 MILLION

101) **PARA NO.1.2.1 (AR 2009-10)**
IRREGULAR TRANSFER AND RE-APPROPRIATION OF FUNDS.RS.18.354 MILLION

102) **PARA NO.1.2.3 (AR 2009-10)**
MISCLASSIFICATION OF EXPENDITURE RS.0.467 MILLION

103) **PARA NO.1.2.5 (AR 2009-10)**
EXPENDITURE WITHOUT INCLUSION IN PC-I RS.0.282 MILLION

104) **PARA NO.1.3.2 (AR 2009-10)**
ESTIMATE FOR CONVERSION OF BRIDGE NO.39 RS.0.648 MILLION

105) **PARA NO.1.3.1 (AR 2009-10)**
NON-ACHIEVEMENT OF THE OBJECTIVES

106) **PARA NO.1.4.1 (AR 2009-10)**
IMPROPER PLANNING

107) **PARA NO.1.5.1 (AR 2009-10)**
INJUDICIOUS DECISION BY MANAGEMENT FOR RENOVATION OF RAILWAY STATIONS RS.27.393 MILLION

108) **PARA NO.1.5.2 (AR 2009-10)**
UNJUSTIFIED EXPENDITURE ON ACCOUNT OF TLA RS.7.924 MILLION

109) **PARA NO.1.5.4 (AR 2009-10)**
EXTRA/AVOIDABLE EXPENDITURE RS.3.324

110) **PARA NO.1.5.5 (AR 2009-10)**
LOSS OF RS. 317.246 MILLION ON ACCOUNT OF FREIGHT CHARGES

111) **PARA NO.1.5.8 (AR 2009-10)**
NON-RECOVERY OF LD CHARGES OF RS. 151.547 MILLION

112) **PARA NO.1.5.10 (AR 2009-10)**
LOSS OF RS. 25 MILLION DUE TO NEGLIGENCE/ MISMANAGEMENT OF A PROJECT

113) **PARA NO.1.6.5 (AR 2009-10)**
CASH AWARD/ HONORARIUM RS.0.233

114) **PARA NO.1.1 (AR 2009-10)**
TIME OVERRUN

115) **PARA NO.1.2.1 (AR 2009-10)**
MISCLASSIFICATION OF EXPENDITURE OF RS. 7,555.258 MILLION TO DRF INSTEAD OF CAPITAL

116) **PARA NO.1.2.2 (AR 2009-10)**
EXPENDITURE OF RS. 7,555.258 MILLION WITHOUT DETAILED ESTIMATE

117) **PARA NO.1.2.3 (AR 2009-10)**
NON-COMPETITIVE PURCHASE VALUING RS. 5,944.157 MILLION

118) **PARA NO.1.2.4 (AR 2009-10)**
NON-OBSERVANCE OF PURCHASE CONTRACT CLAUSE AND LOSS OF EXPECTED EARNINGS THEREOF

119) **PARA NO.1.2.6 (AR 2009-10)**
EXPENDITURE RS. 14.566 MILLION BEYOND THE SCOPE OF PC-I

120) **PARA NO.1.2.7 (AR 2009-10)**
SHORT SUPPLY OF MATERIAL TO THE TUNE OF RS. 0.555 MILLION

121) **PARA NO.1.2.8 (AR 2009-10)**
DELETION OF MATERIAL AMOUNTING TO RS. 117.696 MILLION

122) **PARA NO.1.2.10 (AR 2009-10)**
WASTEFUL EXPENDITURE ON TRAINING OF OFFICERS AMOUNTING TO $179,750

123) **PARA NO.1.2.11 (AR 2009-10)**
PROCUREMENT OF EXCESS MATERIAL

124) **PARA NO.1.1 (AR 2009-10)**
TIME OVERRUN

125) **PARA NO.1.2 (AR 2009-10)**
COST OVERRUN

126) **PARA NO.1.3.1 (AR 2009-10)**
NON-ACHIEVEMENT OF OBJECTIVES

127) **PARA NO.1.3.3 (AR 2009-10)**
IRREGULAR INCLUSION OF ITEMS OF WORK WORTH RS. 104,000 AFTER APPROVAL OF ESTIMATE RS.0.104 MILLION

128) **PARA NO.1.4.1 (AR 2009-10)**
IRREGULAR EXPENDITURE DUE TO ENGAGEMENT OF TEMPORARY LABOUR RS.2.004 MILLION

129) **PARA NO.1.4.2 (AR 2009-10)**
UN-NECESSARY HEAVY EXPENDITURE ON THE PROJECT RS.9.047 MILLION

130) **PARA NO.1.4.3 (AR 2009-10)**
UNJUSTIFIED DRAWAL OF PROJECT ALLOWANCE AMOUNTING TO RS. 184,000 RS.0.184

131) **PARA NO.1.4.4 (AR 2009-10)**
NON-DISPOSAL OF RELEASED MATERIAL RS.323.300

132) **PARA NO.1.5.1 (AR 2009-10)**
IRREGULAR ISSUE OF TOOLS AND PLANTS AMOUNTING TO RS. 1.429 MILLION

133) **PARA NO.1.5.2 (AR 2009-10)**
NON-MAINTENANCE OF ACCOUNTS OF THE PROJECT

134) **PARA NO.1.3 (AR 2009-10)**
NON-ACHIEVEMENT OF BENEFITS

135) **PARA NO.1.4 (AR 2009-10)**
UTILIZATION OF 5000 SETS OF SUBSTANDARD CHINESE FASTENING AND FITTINGS VALUING RS. 6.275 MILLION

136) **PARA NO.1.6 (AR 2009-10)**
EXCESS ISSUE OF 45 RAILS 42' LONG UIC 54 VALUING RS. 1.586 MILLION

137) **PARA NO.1.9 (AR 2009-10)**
NON-DRAWAL OF COMPLETION REPORT

138) **PARA NO.1.12 (AR 2009-10)**
EXORBITANT EXPENDITURE ON PROCUREMENT OF BALLAST AT HIGHER RATES. RS.45.948 MILLION

139) **PARA NO.1.14 (AR 2009-10)**
EXCESS EXPENDITURE DUE TO ACCEPTANCE OF EXORBITANT RATES FOR EARTH WORK RS.0.774 MILLION

140) **PARA NO.1.16 (AR 2009-10)**
UNJUSTIFIED UTILIZATION OF 7056 PSC SLEEPERS RS.10.584 MILLION

PAC DIRECTIVE

The PAC recommended the above mentioned 140 paras for pursuance at DAC level.

PARAS RECOMMENDED FOR SETTLEMENT
DG AUDIT (RAILWAYS), LAHORE

21) 1) **PARA NO.1 (AR 2009-10)**
OVERDRAFT

2) **PARA NO.1.4 (AR 2009-10)**
NET LOSS

3) **PARA NO.1.5 (AR 2009-10)**
GRANT-IN–AID TO MEET THE OPERATIONAL SHORTFALL

4) **PARA NO.2.1 (AR 2009-10)**
MEASURES TAKEN BY THE GOVERNMENT TO PROVIDE FINANCIAL RELIEF TO THE PAKISTAN RAILWAYS

5) **PARA NO.2.4 (A,B) (AR 2009-10)**
LONG TERM LIABILITIES

6) **PARA NO.1.1(A) (AR 2009-10)**
CURRENT RATIO

7) **PARA NO.1.1(B) (AR 2009-10)**
TOTAL ASSETS TURNOVER

8) **PARA NO.1.1(C) (AR 2009-10)**
CASH AND INVESTMENTS

9) **PARA NO.1.4 (AR 2009-10)**
RATE OF DIVIDEND

10) **PARA NO.1.5 (AR 2009-10)**
RENT OF LEASED LAND

11) **PARA NO.1.6 (AR 2009-10)**
REVENUE FROM CONSULTANCY SERVICES

12) **PARA NO.1.7 (AR 2009-10)**
NON-MAINTENANCE AND NON-PRODUCTION OF RECORDS RS. 397.781

13) **PARA NO.1.8 (AR 2009-10)**
EXPENDITURE ON PAY AND ALLOWANCES

14) **PARA NO.2.1 (AR 2009-10)**
CONSTRUCTION CONTRACTS

15) **PARA NO.2.2 (AR 2009-10)**
OTHER THAN CONSTRUCTION CONTRACTS

16) **PARA NO.2.3 (AR 2009-10)**
ADMINISTRATIVE EXPENSES

17) **PARA NO.2.4 (AR 2009-10)**

OTHER INCOME

18) **PARA NO. 2.5 (AR 2009-10)**
CONTRAVENTION OF REQUIREMENT OF IAS-11

19) **PARA NO. 2.6 (AR 2009-10)**
VALUATION OF STORE, SPARES, LOOSE TOOLS AND STOCK IN TRADE RS.162.781 MILLION

20) **PARA NO. 2.7 (AR 2009-10)**
LIQUIDITY ANALYSIS

21) **PARA NO. 1.3 (AR 2009-10)**
IRREGULAR EXPENDITURE OF RS. 7.828 MILLION ON REPAIR OF SELECTED BUNGALOWS

22) **PARA NO. 1.8 (AR 2009-10)**
RECURRING LOSS DUE TO UNJUSTIFIED POST-RETIREMENT BENEFITS

23) **PARA NO. 1.10 (AR 2009-10)**
FINANCIAL INDISCIPLINE IN PAKISTAN RAILWAY

24) **PARA NO. 1.11 (AR 2009-10)**
NON-RECONCILIATION OF RS. 7,534.983 MILLION AND BLOCKAGE OF MONEY AMOUNTING TO RS. 998.953 MILLION ON ACCOUNT OF PENSION

25) **PARA NO. 1.16 (AR 2009-10)**
WASTEFUL EXPENDITURE OF RS. 75.133 MILLION ON ACCOUNT OF FEASIBILITY STUDIES

26) **PARA NO. 1.18 (AR 2009-10)**
LOSS OF RS. 136.605 MILLION DUE TO NON-RECKONING OF INCREASE/ DECREASE IN FARE IN A JOINT VENTURE WITH PRACS

27) **PARA NO. 1.19 (AR 2009-10)**
EXTRA EXPENDITURE OF RS. 5,581.425 MILLION DUE TO INJUDICIOUS DECISION

28) **PARA NO. 2.1 (AR 2009-10)**
MISUSE OF IMPROVEMENT FUND AMOUNTING TO RS. 118.138 MILLION

29) **PARA NO. 2.4 (AR 2009-10)**
LOSS OF RS. 3.245 MILLION DUE TO ACCEPTANCE OF TENDER AT HIGHER RATES

30) **PARA NO. 2.5 (AR 2009-10)**
IRREGULAR AWARD OF CONTRACT VALUING RS. 38.50 MILLION

31) **PARA NO. 2.11 (AR 2009-10)**
BLOCKAGE OF CAPITAL VALUING RS. 139.381 MILLION (APPROX.) DUE TO UNNECESSARY PURCHASE OF WOODEN SLEEPERS

32) **PARA NO 2.12 (AR 2009-10)**
LOSS OF RS. 5.242 MILLION DUE TO AWARD OF CIVIL WORKS ON HIGHER RATES

33) **PARA NO. 2.13 (AR 2009-10)**
IRREGULAR EXPENDITURE OF RS. 1.628 MILLION ON ACCOUNT OF SPLITTING THE WORK

34) **PARA NO. 2.15 (AR 2009-10)**
IRREGULAR EXPENDITURE OF RS. 2.884 MILLION

35) **PARA NO. 2.16 (AR 2009-10)**
LOSS OF RS. 2.696 MILLION ON ACCOUNT OF FUEL CONSUMPTION DUE TO SPEED RESTRICTIONS

36) **PARA NO. 2.17 (AR 2009-10)**
LOSS OF RS. 2.418 MILLION ON ACCOUNT OF FUEL CONSUMPTION DUE TO SPEED RESTRICTIONS

37) **PARA NO. 2.18 (AR 2009-10)**
EXECUTION OF SUBSTANDARD WORK VALUING RS. 3.950 MILLION

38) **PARA NO. 2.19 (AR 2009-10)**
LOSS OF RS. 1.883 MILLION DUE TO NON-RECOVERY OF LD CHARGES

39) **PARA NO. 2.21 (AR 2009-10)**
IRREGULAR AWARD OF CONTRACT VALUING RS. 3.870 MILLION AND EXCESS PAYMENT OF RS. 1.870 MILLION

40) **PARA NO. 2.22 (AR 2009-10)**
MISAPPROPRIATION OF STONE BALLAST AND PITCHING STONE VALUING RS. 0.972 MILLION

41) **PARA NO. 2.23 (AR 2009-10)**
IRREGULAR PAYMENT OF RS. 8.175 MILLION TO THE BALLAST CONTRACTOR WITHOUT VERIFICATION

42) **PARA NO. 2.24 (AR 2009-10)**
IRREGULAR PAYMENT OF BALLAST VALUING RS. 20.372 MILLION WITHOUT PRESCRIBED TEST

43) **PARA NO. 2.25 (AR 2009-10)**
IRREGULAR PAYMENT OF RS. 5.534 MILLION TO THE BALLAST CONTRACTOR WITHOUT VERIFICATION

44) **PARA NO. 2.30 (AR 2009-10)**
LOSS OF RS. 2.923 MILLION DUE TO LESS-RECOVERY OF SUI GAS CHARGES

45) **PARA. NO 2.32 (AR 2009-10)**
LOSS OF RS. 1.767 MILLION DUE TO IMPROPER/UNAUTHORIZED DECISION

46) **PARA NO. 2.35 (AR 2009-10)**
WASTEFUL EXPENDITURE OF RS. 40.945 MILLION ON PAY AND ALLOWANCE OF IDLE STAFF

47) **PARA NO. 2.36 (AR 2009-10)**
UNJUSTIFIED EXPENDITURE OF RS. 1.945 MILLION ON PAY AND ALLOWANCES OF SURPLUS STAFF

48) **PARA NO. 2.40 (AR 2009-10)**
IRREGULAR/UNJUSTIFIED PAYMENT OF RS. 135.78 MILLION AND IRREGULAR BOOKING TO FINAL HEAD OF ACCOUNT

49) **PARA NO. 3.1 (AR 2009-10)**
LOSS OF RS. 2.484 MILLION DUE TO PROCUREMENT OF VEHICLES AT HIGHER RATES

50) **PARA NO. 3.2 (AR 2009-10)**
IRREGULAR PROCUREMENT OF COMPUTERS AND ALLIED ACCESSORIES VALUING RS. 6.010 MILLION WITHOUT FAIR COMPETITION

51) **PARA NO. 3.3 (AR 2009-10)**
LOSS OF RS. 2.914 MILLION DUE TO NEGLIGENCE OF RAILWAY ADMINISTRATION

52) **PARA NO. 3.5 (AR 2009-10)**
LOSS OF RS. 10.9 MILLION DUE TO NON-FINALIZATION OF TENDER ON TIME

53) **PARA NO. 3.7 (AR 2009-10)**
EXTRA PAYMENT OF RS. 1.111 MILLION DUE TO UNECONOMICAL PURCHASE OF MATERIAL

54) **PARA NO. 3.9 (AR 2009-10)**
PROCUREMENT OF SUBSTANDARD MATERIAL VALUING RS. 1.263 MILLION

55) **PARA NO. 3.10 (AR 2009-10)**
IRREGULAR PURCHASE OF ELECTRIC LAMPS VALUING RS. 5.153 MILLION WITHOUT FAIR COMPETITION

56) **PARA NO. 3.11 (AR 2009-10)**
IRREGULAR PROCUREMENT OF PHYSICAL ASSETS VALUING TO RS. 8.406 MILLION

57) **PARA NO. 3.12 (AR 2009-10)**
UNNECESSARY EXPENDITURE OF RS. 1.322 MILLION INCURRED ON THE PROCUREMENT OF BENCHES AND DESKS

58) **PARA NO. 3.15 (AR 2009-10)**
LOSS OF RS. 5.161 MILLION DUE TO NON-REFUND OF SALES TAX

59) **PARA NO. 3.16 (AR 2009-10)**
IRREGULAR/UNJUSTIFIED PAYMENT OF SALES TAX AMOUNTING TO RS. 2.290 MILLION

60) **PARA NO. 3.19 (AR 2009-10)**
WASTEFUL EXPENDITURE OF RS. 0.344 MILLION ON ADVERTISEMENT

61) **PARA NO. 3.20 (AR 2009-10)**
LOSS OF RS. 0.459 MILLION DUE TO ACCEPTANCE OF SUBSTANDARD / REJECTED MATERIAL

62) **PARA NO. 3.22 (AR 2009-10)**
EXCESS PROCUREMENT OF STORES VALUING RS. 9.367 MILLION RESULTING IN BLOCKAGE OF CAPITAL

63) **PARA NO. 3.24 (AR 2009-10)**
NON-ACCOUNTAL OF MATERIAL VALUING MILLIONS OF RUPEES

64) **PARA NO. 3.25 (AR 2009-10)**
LOSS OF RS. 3.126 MILLION DUE TO IRREGULAR ISSUE OF WOODEN SCRAP

65) **PARA NO. 3.27 (AR 2009-10)**
BLOCKAGE OF CAPITAL RS. 19.737 MILLION DUE TO NON-DISPOSAL OF SURPLUS STORES

66) **PARA NO. 3.29 (AR 2009-10)**
LOSS OF RS. 2.909 MILLION DUE TO SALE OF SCRAP AT LESSER RATES

67) **PARA NO. 3.30 (AR 2009-10)**
IRREGULAR SALE OF SCRAP CAUSING LOSS OF RS. 1.581 MILLION

68) **PARA NO. 3.31 (AR 2009-10)**
LOSS OF RS. 6.054 MILLION DUE TO INJUDICIOUS DECISION OF TENDER COMMITTEE

69) **PARA NO. 3.34 (AR 2009-10)**
LOSS OF RS. 0.691 MILLION DUE TO SUPPLY OF MATERIAL OF INCORRECT SPECIFICATIONS

70) **PARA NO. 3.35 (AR 2009-10)**
EXTRA EXPENDITURE OF RS. 9.646 MILLION DUE TO SPLITTING UP OF REQUIREMENTS

71) **PARA NO. 3.36 (AR 2009-10)**
MISAPPROPRIATION OF HSD OIL VALUING RS. 6.780 MILLION

72) **PARA NO. 3.37 (AR 2009-10)**
MISPLACEMENT OF CONSIGNMENT CAUSING LOSS OF RS. 2.364 MILLION

73) **PARA NO. 3.38 (AR 2009-10)**
LOSS OF MATERIAL VALUING RS. 0.979 MILLION IN TRANSIT

74) **PARA NO. 3.44 (AR 2009-10)**
SHORT/NON-ACCOUNTAL OF MATERIAL VALUING RS. 13.396 MILLION

75) **PARA NO. 3.45 (AR 2009-10)**
NON-ACCOUNTAL OF MATERIAL VALUING RS. 14.403 MILLION

76) **PARA NO. 3.46 (AR 2009-10)**
LOSS OF RS. 179.064 MILLION DUE TO PRICE VARIATION

77) **PARA NO. 4.2 (AR 2009-10)**
IRREGULAR PROCUREMENT OF MATERIAL VALUING RS. 5.834 MILLION

78) **PARA NO. 4.3 (AR 2009-10)**
NON-ADJUSTMENT OF RS. 8.489 MILLION DRAWN FOR LOCAL PURCHASE

79) **PARA NO. 4.4 (AR 2009-10)**
UNNECESSARY PROCUREMENT OF MATERIAL VALUING RS. 4.206 MILLION

80) **PARA NO. 4.5 (AR 2009-10)**
LOSS OF RS. 4.584 MILLION ON ACCOUNT OF PAY AND ALLOWANCE OF IDLE STAFF

81) **PARA NO. 5.6 (AR 2009-10)**
DECREASE IN FOREIGN INWARD GOODS EARNINGS AMOUNTING TO RS. 127.111 MILLION

82) **PARA NO. 7.6 (AR 2009-10)**
ENCROACHMENT OF RAILWAY LAND VALUING RS. 13.287 MILLION

83) **PARA NO. 7.9 (AR 2009-10)**
LOSS OF RS. 13.677 MILLION DUE TO NON-RECOVERY OF RENT

84) **PARA NO. 7.11 (AR 2009-10)**
NON-RECOVERY OF COMMERCIAL RENT OF RS. 1.120 MILLION FROM THE UNAUTHORIZED OCCUPANT OF RAILWAY BUNGALOW.

85) **PARA NO. 8.1 (AR 2009-10)**
IRREGULAR PROCUREMENT OF SOFTWARE VALUING RS. 11.726 MILLION WITHOUT COMPETITION AND UNJUSTIFIED EXTRA EXPENDITURE OF RS. 0.355 MILLION

86) **PARA NO. 8.2 (AR 2009-10)**
IRREGULAR PAYMENT OF RS. 3.656 MILLION DUE TO IRREGULAR PROMOTION OF STAFF

87) **PARA NO. 10.3 (AR 2009-10)**
LOSS OF RS. 10.136 MILLION DUE TO PAYMENT OF ESCALATION IN RATES

88) **PARA NO. 10.4 (AR 2009-10)**
NON-CLEARANCE OF RS. 3.812 MILLION LYING IN SUSPENSE HEAD "DEPOSIT MISCELLANEOUS PENSION"

89) **PARA NO. 10.5 (AR 2009-10)**
IRREGULAR DEPOSIT OF PUBLIC MONEY IN PRIVATE ACCOUNT

90) **PARA NO. 10.6 (AR 2009-10)**
NON-RECOVERY OF LIQUIDATED DAMAGES CHARGES AMOUNTING TO RS. 0.601 MILLION AND NON-FORFEITURE OF PERFORMANCE GUARANTEE OF RS. 1.202 MILLION

91) **PARA NO. 10.7 (AR 2009-10)**
IRREGULAR TRANSFER OF VEHICLE FROM A PROJECT

92) **PARA NO. 10.8 (AR 2009-10)**
IRREGULAR PROCUREMENT OF VEHICLE VALUING RS. 1.434 MILLION

93) **PARA NO. 10.9 (AR 2009-10**
IRREGULAR ISSUANCE OF POL COSTING RS. 5.172 MILLION

94) **PARA NO. 10.10 (AR 2009-10)**
INFRUCTUOUS EXPENDITURE OF RS. 0.703 MILLION ON THE RECRUITMENT OF STAFF

95) **PARA NO. 10.11 (AR 2009-10)**
UNDER-UTILIZATION OF MEDICAL FACILITIES OF PR CAIRNS HOSPITAL, LAHORE

96) **PARA NO 10.12 (AR 2009-10)**
ILLEGAL DRAWAL OF RS 1.00 MILLION AS PERSONAL ADVANCE

97) **PARA NO. 1.2 (AR 2009-10)**
COST OVERRUN

98) **PARA NO. 1.3 (AR 2009-10)**
NON-ACHIEVEMENT OF OBJECTIVES RS. 49.211

99) **PARA NO. 1.5.1 (AR 2009-10)**
APPOINTMENT OF THE PROJECT DIRECTOR

100) **PARA NO. 1.1.1 (AR 2009-10)**
EXPENDITURE VIS-A-VIS WORK DONE

101) **PARA NO. 1.1.4 (AR 2009-10)**
PAYMENT OF RS. 813,000 WITHOUT PROPER MEASUREMENT RS.0.813

102) **PARA NO. 1.1.7 (AR 2009-10)**
IRREGULAR PAYMENT OF PROJECT ALLOWANCE OF RS. 2.241MILLION

103) **PARA NO. 1.1.8 (AR 2009-10)**
UNJUSTIFIED EXPENDITURE RS. 0.369

104) **PARA NO. 1.2.4 (AR 2009-10)**
DUBIOUS PAYMENT RS. 0.950

105) **PARA NO. 1.3.1 (AR 2009-10)**
WRONG ESTIMATION

106) **PARA NO. 1.1 (AR 2009-10)**
TIME OVERRUN

107) **PARA NO. 1.2 (AR 2009-10)**
COST OVERRUN RS. 2, 828.53

108) **PARA NO. 1.4.4 (AR 2009-10)**
DEFAULT BY RAILWAYS MANAGEMENT

109) **PARA NO. 1.5.3 (AR 2009-10)**
EXTRA EXPENDITURE OF RS. 1.559 MILLION DUE TO ACCEPTANCE OF HIGHER RATES

110) **PARA NO. 1.6.1 (AR 2009-10)**
IRREGULAR PAYMENT OF PROJECT ALLOWANCE

111) **PARA NO. 1.6.2 (AR 2009-10)**
CONSTRUCTION OF BRIDGE NO. 34-A RS.2.614

112) **PARA NO. 1.6.4 (AR 2009-10)**
IRREGULAR PAYMENT RS. 2.578

113) **PARA NO. 1.3.2 (AR 2009-10)**
LOSS OF RS. 606,000 DUE TO SLACK DECISION MAKING

114) **PARA NO. 1.1 (AR 2009-10)**
COST OVERRUN

115) **PARA NO. 1.2 (AR 2009-10)**
TIME OVERRUN

116) **PARA NO. 1.5 (AR 2009-10)**
LOSS OF RS. 142,246 DUE TO INEFFICIENCY OF THE PROJECT MANAGEMENT RS.0.142 MILLION

117) **PARA NO. 1.7 (AR 2009-10)**
UNJUSTIFIED/DUBIOUS PAYMENT OF STONE BALLAST RS. 58.357 MILLION

118) PARA NO. 1.10 (AR 2009-10)
EXCESS INCURRENCE OF EXPENDITURE OVER AND ABOVE THE SANCTIONED ESTIMATE

119) PARA NO. 1.11 (AR 2009-10)
PAYMENT TO THE CONTRACTOR OVER AND ABOVE THE ACCEPTED RATES RS. 4.386 MILLION

120) PARA NO. 1.13 (AR 2009-10)
UNJUSTIFIED EXPENDITURE ON ACCOUNT OF SUB-BALLAST RS. 75.462 MILLION

121) PARA NO. 1.18 (AR 2009-10)
NON-RECOVERY OF L.D. CHARGES AMOUNTING TO RS. 5.139 MILLION FROM THE CONTRACTOR DUE TO LATE SHIPMENT OF TRACK CRANE

PAC DIRECTIVE

The PAC recommended the above mentioned 121 paras for settlement on the recommendation of DAC/Audit.

MINISTRY OF RELIGIOUS AFFAIRS AND INTERFAITH HARMONY
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Religious Affairs and Interfaith Harmony examined by the PAC on 19th October, 2017.

- 40 paras were presented by the Audit Department which were examined by the Committee. Out of which 17 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 03 grants which were regularized by the committee.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 19th October, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 and Audit Report for the year 2009-10 pertaining to the M/o Religious Affairs & Interfaith Harmony.

APPROPRIATION ACCOUNTS CIVIL – VOL–I 2008-09

I. GRANT NO.89-MINORITIES AFFAIRS DIVISION
SAVINGS RS. 4,317,948/-

AGPR pointed out that grant closed with a saving of Rs.8, 272,948 which worked out to 3.99 percent of the total grant. An amount of Rs.3, 955,000 (1.91%) was surrendered leaving net saving of Rs.4, 317,948 (2.08%).

II. GRANT NO.104-RELIGIOUS AFFAIRS AND ZAKAT & USHR DIVISION
SAVINGS RS. 571,813/-

AGPR pointed out that grant closed with a saving of Rs. 571, 813 which worked out to 0.55 percent of the total grant.

III. GRANT NO.106-OTHER EXPENDITURE OF RELIGIOUS AFFAIRS AND ZAKAT AND USHR DIVISION
EXCESS RS. 1,182,588/-

AGPR pointed out that grant closed with an excess of Rs.1,182,588 which worked out to 0.49 percent of the total grant.

PAC DIRECTIVE

The PAC recommended the savings/excess in the above mentioned three grants for regularization on the recommendations of AGPR.

AUDIT REPORT FOR THE YEAR 2009-10

EVACUEE TRUST PROPERTY BOARD, LAHORE

1. PARA NO. 9.3 (AR 2009-10)
NON-RECOVERY OF RISK AND COST CHARGES - RS. 3.2 MILLION

Audit pointed out that as per Executive Engineer, Evacuee Trust Property Board, Lahore letter No. 2582 dated 4th April, 2008, the contractor did not complete the work and his contract was rescinded under clause 3(c) of contractor agreement

(to be executed at his risk and cost). Evacuee Trust Property Board, Lahore awarded the balance work of Rs. 10.782 million to another contractor for Rs. 13.984 million but risk and cost amount of Rs. 3.2 million was not recovered from the defaulting contractor. This resulted in non-recovery of risk & cost amounting to Rs. 3.2 million.

The PAO apprised the committee that Rs. 1.728 million from M/s Jan Alam & Co. is being pursued with Commissioner Malakand. So far, as the matter of black listing the contractor was already referred to Chairman, Pakistan Engineering Council.

PAC DIRECTIVE:

The PAC pended the para with the direction to the PAO to get completed the remaining recovery, verified it from the Audit under report to PAC. The para would be treated as settled on the satisfaction by Audit.

2. I) PARA NO. 9.5 (AR 2009-10)
NON-RECOVERY OF GENERAL SALES TAX- RS. 1.1 MILLION

Audit pointed out that as per para 2 (sub para 2) of SRO No. 660(1)/2007 dated 30th June, 2007, a withholding agent shall deduct an amount equal to 1/5th of total sales tax shown in sales invoice issued by the supplier and make payment of the balance amount to him. Evacuee Trust Property Board, Lahore made payment to contractor at the per sft rate which included the value of sales tax also but did not deduct the sales tax @ 1/5th of total value of general sales tax. This resulted in non-recovery of general sales tax amounting to Rs. 1.1 million.

II) PARA NO. 9.8 (AR 2009-10)
NON-RECOVERY OF INCOME TAX- RS. 392,580

Audit pointed out that as per exemption certificate for income tax issued by Commissioner Income Tax Regional Tax Office, Lahore in favour of M/s Seeco Pak (Pvt) Limited, the firm is exempted from deduction of tax at source for sale of Fabrication Moldings for various iron products manufactured by it.Evacuee Trust Property Board, Lahore did not deduct income tax from the payments made to the contractor in-spite of the fact that the amount paid to the contractor against lump sum rate of Rs. 1,900 per sq ft also included other items of work besides fabrication moldings.

PAC DIRECTIVE:

The PAC clubbed the above mentioned two Paras 9.5 & 9.8, with the direction to the PAO to hold inquiry in to the issues high-lighted by Audit in their paras, take

action(s) against all those found responsible and submit report to Audit/PAC, within a month.

DISTRICT ZAKAT FUND, ISLAMABAD

3. PARA 1.6 PAGE NO. 08 (AR 2009-10)
IRREGULAR RELEASE OF EDUCATION STIPEND – RS. 3.192 MILLION

Audit pointed out that audit observed that a sum of Rs. 3,192,000 was released to 395 educational institutions without obtaining "MORA Scholarship" Form No. MORA-I (consists of request of the applicant, determination of Istehqaq by LZC concerned and recommendation of the MORA Scholarship Committee). Audit also noticed that the Principal F.G College for women, G-10/4 Islamabad was asked by IZUC to distribute the cheques among 392 Educational Institutions instead of issue of cheques directly to head of educational institution concerned. Thus, release of Zakat Fund of Rs. 3,192,000 was irregular.

The PAO apprised the Committee that all the record of educational institutions to whom social welfare re-habilitation grant was disbursed through crossed cheque was available with the Ministry which would be verified.

PAC DIRECTIVE:

The PAC recommended the para for settlement subject to verification of record by Audit within a week.

4. PARA 2.1 PAGE NO. 10 (AR 2009-10)
PAYMENT OF RS. 1.447 MILLION IN CASH / OPEN CHEQUES INSTEAD OF CROSSED CHEQUES

Audit pointed out that Chairmen of 18 LZCs of IZUC disbursed Rs. 1.447 million during 2007-09 in cash / open cheques instead of crossed cheques to the beneficiaries, in violation of laid down procedure.

The PAO apprised the Committee about disbursement mechanism of Zakat. He said that local Zakat committees distribute educational stipend with the help of concerned educational directorates. In the whole scheme, bank accounts of individuals are not opened due to which many problems were arising. However, where the accounts are available, the payments are made through crossed cheques. Generally the funds are transferred in the account of Local Zakat Chairmen who distributes the same himself.

PAC DIRECTIVE:

The PAC recommended the para for settlement subject to verification of record by Audit within a week.

5. PARA 1.1 PAGE NO. 05 (AR 2009-10)
NON-RECONCILIATION OF ZAKAT FUND ACCOUNTS

Audit pointed out that the Islamabad Zakat & Ushr Committee (IZUC) did not reconcile the figures appeared in accounts record of IZUC and in the books of Federal Treasury Office. Secondly treasury pass book for the years 2007-08 and 2008-09 was also not maintained in violation of above provisions.

The PAO apprised the Committee that the funds were issued on 27th June, thus the same were accounted for in the next financial year. The record is available which can be verified.

PAC DIRECTIVE:

The PAC directed the PAO to reconcile the record with Audit. The para would be treated as settled on satisfaction of Audit.

NATIONAL HEALTH INSTITUTIONS

6. PARA 2.9 PAGE NO. 13 (AR 2009-10)
RECOVERY OF RS. 3.333 MILLION DUE TO CHARGING OF HIGHER PRICE OF MEDICINES/ INJECTIONS ON THE TREATMENT OF ZAKAT PATIENTS

Audit pointed out that scrutiny of vouchers and pharmacy/ OT records of HWC, Alshifa Trust Eye Hospital, Rawalpindi revealed that the management charged retail price on the medicines purchased for mustahiqeen instead of the discounted price already agreed with the supplier thereby causing a loss of Rs. 3.333 million to the Zakat Exchequer.

The Management admitted before the Committee that the discount factor in the procurement was erroneously omitted which would be taken care of in future.

PAC DIRECTIVE

The PAC recommended the para for settlement.

7. PARA 2.2 PAGE NO. 8 (AR 2009-10)
LOSS OF RS. 2.774 MILLION DUE TO ACCEPTANCE OF HIGHER BID

Audit pointed out that HWC INMOL Hospital, Lahore had sustained loss of Rs. 2,773,730 during the years 2007-08 & 2008-09 due to acceptance of the next higher offer than the lowest one and contracts were awarded, as per detail given below, without recording any reasons on Comparative Statement. It may be pertinent to mention that the Comparative Statement was prepared with lead pencil and there was no signature of any member of HWC.

The PAO apprised the Committee that the decision of purchase of medicine at higher rates was made on the recommendations of HWC of INMOL Hospital, Lahore, keeping in view the standard of efficiency of medicine.

PAC DIRECTIVE

The PAC recommended the para for settlement with the direction that this practice should not be quoted as precedent in future.

8. PARA 2.8 (B) PAGE NO. 12 (AR 2009-10)
RECOVERY OF RS. 1.814 MILLION DUE TO PURCHASE OF HCV (B) INJECTIONS AT HIGHER RATE

Audit pointed out that during financial year 2008-09 HWC Lady Reading Hospital, Peshawar issued 8,247 injections (@ Rs. 560 per injection) to 1,413 patients, whereas, the same injections were available at Rs. 340 per injection in the market. Hence, a loss of Rs. 1,814,340 (8,247 x (560-340)) was suffered by Zakat Fund which is recoverable from the concerned.

The PAO apprised the Committee that the inquiry was conducted to look into the issues highlighted in their para. The injections were purchased on the recommendations of HWC of Lady Reading Hospital, Peshawar, keeping in view the efficiency of medicines, he further informed that main PAC in its meeting held on 09-03-2016 while examining the Audit Report for the year 2013-14, referred the same to PAC of Provincial Assembly of KPK for further course of action at their end.

PAC DIRECTIVE

The PAC directed the Auditor General Office (AGP) to refer the above mentioned para to the PAC of Provincial Assembly of KPK.

9. PARA 2.1 PAGE NO. 7 (AR 2009-10)
PURCHASE OF MEDICINES WITHOUT OPEN COMPETITIVE BIDDING/ TENDERS – RS. 1.723 MILLION

Audit pointed out that HWC Jinnah Hospital, Lahore purchased medicines worth Rs. 1,723,282 from various suppliers without adopting open tenders / fulfilling codal formalities in violation of Public Procurement Regulatory Authority Rules 2004 during the year 2008-09.

PAC DIRECTIVE

The PAC directed the Auditor General Office (AGP) to refer the above mentioned para to the PAC of Provincial Assembly of Punjab.

PARAS RECOMMENDED FOR SETTLEMENT

EVACUEE TRUST PROPERTY BOARD, LAHORE

10. 1) **PARA NO. 9.2**
NON-ACHIEVEMENT OF REVENUE TARGETS CAUSING LESS RECOVERY – RS. 35.4 MILLION

2) **PARA NO. 9.4**
OVERPAYMENT DUE TO INADMISSIBLE ITEMS-RS. 1.1 MILLION

3) **PARA NO. 9.6**
LESS RECOVERY OF COST OF DISMANTLED MATERIAL – RS. 889,227

DISTRICT ZAKAT COUNCIL ICT ISLAMABAD

4) **PARA NO. 1.4**
DISBURSEMENTS OF SOCIAL WELFARE/REHABILITION GRANT AMOUNTING TO RS. 130,000 AMONGST 13 LZCS ON UNEQUAL BASIS

CENTRAL ZAKAT FUND

5) **PARA NO. 1.1**
NON RECONCILIATION OF ZAKAT RECEIPTS

6) **PARA NO. 1.2**
NON-RELEASE OF ZAKAT FUNDS (REGULAR BUDGET) TO PUNJAB PROVINCE DUE TO NON-CONSTITUTION OF LZCS

7) **PARA NO. 1.3**
NON-COLLECTION OF USHAR

8) **PARA NO. 1.4**
NON-UPDATION OF ZAKAT MANUAL

MAYO HOSPITAL, LAHORE

9) **PARA NO. 2.3**
UN-UTILIZED MEDICINES OF RS. 1.371 MILLION NOT RETURNED TO SUPPLIERS

AL-MUSTAFA EYE TRUST, RAWALPINDI

10) **PARA NO. 2.4**
PAYMENT OF RS. 739,860 THROUGH OPEN CHEQUE

SHEIKH ZAYED HOSPITAL, LAHORE

11) **PARA NO. 2.5**
RECOVERY OF UN-AUTHORIZED TRANSFER OF RS. 11.173 MILLION TO HOSPITAL ACCOUNT FROM HWC ACCOUNT

KHYBER TEACHING HOSPITAL, PESHAWAR
AL-MUSTAFA TRUST MEDICAL CENTRE, RAWALPINDI
FEDERAL GOVERNMENT SERVICES HOSPITAL, ISLAMABAD
PIMS, ISLAMABAD
MAYO HOSPITAL, LAHORE

12) **PARA NO. 2.6**
IRREGULAR EXPENDITURE OF RS. 610,896 ON PATIENTS WHOSE ISTEHQAQ WAS NOT DETERMINED BY LZC CONCERNED

MAYO HOSPITAL, LAHORE
SHEIKH ZAYED HOSPITAL, LAHORE

13) **PARA NO. 2.7**
IRREGULAR INCURRING OF LIABILITY OF RS. 367,827 WITHOUT AVAILABILITY OF FUNDS

LADY READING HOSPITAL, PESHAWAR

14) **PARA NO. 2.8 (A)**
WASTEFUL EXPENDITURE OF RS. 4.129 MILLION INCURRED ON PURCHASE OF HEPATITIS © VIRUS INJECTIONS

LAYARI GENERAL HOSPITAL, KARACHI

15) **PARA NO. 2.10**
IRREGULAR RELEASE OF ZAKAT FUND OF RS. 700,000 BY DZC TO NATIONAL LEVEL HOSPITALS DIRECTLY FUNDED BY CZC

HABIB METROPOLITAN BANK, KARACHI
UNITED BANK LIMITED CITY BRANCH, KARACHI
UNITED BANK LIMITED, CIVIC CENTRE BRANCH, ISLAMABAD
NATIONAL SAVING CENTRE, LIAQATABAD, KARACHI

16) **PARA NO. 3.3**
ACCEPTANCE OF PHOTOCOPY OF DECLARATION INSTEAD OF ORIGINAL

NATIONAL SAVING CENTRE, ALLAMA IQBAL TOWN, LAHORE

17) **PARA NO. 3.4**
EXEMPTION ALLOWED ON INCOMPLETE DECLARATIONS CZ-50

PAC DIRECTIVE

The PAC recommended the above mentioned Seventeen paras for settlement on the recommendations of Audit.

PARAS RECOMMENDED FOR PURSUANCE AT DAC LEVEL

11. 1) **PARA NO. 9.1**
UNAUTHENTIC EXPENDITURE AND NON-RECOVERY OF UTILITY BILLCHARGES – RS. 49.3 MILLION

2) **PARA NO. 9.7**
OVERPAYMENT DUE TO EXCESSIVE MEASUREMENT OF STEEL-RS. 491,124

3) **PARA NO. 1.2**
NON-REFUND OF UNSPENT BALANCE RS. 1.590MILLION

4) **PARA NO. 1.3**
RELEASE OF SOCIAL WELFARE REHABILITION GRANT AND MARRIAGE ASSISTANCE WITHOUT APPLICATION FORMS AND DETERMINATION OF ISTEHQAQ – RS. 305,000

5) **PARA NO. 1.5**
SELECTION OF NON-QUALIFIED CHAIRMAN OF 36 LOCAL ZAKAT COMMITTEES

6) **PARA NO. 1.7**
APPROVAL OF THE CASES OF MARRIAGE ASSISTANCE ONLY BY LZC INSTEAD OF BY NAME OF BENEFICIARY RS. 470,000

7) **PARA NO. 1.8**
NON-PRODUCTION OF RECORD

8) **PARA NO. 2.2**
NON-REFUND OF UNSPENT BALANCES BY LZCS – RS. 202,986

9) **PARA NO. 2.6**
IRREGULAR EXPENDITURE OF RS. 610,896 ON PATIENTS WHOSE ISTEHQAQ WAS NOT DETERMINED BY LZC CONCERNED

10) PARA NO. 3.1
IRREGULAR EXEMPTION FROM ZAKAT AMOUNTING TO RS. 243,282

11) PARA NO. 3.3
ACCEPTANCE OF PHOTOCOPY OF DECLERATION INSTEAD OF ORIGINAL

12) PARA NO. 3.4
EXEMPTION ALLOWED ON INCOMPLETE DECLARATIONS CZ-50

PAC DIRECTIVE

The PAC recommended the above mentioned 12 paras for pursuance at DAC level.

REVENUE DIVISION (FBR)
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Revenue Division (FBR) examined by the PAC on 27th and 28th February 2017.

- 137 paras were presented by the Audit Department which were examined by the Committee. Out of which 106 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 06 grants which were regularized by the committee.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 27th& 28th February, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 and Audit Report for the year 2009-10 pertaining to the Revenue Division(FBR)are as under:

APPROPORIATION ACCOUNTS CIVIL VOL-1 (2008-09)
REVENUE DIVISION (FBR)

i) GRANT NO.44- REVENUE DIVISION
Saving Rs.13, 398,469/-

The AGPR pointed out that the grant closed with a saving of Rs.13, 398,469 which worked out to 9.78 percent of the total grant. An amount of Rs.14, 408,816 (10.52%) was surrendered resulting into an excess of Rs.1, 010,347 (0.74%).

ii) GRANT NO. 45 –FEDERAL BOARD OF REVENUE
SAVING RS. 22,409,692/-

The AGPR pointed out that the grant closed with a saving of Rs. 22, 409,692 which worked out to 1.69 percent of the total grant. A supplementary grant of Rs. 41, 002,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

iii) GRANT NO. 46 – LAND CUSTOMS AND CENTRAL EXCISE
EXCESS RS. 236,780,228/-

The AGPR pointed out that the grant closed with an excess of Rs.234, 671,228 which worked out to 9.05 percent of the total grant. An amount of Rs.2, 109,000 (0.08%) was surrendered increasing net excess to Rs.236, 780,228 (9.13%).

iv) GRANT NO. 47– SALES TAX
SAVING RS. 263,472,362/-

The AGPR pointed out that the grant closed with a saving of Rs.263,472,362 which worked out to 47.08 percent of the total grant. An amount of Rs.103, 313,975 (18.46%) was surrendered leaving net saving of Rs.160,158,975 (28.62%). A supplementary grant of Rs.2,109,000 was sanctioned but not included in supplementary schedule of authorized expenditure.

v) GRANT NO. 48– TAXES ON INCOME & CORPORATION TAX SAVINGS RS. 69,967,611/-

The grant closed with a saving of Rs.69, 967,611 which worked out to 1.55 percent of the total grant. An amount of Rs.1, 748,200 (0.04%) was surrendered leaving net saving of Rs.68, 219,411 (1.51%).

vii) GRANT NO.145 –DEVELOPMENT EXPENDITURE OF REVENUE DIVISION
SAVINGS RS. 1,795,486,448/-

The AGPR pointed out that the grant closed with a saving of Rs.1,795,486,448 which worked out to 75.73 percent of the total grant. An amount of Rs.6,000,000 (0.25%) was surrendered leaving net saving of Rs.1,789,486,448 (75.48%).

PAC DIRECTIVE

The PAC recommended the savings/excess in the above mentioned six grants for regularization on the recommendation of AGPR**.**

AUDIT REPORT FOR THE YEAR 2009-10
REVENUE DIVISION (FBR)
INLAND REVENUE

1. i) PARA 1.1 AR 2009-10
INADMISSIBLE SANCTION OF TIME BARRED CLAIMS OF REFUND OF SALESTAX RS. 2,538.883 MILLION

ii) PARA 1.4 AR 2009-10
IRREGULAR SANCTION OF REFUND CLAIMS – RS. 202.596 MILLION

iii) PARA 2.1(A) AR 2009-10
NON/SHORT-REALIZATION OF SALES TAX DUE TO IRREGULAR/INADMISSIBLE ADJUSTMENT OF INPUT TAX - RS. 493.862 MILLION

iv) PARA 2.3 (A) AR 2009-10
NON/ SHORT REALIZATION OF SALES TAX DUE TO CONCEALMENT OF STOCK/ SUPPLIES RS. 334.351 MILLION

v) PARA 2.4 AR 2009-10
IRREGULAR ADJUSTMENT OF INPUT TAX DUE TO NON-COMPLIANCE OF SECTION-73 OF THE SALES TAX ACT – RS. 292.041 MILLION

DIRECT TAXES

vi) PARA 3.7 AR 2009-10
LOSS OF REVENUE DUE TO NON TAXATION OF INCOME FROM OTHERSOURCES – RS. 221.036 MILLION

PAC DIRECTIVE

The PAC referred the above mentioned six paras for discussion in DAC, as the preparation on the audit paras by the department was unsatisfactory the committee emphasized on the holding of meaning full DAC's to resolve the issues pertaining to recovery and disciplinary proceeding within 15 days. The Committee further desired the meeting relating to FBR would be convened very soon.

INLAND REVENUE

2. PARA 2.2 (A) AR 2009-10
NON/SHORT-REALIZATION OF SALES TAX – RS. 396.826 MILLION

Audit pointed out that the Sales Tax Act, 1990 require a registered person to deposit Sales Tax due for a tax period by 15th of the following month through monthly return-cum-payment challan. Non/short-realization further attracted penalty and default surcharge under Sections 33 & 34 of the Act. One hundred and three (103) registered persons of 11 RTOs/LTU did not pay Sales Tax due during 2008-2009. This led to non-realization of Sales Tax of Rs. 396.826 million plus penalty and default surcharge leviable under the law.

The PAOapprised the committee that almost ninety percent of recovery had been effected including from Dehrki and Dewan sugar mills, whereas, the amount of 6.9 million was under consideration.

PAC DIRECTIVE

The PAC recommended the para for settlement subject to verification of the recovered amount by Audit.

3. PARA 2.5 (A) AR 2009-10
NON REALIZATION OF SALES TAX DUE TO INADMISSIBLE ZERO RATING OF TAXABLE SUPPLIES RS. 73.969 MILLION

The Audit pointed out that SRO 509(I)/2007 dated 9th June 2007 provides a list of specified goods falling in chapters 50 to 63 of the Pakistan Customs Tariff in respect of which the government has extended the facility of zero rating of sales tax. These goods include material or raw material used in the manufacture of textile goods. Some of these specified goods have multiple uses. For example

'Artificial Filament Tow (Acetate Tow)' is used in the manufacture of textile goods as well as in cigarette industry as raw material for making Filter Rods, a non-textile item.

The PAOapprised the Committee that appeal has been filed in the Honourable Supreme Court of Pakistan against the judgment of Honourable High Court.

PAC DIRECTIVE

The PAC pended the para till the decision of the Honourable Supreme Court of Pakistan. However, department was directed to pursue the case vigorously under report to PAC/Audit.

4. PARA 2.6 AR 2009-10
SHORT-REALIZATION OF SALES TAX ON SUPPLIES MADE BY UN-REGISTERED PERSONS RS. 272.947 MILLION

The Audit pointed out that according to SRO 660(I)2007 dated 30th June, 2007, all withholding agents shall make purchases of taxable goods from a person duly registered under the Sales Tax Act, 1990 and shall deduct an amount equal to one fifth of Sales Tax shown in the Sales Tax invoice issued by the supplier. Where under unavoidable circumstances and for reasons to be recorded in writing if purchases are made from unregistered persons, the withholding agent shall deduct Sales Tax @ 16% of the value of taxable supplies made to him from the payment due to the supplier.

The PAO apprised the Committee that they were ready for holding DAC and all the record was readily available for verification.

PAC DIRECTIVE

The PAC pended the para with direction to get the record verified from Audit.

5. PARA 3.3 (A) AR 2009-10
EXCESS REFUND OF SALES TAX – RS. 129.764 MILLION

The Audit pointed out that Section 10(2) of the Sales Tax Act, 1990 provides that the refund of Sales Tax shall be made after adjustment of outstanding amount of tax/government dues, if any. The RTO, Faisalabad, Multan, Gujranwala, Abbottabad, Lahore and Islamabad/LTU, Lahore sanctioned refund to 37 registered persons without deduction of the outstanding government dues payable by them or output tax on taxable supplies. This resulted in excess payment of refund of Rs. 129.764 million which also attracted penalty and default surcharge under Section 33 & 34 of the Act. The audit observations were issued during July to December 2009 and the Audit Report was finalized on February 24, 2010.

The PAO apprised the Committee that out of Rs. 129.764 Million, only Rs. 3 Million against AWS Traders was outstanding which would be affected within one month.

PAC DIRECTIVE

The PAC pended the para with direction to get the record verified from Audit.

6. PARA 5.2 (A) AR 2009-10
NON/SHORT-PAYMENT OF FEDERAL/SPECIAL EXCISE DUTY AND SALES TAX–RS. 69.289 MILLION

The Audit pointed out that two registered persons of the RTO, Multan had supplied lubricating oil without payment of leviable federal excise duty of Rs. 58.415 million during the years 2007-08 & 2008-09. Non inclusion of federal excise duty in the value of lubricating oil, for assessment of Sales Tax also caused short-payment of Sales Tax of Rs. 10.874 million. Federal excise duty and sales tax, recoverable on lubricating oil supplied during the period from July, 2008 to date are also to be worked out and recovered. This compositively resulted in non/short-payment of revenue of Rs. 69.289 million plus penalty and surcharge, leviable under the law. The audit observations were issued during July to December 2009 and the Audit Report was finalized on February 24, 2010.

The PAOapprised the Committee that the case is subjudice on Court of Law since 2015.

PAC DIRECTIVE

The PAC pended the para till the decision of the Honourable Court. However, department was directed to pursue the case vigorously in the Court of Law under report to PAC/Audit.

7. PARA 6.1 AR 2009-10
NON-RECOVERY OF ADJUDGED DUES – RS. 17,528.9221 MILLION

The Audit pointed out that Section 48 of the Sales Tax Act, 1990 read with Sales Tax Recovery Rules, 2006, Sales Tax due from a person can be recovered by Sales Tax officers in accordance with the procedures laid down therein. Test check of recovery registers pertaining to various RTOs revealed that tax collecting agencies did not take adequate measures for recovery of adjudged government dues of Rs. 20,500.501 million in 6,024 cases decided between 01 to 17 years back.

The PAO apprised the committee that the recovery mainly pertains to the PIA for which efforts are being made to affect the recovery.

PAC DIRECTIVE

The PAC pended the para with direction to the department to accelerate the recovery process.

8. PARA 6.3 AR 2009-10
POSSIBLE LOSS OF REVENUE RS. 6,781.926 MILLION

PAC DIRECTIVE

The PAC pended the para.

DIRECT TAXES

9. PARA 3.5 AR 2009-10
SHORT LEVY OF TAX DUE TO GRANT OF INADMISSIBLE DEPRECIATION ALLOWANCE - RS. 4,226.132 MILLION

Section 22 of the Income Tax Ordinance, 2001 provides for admissibility of depreciation allowance on assets owned by the taxpayer as deduction from business income at rates prescribed in the Third Schedule to the Ordinance. A test audit revealed that normal and initial depreciation allowance on buildings, plant and machinery and motor vehicles etc. was allowed in excess of the said provision of law. This resulted in short levy of tax of Rs.4,226.132 million in seventeen cases.

The PAO apprised the committee that due to certain amendments in the law, fifteen percent depreciation allowance on the telecom sector was admissible.

PAC DIRECTIVE

The PAC pended the para.

10. PARA 4.3 AR 2009-10
FAILURE TO COLLECT / DEDUCT WITHHOLDING TAX BY THE WITHHOLDING AGENTS - RS.1, 815.904 MILLION

The audit pointed out that Section 161 of the Income Tax Ordinance, 2001 provides that a person who fails to deduct or having deducted fails to pay the withholding tax collected, is personally liable to pay such tax alongwith additional tax u/s 205 of the Ordinance for the period of default. During test audit, it was noticed that twenty withholding agents did not deduct the tax at source while making payment. The default attracted legal action against them under section 161of the Ordinance for recovery of tax and additional tax from the defaulters which was not initiated by the department. This deprived the government of

revenue of Rs.1, 815.904 million. (Rs.1.516 million had been recovered at the time of printing of audit report)

The PAO apprised the Committee that they were ready for holding DAC and all the record was readily available for verification.

PAC DIRECTIVE

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

11. PARA 6.1 AR 2009-10
EXCESS DETERMINATION / ISSUANCE OF REFUNDS – RS. 1, 548.422 MILLION

The audit pointed out that Section 170 of the Income Tax Ordinance, 2001 provides for determination of refund if the amount of tax paid by a taxpayer for any year exceeds the amount chargeable from him under the law for that year. During test audit it was observed that fifty three taxpayers had claimed excess refunds of Rs.1, 555.664 million which were not probed by the department. (Refund of Rs.7.242 million had been reduced / recovered at the time of printing of Audit Report)

The PAO apprised the Committee that out of total amount of Rs. 1,548,422 Million the verification of Rs. 590 Million was remaining. The same will be made available to Audit for verification in near future as the record is readily available with us.

PAC DIRECTIVE

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

12. PARA 7.1 AR 2009-10
LOSS OF RS. 56 MILLION DUE TO IRREGULAR CLAIM OF EXEMPTION FROM TAX

The audit pointed out that Clause 58 Part-I of Second Schedule to the Income Tax Ordinance, 2001 provides for exemption from income tax to a trust or a welfare institution or nonprofit organization subject to the fulfillment of certain conditions. During test audit it was noticed that a taxpayer (NTN 2636833-1) did not fulfill the laid down criteria of exemption which include:

1. The approval by the FBR as a trust or a welfare institution was not obtained.

2. The receipts and expenses of the taxpayer were not examined by the department in accordance with the provision of trust and income tax law.

3. The source of investment was not probed by the department specifically the investment for the purchase of land worth Rs.160 million during the tax year 2007 when sufficient funds were not available in books of accounts of the taxpayer.

Income tax return was irregularly accepted under the system of USAS and caused revenue loss of Rs.56 million.

The PAO apprised the committee that NGO bought a plot on which tax exemption was given. All the record is available and can be provided to audit for verification.

PAC DIRECTIVE

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

PARAS REFERRED TO DAC

INLAND REVENUE

1) **PARA 1.2 AR 2009-10**
NON/SHORT-REALIZATION OF SALES TAX – RS. 997.218 MILLION

2) **PARA 1.3 AR 2009-10**
NON-IMPOSITION OF PENALTY ON NON-FILERS OF SALES TAX RETURNS RS. 365.335 MILLION

3) **PARA 2.1(B) AR 2009-10**
NON/SHORT REALIZATION OF SALES TAX DUE TO IRREGULAR/ INADMISSIBLE ADJUSTMENT OF INPUT TAX RS. 0.222 MILLION

4) **PARA 2.1(C) AR 2009-10**
NON/SHORT-REALIZATION OF SALES TAX DUE TO IRREGULAR/INADMISSIBLE ADJUSTMENT OF INPUT TAX RS. 98.310 MILLION

5) **PARA 2.1(D) AR 2009-10**
NON/SHORT-REALIZATION OF SALES TAX DUE TO IRREGULAR/INADMISSIBLE ADJUSTMENT OF INPUT TAX RS. 22.429 MILLION

6) **PARA 2.1(E) AR 2009-10**
NON/SHORT-REALIZATION OF SALES TAX DUE TO IRREGULAR/INADMISSIBLE ADJUSTMENT OF INPUT TAX - RS. 9.824 MILLION

7) **PARA 2.1(F) AR 2009-10**
NON/SHORT-REALIZATION OF SALES TAX DUE TO IRREGULAR/INADMISSIBLE ADJUSTMENT OF INPUT TAX - RS. 8.384 MILLION

8) **PARA 2.1(G) AR 2009-10**
NON/SHORT-REALIZATION OF SALES TAX DUE TO IRREGULAR/INADMISSIBLE ADJUSTMENT OF INPUT TAX - RS. 10.708 MILLION

9) **PARA 2.1(H) AR 2009-10**
NON/SHORT-REALIZATION OF SALES TAX DUE TO IRREGULAR/INADMISSIBLE ADJUSTMENT OF INPUT TAX – RS. 6.563 MILLION

10) **PARA 2.1(I) AR 2009-10**
NON/SHORT REALIZATION OF SALES TAX DUE TO IRREGULAR/ INADMISSIBLE ADJUSTMENT OF INPUT TAX- RS. 0.597 MILLION

11) **PARA 2.2 (B) AR 2009-10**
NON/SHORT-REALIZATION OF SALES TAX – RS. 6.839 MILLION

12) **PARA 2.2 (E) AR 2009-10**
NON/SHORT - REALIZATION OF SALES TAX – RS. 0.756 MILLION

13) **PARA 2.3 (B) AR 2009-10**
NON/SHORT - REALIZATION OF SALES TAX DUE TO CONCEALMENT OF STOCK/SUPPLIES – RS. 1.003 MILLION

14) **PARA 2.3 (D) AR 2009-10**
NON/SHORT - REALIZATION OF SALES TAX DUE TO CONCEALMENT OF STOCK/SUPPLIES – RS. 0.540 MILLION

15) **PARA 2.5 (C) AR 2009-10**
NON REALIZATION OF SALES TAX DUE TO INADMISSIBLE ZERO RATING OF TAXABLE SUPPLIES 3.045 MILLION

16) **PARA 2.5 (D) AR 2009-10**
NON-REALIZATION OF SALES TAX DUE TO INADMISSIBLE ZERO RATING OF TAXABLE SUPPLIES 1.476 MILLION

17) **PARA 2.7 (A) AR 2009-10**
NON-IMPOSITION OF PENALTY AND DEFAULT SURCHARGE- RS. 121.380 MILLION

18) **PARA 2.7 (B) AR 2009-10**
NON-IMPOSITION OF PENALTY AND DEFAULT SURCHARGE- RS. 12.286 MILLION

19) **PARA 2.7 (C) AR 2009-10**
NON-IMPOSITION OF PENALTY AND DEFAULT SURCHARGE – RS. 7.670 MILLION

20) **PARA 2.7 (E) AR 2009-10**
NON-IMPOSITION OF PENALTY AND DEFAULT SURCHARGE- RS. 0.105 MILLION

21) **PARA 2.8 (A) AR 2009-10**
SHORT-REALIZATION OF SALES TAX AND DEFAULT SURCHARGE DUE TO UNDER-VALUATION – RS. 11.273 MILLION

22) **PARA 2.8 (B) AR 2009-10**
SHORT-REALIZATION OF SALES TAX AND DEFAULT SURCHARGE DUE TO UNDER-VALUATION – RS. 8.438 MILLION

23) **PARA 2.8 (D) AR 2009-10**
SHORT-REALIZATION OF SALES TAX AND DEFAULT SURCHARGE DUE TO UNDER-VALUATION – RS. 0.113 MILLION

24) **PARA 2.9 (A) AR 2009-10**
EXCESS ADJUSTMENT OF INPUT TAX – RS. 2.504 MILLION

25) **PARA 2.12 AR 2009-10**
NON REALIZATION OF SALES TAX BY TREATING THE TAXABLE SUPPLIES AS EXEMPT – RS. 0.892 MILLION

26) **PARA 2.13 AR 2009-10**
SHORT REALIZATION OF SALES TAX DUE TO APPLICATION OF INCORRECT RATES OF TAX RS. 0.472 MILLION

27) **PARA 3.1 (A) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 2,790.414 MILLION

28) **PARA 3.1 (B)(I) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 67.876 MILLION

29) **PARA 3.1 (B) (II) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 72.226 MILLION

30) **PARA 3.1 (C) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 90.442 MILLION

31) **PARA 3.1 (D) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 46.542 MILLION

32) **PARA 3.1 (E) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 35.242 MILLION

33) **PARA 3.1 (G)(I) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 9.028 MILLION

34) **PARA 3.1 (G)(II) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 3.190 MILLION

35) **PARA 3.1 (H) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 8.777 MILLION

36) **PARA 3.1 (J) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 9.261 MILLION

37) **PARA 3.1 (K) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 8.778 MILLION

38) **PARA 3.1 (M) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 2.412 MILLION

39) **PARA 3.1 (N) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 0.420 MILLION

40) **PARA 3.1 (P) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 0.239 MILLION

41) **PARA 3.2 AR 2009-10**
NON-COMPLIANCE OF SECTION 73 OF THE SALES TAX ACT – RS. 1,835.708 MILLION

42) **PARA 3.3 (B) AR 2009-10**
EXCESS REFUND OF SALES TAX – RS. 59.932 MILLION

43) **PARA 3.3 (D) AR 2009-10**
EXCESS REFUND OF SALES TAX RS. 2.792 MILLION

44) **PARA 3.3 (E) AR 2009-10**
EXCESS REFUND OF SALES TAX RS. 1.775 MILLION

45) **PARA 3.3 (G) AR 2009-10**
EXCESS REFUND OF SALES TAX – RS. 0.488 MILLION

46) **PARA 3.4 AR 2009-10**
DELAY IN FINALIZATION OF DEFERRED REFUND CLAIMS – RS. 12.138 MILLION

47) **PARA 3.5 (B) AR 2009-10**
IRREGULAR PAYMENT OF REFUND RS. 1.182 MILLION

48) **PARA 3.7 AR 2009-10**
NON PRODUCTION OF REFUND PAYMENT ORDERS ALONG WITH REFUND FILES

49) **PARA 5.1 AR 2009-10**
NON/SHORT-PAYMENT OF SPECIAL EXCISE DUTY – RS. 3,454.047 MILLION

50) **PARA 5.2 (B)AR 2009-10**
NON/SHORT-PAYMENT OF FEDERAL/SPECIAL EXCISE DUTY AND SALES TAX – RS. 21.074 MILLION

51) **PARA 5.3 AR 2009-10**
NON-PAYMENT OF DEFAULT SURCHARGE AND PENALTY RS. 0.974 MILLION

52) **PARA 6.2 AR 2009-10**
NON-COMPLIANCE OF POST REFUND AUDIT RULES – RS. 8,046.367 MILLION

53) **PARA 6.5 AR 2009-10**
BLOCKAGE OF REVENUE DUE TO NON-ADJUDICATION OF CASES WITHIN PRESCRIBED PERIOD – RS. 3,633.016 MILLION

54) **PARA 6.10 AR 2009-10**
NON REALIZATION OF SALES TAX DUE TO NON REGISTRATION OF PERSONS LIABLE TO BE REGISTERED – RS. 31.050 MILLION

55) **PARA 6.11 AR 2009-10**
SHORT REALIZATION OF SALES TAX AND DEFAULT SURCHARGE DUE TO UNDER VALUATION – RS. 6.575 MILLION

56) **PARA 6.13(I) AR 2009-10**
LOSS TO THE PUBLIC EXCHEQUER DUE TO NON-PRODUCTION OF RECORD TO AUDIT AND NON-COMPLIANCE OF INSTRUCTIONS OF THE FBR – RS. 1.380 MILLION

57) **PARA 6.13(II) AR 2009-10**
LOSS TO THE PUBLIC EXCHEQUER DUE TO NON PRODUCTION OF RECORD TO AUDIT AND NON-COMPLIANCE OF INSTRUCTIONS OF THE FBR

58) **PARA 7.1 AR 2009-10**
UN-AUTHORIZED EXPENDITURE OVER AND ABOVE THE BUDGET GRANT RS. 4.733 MILLION

59) **PARA 7.2 (A) AR 2009-10**
IRREGULAR/DOUBTFUL EXPENDITURE ON ACCOUNT OF POL CHARGES ETC.– RS. 20.864 MILLION

60) **PARA 7.2 (B) AR 2009-10**
IRREGULAR/DOUBTFUL EXPENDITURE ON ACCOUNT OF POL CHARGES ETC. – RS. 6.075 MILLION

61) **PARA 7.2 (D) AR 2009-10**
IRREGULAR/DOUBTFUL EXPENDITURE ON ACCOUNT OF POL CHARGES ETC. – RS. 1.01 MILLION

62) **PARA 7.3 AR 2009-10**
NON-SURRENDERING OF SAVING – RS. 4.210 MILLION

63) **PARA 7.4 AR 2009-10**
BLOCKAGE OF GOVERNMENT MONEY DUE TO INORDINATE DELAY IN COMPLETION OF WORK – RS. 7.169 MILLION

64) **PARA 7.6 (A) AR 2009-10**
IRREGULAR /EXCESS EXPENDITURE ON ACCOUNT OF LAW CHARGES RS. 0.790 MILLION

65) **PARA 7.7 AR 2009-10**
IRREGULAR EXPENDITURE WITHOUT CALLING TENDER –RS. 2.259 MILLION

66) **PARA 7.9 AR 2009-10**
UNJUSTIFIED EXPENDITURE – RS. 1.404 MILLION

67) **PARA 7.11 AR 2009-10**
IRREGULAR PURCHASE OF UNIFORM-RS. 1.226 MILLION

68) **PARA 7.12 (A) AR 2009-10**
INADMISSIBLE PAYMENT OF OVERTIME ALLOWANCE – RS. 0.200 MILLION

69) **PARA 7.12 (C) AR 2009-10**
INADMISSIBLE PAYMENT OF ALLOWANCE – RS. 0.02 MILLION

70) **PARA 7.12 (D) AR 2009-10**
INADMISSIBLE PAYMENT OF ALLOWANCE – RS. 0.36 MILLION

71) **PARA 7.12 (E) AR 2009-10**
INADMISSIBLE PAYMENT OF ALLOWANCE – RS. 0.10 MILLION

72) **PARA 7.12 (F) AR 2009-10**
INADMISSIBLE PAYMENT OF ALLOWANCE – RS. 0.130 MILLION

73) **PARA 7.14 (C) AR 2009-10**
IRREGULAR PAYMENT OF PAY AND ALLOWANCES – RS. 0.174 MILLION

74) **PARA 7.15 AR 2009-10**
NON-RECOVERY OF HOUSE RENT CHARGES FROM OFFICERS ILLEGALLY OCCUPYING GOVERNMENT ACCOMMODATION – RS. 0.642 MILLION

75) **PARA 7.16 AR 2009-10**
LOSS DUE TO MISSING VEHICLE – RS. 0.594 MILLION

76) **PARA 7.17 AR 2009-10**
FICTITIOUS EXPENDITURE – RS. 0.325 MILLION

77) **PARA 7.22 AR 2009-10**
NON CONDEMNATION/AUCTION OF MOTOR VEHICLE – RS. 1.400 MILLION

78) **PARA 7.24 AR 2009-10**
EXCESS PAYMENT OF PROFESSIONAL FEE – RS. 0.13 MILLION

79) **PARA 7.25 AR 2009-10**
NON-RECOVERY OF SALES TAX ON TAXABLE PURCHASES- RS. 0.11 MILLION

80) **PARA 7.29 AR 2009-10**
NON-PRODUCTION OF RECORD

81) **PARA 8.1 AR 2009-10**
UN-WARRANTED INCIDENCE OF COMMITMENT CHARGES DUE TO NON-

UTILIZATION OF COMMITTED FUNDS – RS. 8.796 MILLION (APPROX)

82) **PARA 9.3 AR 2009-10**
NON RECOVERY OF RECEIVABLES FROM NHA – RS. 65.25 MILLION

83) **PARA 9.4 AR 2009-10**
NON RECOVERY OF LONG OUTSTANDING RECEIVABLES – RS. 42.09 MILLION

84) **PARA 9.7 AR 2009-10**
NON DISPOSAL OF TAX LIABILITY FOR THE ASSESSMENT YEARS 2000-01 TO 2006-07 – RS. 45.15 MILLION

85) **PARA 9.10 AR 2009-10**
MIS - PROCUREMENT OF FURNITURE DUE TO CHANGE IN BIDING DOCUMENTS RS. 0.723 MILLION

DIRECT TAXES

86) **PARA 2.1 AR 2009-10**
NON LEVY OF PENALTY FOR LATE FILING OF RETURNS – RS. 64.046 MILLION

87) **PARA 2.2 AR 2009-10**
IMPROPER FOLLOW UP OF NON FILERS – RS. 57.275 MILLION

88) **PARA 2.3 AR 2009-10**
SUPPRESSION OF SALES – LOSS OF RS. 13,474.441 MILLION

89) **PARA 3.1 AR 2009-10**
SHORT LEVY OF TAX DUE TO INADMISSIBLE DEDUCTIONS – RS. 1, 270.284 MILLION

90) **PARA 3.3 AR 2009-10**
SHORT LEVY OF TAX DUE TO INCORRECT COMPUTATION OF TAXABLE INCOME – RS. 1,807.870 MILLION

91) **PARA 3.4 AR 2009-10**
NON LEVY OF MINIMUM TAX ON THE INCOME OF CERTAIN PERSONS – RS. 1,171.846 MILLION ON UNEXPLAINED INVESTMENT RS. 45.762 MILLION

92) **PARA 3.6 AR 2009-10**
NON LEVY OF TAX ON UNEXPLAINED INVESTMENT RS. 45.762 MILLION

93) **PARA 3.8 AR 2009-10**
SHORT LEVY OF TAX DUE TO APPLICATION OF INCORRECT TAX RATES - RS. 102.435 MILLION

94) **PARA 3.10 AR 2009-10**
SHORT REALIZATION OF TAX DUE TO GRANT OF EXCESS TAX CREDIT – RS. 475.507 MILLION

95) **PARA 3.11 AR 2009-10**
SHORT RECOVERY OF TAX DUE TO INCORRECT COMPUTATION OF TAX – RS. 34.876 MILLION

96) **PARA 3.12 AR 2009-10**
MISCELLANEOUS IRREGULARITIES RS. 11, 920.406 MILLION.

97) **PARA 4.1 AR 2009-10**
LOSS OF REVENUE FOR NON-TREATING THE TAX COLLECTED OR DEDUCTED AS A FINAL TAX - RS. 14.996 MILLION

98) **PARA 4.2 AR 2009-10**
SHORT DEDUCTION OF WITHHOLDING TAX DUE TO APPLICATION OF INCORRECT TAX RATE – RS. 16.400 MILLION

99) **PARA 4.4 AR 2009-10**
UNAUTHORIZED RETENTION OF WITHHOLDING TAX AS SERVICE CHARGES – RS. 17.279 MILLION

100) **PARA 5.1 AR 2009-10**
NON-LEVY OF ADDITIONAL TAX FOR FAILURE TO DEDUCT OR PAY TAX – RS. 1, 137.681 MILLION

101) **PARA 5.2 AR 2009-10**
NON-LEVY OF ADDITIONAL TAX FOR FAILURE TO PAY ADVANCE TAX – RS. 133.084 MILLION

102) **PARA 5.3 AR 2009-10**
NON-LEVY OF ADDITIONAL TAX FOR LATE PAYMENT OF ASSESSED TAX OR PENALTY – RS. 516.519 MILLION

103) **PARA 5.4 AR 2009-10**
NON IMPOSITION OF PENALTY UNDER SECTION 182 FOR FAILURE TO FURNISH A RETURN, ETC. – RS.229.415 MILLION

104) PARA 5.5 AR 2009-10
NON/SHORT IMPOSITION OF PENALTY UNDER SECTION 184 – RS. 2.036 MILLION

105) PARA 6.2 AR 2009-10
INCORRECT ISSUANCE OF REFUND – RS. 156.653 MILLION

106) PARA 8.1 AR 2009-10
NON-REALIZATION OF WORKERS' WELFARE FUND - RS. 300.799 MILLION

107) PARA 9.1 AR 2009-10
IRREGULAR PAYMENT OF PAY AND ALLOWANCE –RS. 2.235 MILLION

108) PARA 9.2 AR 2009-10
IRREGULAR CLAIM OF TA/DA – RS. 1.90 MILLION

109) PARA 9.3 AR 2009-10
IRREGULAR PAYMENT OF CONVEYANCE ALLOWANCE - RS. 3.828 MILLION

110) PARA 9.4 AR 2009-10
IRREGULAR DRAWL OF HOUSE RENT ALLOWANCE - RS. 1.720 MILLION

111) PARA 9.5 AR 2009-10
IRREGULAR EXPENDITURE ON PURCHASE OF UNIFORM / STATIONERY ETC RS. 3.141 MILLION

112) PARA 9.6 AR 2009-10
NON DEDUCTION OF INCOME TAX WHILE MAKING THE PAYMENTS – RS. 0.109 MILLION

113) PARA 9.7 AR 2009-10
IRREGULAR AWARD OF JANITORIAL WORK / SERVICE RS. 1.510 MILLION

114) PARA 10.3 AR 2009-10
LEGAL PROVISIONS FOR RECOVERY

PAC DIRECTIVE

The PAC recommended the above mentioned 114 paras for pursuance at DAC level.

PARAS RECOMMENDED FOR SETTLEMENT

INLAND REVENUE

1) **PARA 2.2 (C) AR 2009-10**
NON/SHORT-REALIZATION OF SALES TAX – RS. 1.244 MILLION

2) **PARA 2.2 (D) AR 2009-10**
NON/SHORT-REALIZATION OF SALES TAX – RS. 0.886 MILLION

3) **PARA 2.2 (F) AR 2009-10**
NON/SHORT-REALIZATION OF SALES TAX – RS. 0.330 MILLION

4) **PARA 2.3 (C) AR 2009-10**
NON/SHORT-REALIZATION OF SALES TAX DUE TO CONCEALMENT OF STOCK/SUPPLIES RS. 0.223 MILLION

5) **PARA 2.5 (B) AR 2009-10**
NON REALIZATION OF SALES TAX DUE TO INADMISSIBLE ZERO RATING OF TAXABLE SUPPLIES RS. 50.704 MILLION

6) **PARA 2.5 (E) AR 2009-10**
NON-REALIZATION OF SALES TAX DUE TO INADMISSIBLE ZERO RATING OF TAXABLE SUPPLIES – RS. 0.142 MILLION

7) **PARA 2.7 (D) AR 2009-10**
NON-IMPOSITION OF PENALTY AND DEFAULT SURCHARGE- RS. 1.674 MILLION

8) **PARA 2.8 (C) AR 2009-10**
SHORT-REALIZATION OF SALES TAX AND DEFAULT SURCHARGE DUE TO UNDER-VALUATION – RS. 0.173 MILLION

9) **PARA 2.9 (B) AR 2009-10**
EXCESS ADJUSTMENT OF INPUT TAX – RS. 0.263 MILLION

10) **PARA 2.10 AR 2009-10**
NON-REALIZATION OF SALES TAX - RS 1.316 MILLION

11) **PARA 2.11 AR 2009-10**
NON-REALIZATION OF SALES TAX DUE TO DOUBTFUL EXPORT – RS. 1.253 MILLION

12) **PARA 3.1 (B) (III) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 0.946 MILLION

13) **PARA 3.1 (F) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 14.862 MILLION

14) **PARA 3.1 (I) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 9.568 MILLION

15) **PARA 3.1 (L) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 2.523 MILLION

16) **PARA 3.1 (O) AR 2009-10**
INADMISSIBLE REFUND OF SALES TAX – RS. 0.360 MILLION

17) **PARA 3.3 (C) AR 2009-10**
EXCESS REFUND OF SALES TAX – RS. 47.804 MILLION

18) **PARA 3.3 (F) AR 2009-10**
EXCESS REFUND OF SALES TAX – RS. 1.327 MILLION

19) **PARA 3.5 (A) AR 2009-10**
IRREGULAR PAYMENT OF REFUND – RS. 1.695 MILLION

20) **PARA 3.6 AR 2009-10**
EXCESS PAYMENT OF REFUND OF FEDERAL EXCISE DUTY – RS. 0.984 MILLION

21) **PARA 6.4 AR 2009-10**
IRREGULAR ISSUANCE OF CHEQUES INVOLVING PAYMENT OF REFUND OF SALES TAX RS. 5,680.945 MILLION

22) **PARA 6.8 AR 2009-10**
NON REALIZATION OF REVENUE RS. 2, 510.024 MILLION

23) **PARA 7.2 (F) AR 2009-10**
IRREGULAR/DOUBTFUL EXPENDITURE ON ACCOUNT OF POL CHARGES ETC – RS. 0.160 MILLION

24) **PARA 7.5 AR 2009-10**
IRREGULAR EXPENDITURE WITHOUT BIDDING- RS. 2.797 MILLION

25) **PARA 7.6 (B) (III) AR 2009-10**
IRREGULAR/EXCESS EXPENDITURE ON ACCOUNT OF LAW CHARGES – RS. 0.347 MILLION

26) **PARA 7.10 AR 2009-10**
IRREGULAR PAYMENT OF HONORARIUM – RS. 1.400 MILLION

27) **PARA 7.13 AR 2009-10**
IRREGULAR EXPENDITURE ON PRINTING AND PUBLICATION – RS. 0.85 MILLION

28) **PARA 7.14 (A) AR 2009-10**
IRREGULAR PAYMENT OF PAY AND ALLOWANCES - RS 0.59 MILLION

29) **PARA 7.14 (B) AR 2009-10**
IRREGULAR PAYMENT OF PAY AND ALLOWANCES – RS. 0.326 MILLION

30) **PARA 7.18 AR 2009-10**
INADMISSIBLE PAYMENT OF HOUSE RENT ALLOWANCE – RS. 0.313 MILLION

31) **PARA 7.21 AR 2009-10**
NON-DEDUCTION OF SPECIAL ALLOWANCE AGAINST EX-PAKISTAN LEAVE – RS. 0.220 MILLION

32) **PARA 7.27 AR 2009-10**
IRREGULAR EXPENDITURE IN RESPECT OF CONTINGENT PAID STAFF – RS. 0.41MILLION

33) **PARA 8.2 AR 2009-10**
NON ADJUSTMENT OF TA ADVANCE – RS. 6.360 MILLION

34) **PARA 8.3 AR 2009-10**
PROCUREMENT OF IMPORTED FURNITURE IN VIOLATION OF PC-I – RS. 149 MILLION

35) **PARA 8.4 AR 2009-10**
GRANT OF INADMISSIBLE EXEMPTION FROM CUSTOMS DUES/PORT CHARGES RS. 50 MILLION

36) **PARA 8.5 AR 2009-10**
NON CONDUCT OF PHYSICAL VERIFICATION AND STOCK TAKING OF ASSETS

37) **PARA 8.6 AR 2009-10**
NON-CARRYING OUT OF RECONCILIATION WITH AGPR

38) **PARA 8.7 AR 2009-10**
SLOW ACHIEVEMENT OF OBJECTIVES OF TARP

39) **PARA 9.1 AR 2009-10**
NON/LATE PREPARATION OF ANNUAL ACCOUNTS

40) **PARA 9.2 AR 2009-10**
EMBEZZLEMENT OF WITHHOLDING TAX BY AN EX-ACCOUNTS OFFICER OF PRAL – RS. 18.730 MILLION

41) **PARA 9.5 AR 2009-10**
OVER PAYMENT OF RENT OF ETC BUILDING – RS. 1.312 MILLION

42) **PARA 9.6 AR 2009-10**
NON-OBTAINING OF INSURANCE COVER FOR ASSETS AT ETC BUILDING – RS. 8.02 MILLION

43) **PARA 9.8 AR 2009-10**
NON OBSERVANCE OF CLAUSES OF CONTRACT WITH FBR – RS. 25.09 MILLION

44) **PARA 9.9 AR 2009-10**
MIS-PROCUREMENT OF INTERNET SERVICES, ETC – RS. 11.45 MILLION

45) **PARA 9.11 AR 2009-10**
NON IMPLEMENTATION OF DIRECTIVES/DECISIONS OF BOD BY PRAL MANAGEMENT

DIRECT TAXES

46) **PARA 2.4 AR 2009-10**
GRANT OF ADDITIONAL PAYMENT ON DELAYED ISSUANCE OF EFUNDRS RS. 1, 128.086 MILLION

47) **PARA 3.2 AR 2009-10**
LOSS OF REVENUE DUE TO INCORRECT / EXCESSIVE ADJUSTMENT OF BROUGHT FORWARD LOSSES – RS. 350.788 MILLION

48) **PARA 3.9 AR 2009-10**
SHORT LEVY OF TAX DUE TO NON-ALLOCATION OF PROPORTIONATE EXPENSES - RS. 111.502 MILLION

49) **PARA 7.2 AR 2009-10**
LOSS OF RS. 1.102 MILLION DUE TO IRREGULAR CLAIM OF EXEMPTION

50) **PARA 8.2 AR 2009-10**
NON-LEVY OF ADDITIONAL PAYMENT - RS. 16.246 MILLION

CUSTOMS & PETROLEUM

51) **PARA 4.2 (A) AR 2009-10 PAGE 78 (DP NO.3115, 3118, 3119-CD/K , 612-CUS)**
NON REALIZATION OF CUSTOMS DUES BY GRANTING INADMISSIBLE EXEMPTIONS/ CONCESSION UNDER VARIOUS SROS RS. 115.122 MILLION

52) **PARA 4.3 (A) AUDIT REPORT 2009-10 PAGE 88 (DP NO.3197-CD/K)**
NON ASSESSMENT OF GOVERNMENT DUES – RS. 114.996 MILLION

53) **PARA 4.3 (B) AUDIT REPORT 2009-10 PAGE 89 (DP NO.3122-CD/K)**
NON ASSESSMENT OF GOVERNMENT DUES – RS. 83.287 MILLON

54) **PARA 4.2 (B) AUDIT REPORT 2009-10PAGE-79 (DP NO.598, 592, 520, 679 & 707-CUS)**
NON-REALIZATION OF CUSTOMS DUES BY GRANTING INADMISSIBLE EXEMPTIONS/CONCESSIONS UNDER VARIOUS SROS – RS. 79.619 MILLION

55) **PARA 4.1 (B) AUDIT REPORT 2009-10 PAGE 74DP NO.3155-CD/K & 830-CUS**
NON-ENCASHMENT OF INDEMNITY BONDS AND BANK GUARANTEE - RS. 49.685 MILLION

56) **PARA 4.7 (A) AUDIT REPORT 2009-10 PAGE-94 (DP NO.758&759-CUS)**
NON/SHORT-REALIZATION OF WITHHOLDING TAX – RS. 38.307 MILLION

57) **PARA 7.2 (A) AUDIT REPORT 2009-10 PAGE 142DP NOS. 27, 40-EXP/K 535,585,576-EXP**
IRREGULAR/ DOUBTFUL EXPENDITURE ON ACCOUNT OF POL CHARGES ETC. RS. 12.741 MILLION

58) **PARA 4.2 (D) AR 2009-10 PAGE 81DP NO.3161-CD/K, 732-CUS**
NON REALIZATION OF CUSTOMS DUES BY GRANTING INADMISSIBLE EXEMPTIONS/CONCESSION UNDER VARIOUS SROS RS. 9.379 MILLION

59) **PARA 4.10 (A) AUDIT REPORT 2009-10 PAGE 100DP NO.3133-CD/K**
NON REALIZATION OF REVENUE DUE TO GRANT OF INCORRECT BENEFIT OF ZERO RATING TO TAXABLE GOODS- RS. 6.578 MILLION

60) **PARA 4.1(C) AUDIT REPORT 2009-10 PAGE 75DP NOS.3111&3090-CD/K**
NON-ENCASHMENT OF INDEMNITY BONDS AND BANK GUARANTEE RS. 5.901 MILLION

61) **PARA 4.1 (D) AR 2009-10 PAGE-76 (DP NO.831)**
NON-ENCASHMENT OF INDEMNITY BONDS AND BANK GUARANTEE RS. 5.849 MILLION

62) **PARA 6.12 AR 2009-10 PAGE-136 (DP NO.762-CUS)**
UNJUSTIFIED BENEFIT OF FREE IMPORT – RS. 4.708 MILLION

63) **PARA 4.2 (E) AR 2009-10PAGE 81 (DP NO.515-CUS)**
NON-REALIZATION OF CUSTOMS DUES BY GRANTING INADMISSIBLE EXEMPTIONS/CONCESSIONS UNDER VARIOUS SROS RS. 3.909 MILLION

64) **PARA 4.12 (A) AR 2009-10PAGE-102 (DP NO.745& 749-CUS)**
INADMISSIBLE PAYMENT OF REBATE – RS. 3.915 MILLION

65) **PARA 4.10 (B) AUDIT REPORT 2009-10 PAGE-100 (DP NOS.514, 616&743-CUS, 3113-K)**
NON-REALIZATION OF REVENUE DUE TO GRANT OF INCORRECT BENEFIT OF ZERO-RATING TO TAXABLE GOODS – RS. 3.772 MILLION

66) **PARA 4.2 (F) AUDIT REPORT 2009-10PAGE 82DP NO.730-CUS**
NON-REALIZATION OF CUSTOMS DUES BY GRANTING INADMISSIBLE EXEMPTIONS/CONCESSIONS UNDER VARIOUS SROS – RS. 3.540 MILLION

67) **PARA 4.17 AR 2009-10 PAGE 107DP NOS. 3188, 3189 & 3190-CD/K**
NON DEPOSIT OF EXPORT DEVELOPMENT SURCHARGE RS. 3.063 MILLION

68) **PARA 4.7 (B) AR 2009-10 PAGE-94 (DP NO.523-CUS)**
NON/SHORT-REALIZATION OF WITHHOLDING TAX – RS. 3.016 MILLION

69) **PARA 4.2 (H) AR 2009-10 PAGE-83 (DP NO.818)**
NON-REALIZATION OF CUSTOMS DUES BY GRANTING INADMISSIBLE EXEMPTIONS/CONCESSIONS UNDER VARIOUS SROS – RS. 2.970 MILLION

70) **PARA 4.9 (B) AR 2009-10PAGE-98 (DP-591&665-CUS)**
SHORT-REALIZATION OF CUSTOM DUES DUE TO APPLICATION OFINCORRECT RATES OF DUTIES AND TAXES – RS. 2.859 MILLION

71) **PARA 4.16 AR 2009-10 PAGE 106DP NO.3129&3134-CD/K MR-PAGE**
EXCESS DEDUCTION OF COMMISSION BY GPO- RS. 2.430 MILLION

72) **PARA 4.19 AR 2009-10 PAGE-109 (DP NO.763)**
SHORT-REALIZATION OF REVENUE DUE TO NON-DISPOSAL OF VISIBLE WASTAGE – RS. 2.188 MILLION

73) **PARA 4.2 (I) AR 2009-10 PAGE-84 (DP NO.678)**
NON-REALIZATION OF CUSTOMS DUES BY GRANTING INADMISSIBLE EXEMPTIONS/CONCESSIONS UNDER VARIOUS SROS – RS. 2.111 MILLION

74) **PARA 4.20 AR 2009-10 PAGE-110 (DP NO.503)**
NON-REALIZATION OF DEFAULT SURCHARGE – RS. 1.927 MILLION

75) **PARA 4.21 AR 2009-10 PAGE-110 (DP NO.614)**
SHORT-REALIZATION OF REVENUE DUE TO APPLICATION OF INCORRECT RATE OF PDL - RS. 1.824 MILLION

76) **PARA 4.22 AR 2009-10 PAGE-111 (DP NO.593, 816)**
NON-REALIZATION OF REGULATORY DUTY ETC – RS. 1.464 MILLION

77) **PARA 4.1 (E) AR 2009-10 PAGE-77 (DP NO. 832)**
NON-ENCASHMENT OF INDEMNITY BONDS AND BANK GUARANTEE RS. 1.399 MILLION

78) **PARA 7.2 (C) AR 2009-10 PAGE 144 (DP NO. 784-EXP)**
IRREGULAR/ DOUBTFUL EXPENDITURE ON ACCOUNT OF POL CHARGES ETC. RS. 1.356 MILLION

79) **PARA 4.18 AR 2009-10 PAGE 108 DP NO. 819, 806, 811-CUS 3057-CD/K**
SHORT REALIZATION OF REVENUE DUE TO MISCALCULATION- RS. 1.289 MILLION

80) **PARA 4.7 (C) AR 2009-10 PAGE-95 (DP NO.664)**
NON/SHORT- REALIZATION OF WITHHOLDING TAX – RS. 1.263 MILLION

81) **PARA 4.24 AR 2009-10 PAGE 112-113 DP NOS. 660-CUS,3163-CD/K**
SHORT REALIZATION OF REVENUE DUE TO APPLICATION OF INCORRECT RATE OF EXCHANGE RS. 0.955 MILLION

82) **PARA 4.25 AR 2009-10 PAGE-113 (DP NO. 594,798)**
SHORT-REALIZATION OF REVENUE DUE TO APPLICATION OF LESSER RATE OF FEDERAL EXCISE DUTY – RS. 0.890 MILLION

83) **PARA 4.2 (J) AUDIT REPORT 2009-10 PAGE-85 (DP NO.727&737)**
NON-REALIZATION OF CUSTOMS DUES BY GRANTING INADMISSIBLE EXEMPTIONS/CONCESSIONS UNDER VARIOUS SROS – RS. 0.714 MILLION

84) **PARA 4.12 (B) AR 2009-10 PAGE-103 (DP NO.748)**
INADMISSIBLE PAYMENT OF REBATE – RS. 0.640 MILLION

85) **PARA 7.6 (B) (I) AUDIT REPORT 2009-10 PAGE 151 (DP NO. 581-EXP) IRREGULAR/EXCESS EXPENDITURE ON ACCOUNT OF LAW CHARGES – RS. 0.461 MILLION**

86) **7.6 (B) (II) AR 2009-10 PAGE 152 DP NO. 653-EXP IRREGULAR/EXCESS EXPENDITURE ON ACCOUNT OF LAW CHARGES – RS. 0.441 MILLION**

87) **PARA 4.3 (C) AR 2009-10 PAGE-89 (DP NO.715) NON-ASSESSMENT/RECOVERY OF GOVERNMENT DUES – RS. 0.425 MILLION**

88) **PARA 4.2 (L) AR 2009-10 PAGE-86 (DP NO.512) NON-REALIZATION OF CUSTOMS DUES BY GRANTING INADMISSIBLE EXEMPTIONS/CONCESSIONS UNDER VARIOUS SROS – RS. 0.322 MILLION**

89) **PARA 7.19 AR 2009-10 PAGE 171 DP NOS.36,41 CUSTOMS-EXP/K IRREGULAR PURCHASE OF PHYSICAL ASSETS- RS. 0.307 MILLION**

90) **PARA 7.20 AR 2009-10 PAGE 172 [DP NOS. 580, 584, 536-EXP] ILLEGAL PAYMENT OF HOUSE RENT OF HIRED HOUSES DUE TO FAKE LEASE AGREEMENT -RS. 0.282 MILLION**

91) **PARA 7.8 (B) AR 2009-10 PAGE 155 [DP NO. 542, 578-EXP] EXCESS PAYMENT DUE TO NON/SHORT DEDUCTION OF WITHHOLDING TAX/INCOME TAX – RS. 0.263 MILLION**

92) **PARA 7.6 (B) (IV) AR 2009-10 PAGE 153 (DP NO. 583) IRREGULAR/EXCESS EXPENDITURE ON ACCOUNT OF LAW CHARGES – RS. 0.240 MILLION**

93) **PARA 7.12 (D) AR 2009-10 PAGE 161 [DP NO. 785-EXP] INADMISSIBLE PAYMENT OF ALLOWANCE – RS. 0.238 MILLION**

94) **PARA 4.2 (M) AR 2009-10 PAGE-87 (DP NO.610) NON-REALIZATION OF CUSTOMS DUES BY GRANTING INADMISSIBLE EXEMPTIONS/CONCESSIONS UNDER VARIOUS SROS – RS. 0.213 MILLION**

95) **PARA 7.12 (C) AR 2009-10 PAGE 160 DP NO. 656,822,640 &582-EXP INADMISSIBLE PAYMENT OF ALLOWANCE – RS. 0.200 MILLION**

96) **PARA 4.26 AR 2009-10 PAGE-114 (DP NO.839) NON-REALIZATION OF REVENUE ON INPUT GOODS IMPORTABLE ON PAYMENT OF DUTIES AND TAXES – RS. 0.198 MILLION**

97) PARA 7.12 (B) AR 2009-10 PAGE 160 DP NO. 590-EXP
INADMISSIBLE PAYMENT OF ALLOWANCE – RS. 0.179 MILLION

98) PARA 4.27 AR 2009-10 PAGE-114 (DP NO.611)
NON-REALIZATION OF REVENUE DUE TO LOCAL SALE OF MANUFACTURED GOODS – RS. 0.178 MILLION

99) PARA 7.2 (E) AUDIT REPORT 2009-10 PAGE 146 DP NO. 786-EXP
IRREGULAR/ DOUBTFUL EXPENDITURE ON ACCOUNT OF POL CHARGES ETC. RS. 0.173 MILLION

100) PARA 4.12 (C) AR 2009-10 PAGE-103 (DP NO.751-CUS)
INADMISSIBLE PAYMENT OF REBATE – RS. 0.158 MILLION

101) PARA 4.12 (D) AR 2009-10 PAGE-104 [DP NO. 753-CUS]
INADMISSIBLE PAYMENT OF REBATE – RS. 0.141 MILLION

102) PARA 4.2 (N) AR 2009-10 PAGE-87 (DP NO.820)
NON-REALIZATION OF CUSTOMS DUES BY GRANTING INADMISSIBLE EXEMPTIONS/CONCESSIONS UNDER VARIOUS SROS – RS. 0.107 MILLION

103) 7.23 AR 2009-10 PAGE 174 [DP NO. 538-EXP]
DOUBLE PAYMENT ON UTILITY CHARGES – RS. 0.110 MILLION

104) PARA 7.26 (A) AR 2009-10 PAGE 177 [DP NO. 527-EXP]
OVERPAYMENT OF EXPENDITURE ON PURCHASE OF VEHICLES - RS. 0.105 MILLION

105) PARA 7.26 (B) AR 2009-10 PAGE 177 (DP NO.52-EXP/K) OVERPAYMENT OF EXPENDITURE ON PURCHASE OF VEHICLES RS. 0.084 MILLION

106) PARA 7.8 (A) AR 2009-10 PAGE 154 [DP NO.519-EXP]
EXCESS PAYMENT DUE TO NON/SHORT DEDUCTION OF WITHHOLDING TAX/INCOME TAX – RS. 0.007 MILLION

PAC DIRECTIVE

The PAC recommended the above mentioned 106 paras for settlement on the recommendation of Audit.

MINISTRY OF SCIENCE AND TECHNOLOGY
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Science and Technology examined by the PAC on 03rd October, 2016.

- 01 Para was presented by the Audit Department which were examined by the Committee which was settled.

- The AGPR presented 03 grants which were regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the of PAC meeting held on 3rd October 2016 under the convenership of Sardar Ashiq Hussain Gopang, MNA to examine the Appropriation Accounts for the year 2008-09 and Audit Report for the year 2009-10, pertaining to the **M/o Science & Technology** are as under:

M/O SCIENCE & TECHNOLOGY
APPROPRIATION ACCOUNTS CIVIL VOL-I (2008-09)

I. GRANT NO.107 SCIENTIFIC AND TECHNOLOGICAL RESEARCH DIVISION
SAVING OF RS. 56,932,922

II. GRANT NO.108 EXPENDITURE OF SCIENTIFIC AND TECHNOLOGICAL RESEARCH DIVISION
SAVINGS OF RS. 26,584,720

III. GRANT NO.161 DEVLOPMENT EXPENDITURE OF SCIENTIFIC AND TECHNOLOGICAL RESEARCH DIVISION
SAVINGS OF RS. 2,452,158,508

PAC DIRECTIVE

The PAC recommended for regularization the savings in the above mentioned 03 grants on the recommendations of AGPR.

AUDIT REPORT FOR THE YEAR OF 2009-10

1. PARA NO 22.1 PAGE NO.126 (AR 2009-10)
NON-UTILIZATION OF MOBILE TESTING LABORATORY – RS. 1.110 MILLION

PAC DIRECTIVE

The PAC recommended the para for settlement on the recommendation of Audit.

SENATE SECRETARIAT
AA-2008-09

OVERVIEW

Appropriation Accounts for the year 2008-09 pertaining to the Senate Secretariat examined by the PAC on 21st March, 2018.

- The AGPR presented 01 grant which was regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT

(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 21st March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 pertaining to the **Senate Secretariat**.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. **GRANT NO.92-THE SENATE**
   (CHARGED)
   SAVING Rs.38,246,010/-

   In "Charged Section" the appropriation closed with a saving of Rs.38,246,010 which worked out to 9.77 percent of the total appropriation.

   (OTHER THAN CHARGED)
   SAVING Rs.9,394,296/-

   In "Other Than Charged Section" the grant closed with a saving of Rs.9,394,296 which worked out to 3.00 percent of the total grant.

   PAC DIRECTIVE

   The PAC regularized the saving in the above mentioned grant on the recommendation of AGPR.

MINISTRY OF STATES AND FRONTIER REGIONS
AA-2008-09

OVERVIEW

Appropriation Accounts 2008-09 pertaining to the Ministry of States and Frontier Regions examined by the PAC on 21st March, 2018.

- The AGPR presented 04 grants out of which 03 grants were regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 21st March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 pertaining to the **Ministry of States and Frontier Region**.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. I. **GRANT NO.112-STATES AND FRONTIER REGIONS DIVISOIN SAVING RS.226,722/-**

The grant closed with a saving of Rs.226,772 which worked out to 0.52 percent of the total grant.

II. **GRANT NO.115 MAINTENANCE ALLOWANCES TO EX-RULERS SAVING RS.3,089,870/-**

The grant closed with a saving of Rs. 3,099,000 which worked out to 82.66 percent of the total grant. And the amount of Rs.9,130 (0.24%) was surrendered leaving net saving of Rs.3,089,870 (82.41%).

III. **GRANT NO.116 AFGHAN REFUGEES EXCESS RS.4,054,692**

The grant closed with an excess of Rs.2,464,692 which worked out to 1.63 percent of the total grant. And amount of Rs.1,590,000(1.05%) was surrendered increasing net excess to Rs.4,054,692 (2.68%).

PAC DIRECTIVE

The PAC regularized the savings/excess in the above mentioned three grants on the recommendations of AGPR.

IV. **GRANT NO.113- FRONTIER REGIONS**
EXCESS RS.493,931,914/-

The grant closed with an excess of Rs. 493,931,914 which worked out to 24.98 percent of the total grant.

The PAO apprised the Committee that due to less allocation of funds and Revision of pay-scales including increase in regular allowances.

PAC DIRECTIVE

The PAC pended the grant with the direction to the PAO to hold another DAC on the grant, discuss issues in detail and inform about the in-come to the PAC within one month.

STATISTICS DIVISIONS
AA-2008-09

OVERVIEW

Appropriation Accounts 2008-09 pertaining to the Statistic Division examined by the PAC on 21st March, 2018.

- The AGPR presented 02 grants which were regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT

(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 21st March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 pertaining to the Statistics Division.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. **GRANT NO.28- STATISTICS DIVISION**
SAVINGS RS. 820,677,927/-

The grant closed with a saving of Rs.820,677,927 which worked out to 52.83 percent of the total grant.

The PAO apprised the Committee that the main reason for saving was release of funds for census by the AGPR on 18-05-2009 which could not be utilized by June.

PAC DIRECTIVE

The PAC regularized the saving in the above mentioned grant as explained by the department.

II. **GRANT NO.139-DEVELOPMENT EXPENDITURE OF STATISTICS DIVISION**
EXCESS/SAVING RS.4,244,730/-

The grant closed with a saving of Rs.14,004,478 which worked out to10.70 percent of the total grant. An amount of Rs.18,249,208 (13.94%) was surrendered resulting into an excess of Rs.4,244,730 (3.24%).

PAC DIRECTIVE

The PAC regularized the Excess/Saving in the above mentioned grant as recommended by AGPR.

MINISTRY OF TEXTILE INDUSTRY
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the Ministry of Textile Industry examined by the PAC on 26th December, 2016.

- 07 Paras were presented by the Audit Department which were examined by the Committee. Out of which 05 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 02 grants which were regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of of the PAC meeting held on 26th December, 2016, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, to examine the Appropriation Account for the year 2008-09 and Audit Report for the year 2009-10, pertaining to the Ministry of Textile Industry are as under:

MINISTRY OF TEXTILE INDUSTRY
APPROPRIATION ACCOUNTS (CIVIL) VOL-1 2008-09

1. GRANT NO. 117.TEXTILE INDUSTRY DIVISION
SAVINGS RS. 12,432,508/-

The AGPR pointed out that the grant closed with a saving of Rs. 12,432,508/- which works out to 9.73 percent of the total grant.

PAC DIRECTIVE

The PAC recommended the saving in the grant for regularization.

2. GRANT NO. 165 - DEVELOPMENT EXPENDITURE OF TEXTILE INDUSTRY DIVISION
SAVINGS RS. 405,147,182/-

The AGPR pointed out that the grant closed with a saving of Rs. 405,147,182/- which works out to 65.14 percent of the total grant.

The PAO apprised the Committee that the grant has been discussed in the DAC and saving has been reconciled with Audit.

PAC DIRECTIVE

The PAC recommended the saving in the grant for regularization.

MINISTRY OF TEXTILE INDUSTRY
AUDIT REPORT FOR THE YEAR 2009-10

3. PARA NO. 24.1 PAGE NO. 134 (AR 2009-10)
NON-DEDUCTION OF RETENTION MONEY - RS. 11.79 MILLION

The Audit pointed out that according to Clause 42(2b) of the contract agreement between M/s Guarantee Engineers (Contractor) and executing agency (Lahore Garment City Company) under PSDP, retention money @ 5% of every bill

submitted by the contractor was to be deducted from each payment to the contractor. The retention money shall be payable in accordance with the certificate issued by the Engineer under clause (3)(b). Audit observed that Rs. 235.89 million was paid to M/s Guarantee Engineers against work done but the 5% retention money amounting to Rs. 11.79 million was not deducted. Instead, the management accepted Insurance Bond submitted by the contractor for an equivalent amount, which was not admissible under the rules. It not only resulted in financial loss to the company but also put the project to high risk as the management lost the leverage to hold the contractor accountable for any discrepancy /failure after completion of work.

The PAO apprised that an inquiry committee comprising senior Joint Secretary of the Ministry and Audit Department has been constituted to inquire the matter which will submit its report within one month.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to submit inquiry report to PAC/Audit within 60 days.

4. PARA-233.1 ARPSE-2009-10

The Audit pointed out that the University sustained a net deficit of Rs. 27.969 million during the year 2008 as compared with deficit of Rs. 10.493 million in the year 2007 showing increase by 117%. The expenditure increased to Rs. 88.072 million in 2008 from Rs. 77.770 million in 2007 and Rs. 67.658 million in 2006, mainly due to increase in salaries, wages and other benefits, repair and maintenance and advertisement. The management could not take effective steps to control the expenditure and make the University a self sustaining organization.

The Voice Chancellor of National Textile University apprised the Committee that college was upgraded as National Textile University in November 2002. In the beginning the University was facing deficit due to lack of funds but from 2011-12 onwards the National Textile University has sustained a level of profit and its financial management is running smoothly.

PAC DIRECTIVE

The PAC recommended the para for settlement.

5. PARA-233.4 ARPSE-2009-10

The Audit pointed out that title of free hold land valuing Rs. 312.219 million was not transferred in the name of the University in Land Revenue Authorities record. Transfer of title in the name of University needs to be arranged at the earliest.

The PAO apprised the Committee that the said land was transferred in the name of Industries Department vide Board of Revenue West Pakistan Lahore letter No. t 4873-56/2768-C dated: 24-10-1956 addressed to the Commissioner for establishment of Institute of Textile Technology, Lyallpur later on named the National College of Textile Engineering. The University is the successor of the National College of Textile and owns the assets and properties of the College as per section 4 (2) (v) of the National Textile University Ordinance 2002. For formal transfer of land in the name of NTU in the record of Revenue, necessary letter has been written to the Pro Chancellor vide NO.R-ES-10-2010-70 dated: 27-05-2010.

PAC DIRECTIVE

The PAC recommended the para for settlement.

6. PARA-233.5 ARPSE-2009-10

The Audit pointed out that capital work in progress increased from Rs. 42.647 million as on December 31, 2007 to Rs. 52.185 million as on December 31, 2008. Early completion of capital work in progress is stressed.

The Voice Chancellor of National Textile University apprised the Committee that these projects have been completed in 2010 and are now operational. All the compliance record has been verified from the Audit.

PAC DIRECTIVE

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

PARAS RECOMMENDED FOR SETTLEMENT

7. i. PARA-233 ARPSE-2009-10

ii. PARA-233.2 ARPSE-2009-10

iii. PARA-233.3 ARPSE-2009-10

PAC DIRECTIVE

The PAC recommended the above mentioned 03 paras for settlement on the recommendations of DAC.

WAFAQI MOHTASIB
AA-2008-09, AR-2009-10

OVERVIEW

Appropriation Accounts 2008-09 pertaining to the Wafaqi Mohtasib examined by the PAC on 21st March, 2018.

- The AGPR presented 01 grant which was regularized by the committee.

NATIONAL ASSEMBLY SECRETARIAT

(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 21st March, 2018, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Appropriation Accounts for the year 2008-09 pertaining to the Wafaqi Mohtasib.

APPROPRIATION ACCOUNTS FOR THE YEAR 2008-09

1. **WAFAQI MOHTASIB**
(CHARGED)
EXCESS RS. 1,711,104/-

AGPR pointed out that the Appropriation closed with an excess of Rs.1,711,104 which worked out to 1.01 percent of the total grant.

The PAO apprised the Committee that excess was mainly due to revision of Basic Pay Scale w.e.f 1st July, 2008.

PAC DIRECTIVE

The PAC regularized the excess in the above mentioned grant on the recommendation of AGPR.

MINISTRY OF WATER AND POWER
AA-2008-09, AR-2009-10

OVERVIEW

Annual Audit Report for the year 2009-10 and Appropriation Accounts 2008-09 pertaining to the prime Minister's Office examined by the PAC on 06th March, 2013, 25th February 2014, 19th April 2016, 10th November 2016, and 14th March 2017.

- 129 Paras were presented by the Audit Department which were examined by the Committee. Out of which 37 paras were settled whereas appropriate directions were accordingly issued by the remaining paras.

- The AGPR presented 02 grants which were regularized by the committee.

- The committee referred the 10 paras to NAB.

- In few paras the PAO was directed to hold inquiries, fix responsibility and initiate disciplinary actions.

MINISTRY OF WATER & POWER

ACTIONABLE POINTS

Actionable points arising from discussion of the meeting of the Public Accounts Committee held on 6th March, 2013, regarding Appropriation Accounts for the year 2008-09 pertaining to **Ministry of Water & Power** are summarized as under:

APPROPRIATION ACCOUNTS (CIVIL) VOL-1, 2008-09

i. **GRANT NO. 120- WATER & POWER DIVISION**
(Saving Rs. 11,466,640)

The Audit pointed out that the grant closed with a saving of Rs. 11,466,640 which worked out to 3.70 percent of the total grant. An amount of Rs. 21,000 was surrendered leaving net saving of Rs. 11,445,640 (3.69%)

The PAO explained that saving was mainly due to the reason that the amount was not released by Finance Division.

ii. **GRANT NO. 167- DEVELOPMENT EXPENDITURE OF WATER & POWER DIVISION**
(Saving Rs. 38,401,036,878)

The Audit pointed out that the grant closed with a saving of Rs. 38,401,036,878 which worked out to 59.78 percent of the total grant. An amount of Rs. 244,377 was surrendered leaving net saving of Rs. 38, 400,792,501 (59.78%).

The PAO explained that the department pointed out non accountal of surrender order of Rs. 547,961,623 issued on 15-05-2009. The department explained that saving Rs. 31,479,980,000/- was due to reduction in original allocation by Planning & Development Division and Rs. 6,187,899,000/- due to non release of funds by Finance Division.

PAC DIRECTIVE

The PAC settled the above two grants with the direction that there should be zero saving/excess in future.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising from the discussion of the PAC meeting held on 25th February, 2014 on Audit Report 2009-10, pertaining to the **Ministry of Water & Power** are as under:

AUDIT REPORT PUBLIC SECTOR ENTERPRISES FOR THE YEAR 2009-10

NATIONAL ENGINEERING SERVICES PAKISTAN (PVT) LIMITED

1. PARA-237
NON PROVISION OF ANNUAL AUDITED ACCOUNTS OF THE COMPANY FOR THE YEAR 2008-09

PAC DIRECTIVE

The PAC settled the para.

2. PARA-238 PAGE-351,352 ARPSE-2009-10
IRREGULAR AWARD OF CONTRACTS- RS. 17.538 MILLION

PAC DIRECTIVE

The PAC settled the para.

3. PARA-239 PAGE-352 ARPSE-2009-10
IRREGULAR EXPENDITURE DUE TO ENHANCEMENT OF POL CEILING – RS. 5.731 MILLION

PAC DIRECTIVE

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

4. PARA-240 PAGE-353 ARPSE-2009-10
i. NON-TRANSPARENT AWARD OF WORK – RS. 1.534 MILLION
ii. EXCESS PAYMENT – RS. 1.738 MILLION

5. PARA-241 PAGE-353 ARPSE-2009-10
IRREGULAR EXPENDITURE DUE TO AWARD OF WORK IN A NON-TRANSPARENT MANNER – RS. 3.131 MILLION

PAC DIRECTIVE
The PAC directed the Ministry to conduct inquiry in the matter; fix responsibility and report thereof may be sent to the Committee within 30 days.

6. PARA-242 PAGE-354 ARPSE-2009-10
IRREGULAR EXPENDITURE DUE TO INSURANCE OF VEHICLES FROM A PRIVATE INSURANCE COMPANY – RS. 1.133 MILLION

PAC DIRECTIVE

The committee showed displeasure; however, on explanation given by the Audit and the Department concerned, the Committee settled the para.

7. PARA-243 & 243.1
AN INCREASE IN EXPENSE TO CONTRACT RATIO I.E 97% IN THE YEAR 2007-08 AND 96% IN 2008-09

8. PARA-243.2
AN INCREASE OF 1,958% IN GRANTING ADVANCES TO CONTRACTORS IN THE YEAR 2008-09 AS COMPARED TO THE YEAR 2007-08

9. PARA-243.3
AN INCREASE OF 396% IN NON-RECEIPT OF TOOLS, GAUGES AND STORES IN THE YEAR 2008-09 AS COMPARED TO THE YEAR ENDING JUNE 30, 2008

PAC DIRECTIVE

The Committee settled the above three (03) paras.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the of PAC meeting held on 19th April, 2016 under the convenership of Sardar Ashiq Hussain Gopang, MNA to examine the Audit Reports for the year 2009-10, pertaining to the **Ministry of Water & Power** are as under:

AUDIT REPORT FOR THE YEAR OF 2009-10

1. PARA NO.1.1, PAGE NO. 15-16 AR 2009-10
NON-TRANSPARENCY IN AWARD OF A CONTRACT VALUING RS. 2,439 MILLION

The Audit pointed out that at Rainee Canal Project WAPDA Guddu, tenders for contract RC-6A were opened on April 10, 2008. The 1st and 2nd lowest bid prices were Rs.2,509.737 million and Rs.2, 591.496 million. As a result of negotiation, the 1st and 2nd lowest bidders brought their prices down to Rs.2, 471.632 million and Rs.2,545.187 million respectively. The reduced bids were considered higher. Therefore, second time negotiations were made with the 2nd lowest bidder only by ignoring the 1st lowest bidder who reduced his bid upto Rs. 2,439 million. Accordingly, the contract was awarded at the cost of Rs.2,439 million thereby reducing his bid by Rs.152.496 million.The above scenario had defeated the spirit of competitive bidding as the 1st lowest bidder might have reduced the bid amount by more than Rs.152.496 million if given an opportunity.

The PAO informed the Committee that the Audit was not satisfied with the inquiry conducted by WAPDA. There are three other paras of the same nature and their inquiry is being conducted by the Incharge of the Engineer Cell of NESPAK.

PAC DIRECTIVE

The PAC directed the PAO to finalize the inquiry and report to PAC/Audit within one month.

2. i. PARA NO. 1.2, PAGE NO. 17-18, AR 2009-10
EXTRA EXPENDITURE DUE TO NON INCLUSION OF CLAUSE OF RISK AND COST IN THE CONTRACT RS. 2,340.839 MILLION

ii. PARA NO. 1.3, PAGE 18-19, AR 2009-10
EXTRA EXPENDITURE DUE TO IN-ORDINATE DELAY IN TERMINATING A CONTRACT RS. 798 MILLION

iii. PARA NO. 1.4, PAGE 19-20, AR 2009-10
EXTRA EXPENDITURE DUE TO CONTRACT MISMANAGEMENT RS. 574.915 MILLION

PAC DIRECTIVE

The PAC referred the above mentioned 3 paras to DAC for consideration/reconciliation of record.

3. PARA NO. 1.6, PAGE 21-22, AR 2009-10
EXCESS PAYMENT ON ACCOUNT OF INSURANCE PREMIUM RS. 176.419 MILLION

The Audit pointed out that at Mangla Dam Raising Project lump sum provision of Rs.285.889 million was made in nine contracts on account of insurance premium against the insurance coverage which was paid to the contractors. The contractors paid an amount of Rs.109.470 million to the insurance companies by retaining Rs.176.419 million un-authorizedly. The retention of Rs.176.419 million was mainly due to lump sum provision of insurance charges instead of actual expenditure supported by vouchers. The excess amount paid worth Rs.176.419 million to the contractors needed to be recovered.

The PAO informed the Committee that contractor was paid lump sump amount and the contractor was not bound to get the insurance cover from NICL. The payment to Insurance Company was made with the approval of competent authority.

PAC DIRECTIVE

The PAC directed the PAO to issue a notice for the recovery of amount from the contactor otherwise black list the firm with a report to PAC/Audit.

4. PARA NO. 1.8, PAGE NO. 23, AR 2009-10
EMBEZZLEMENT/MISAPPROPRIATION OF MATERIAL RS. 1.500 MILLION

The Audit pointed out that in Resident Engineer Power Station Mangla Office, some Electrical and Mechanical store items worth Rs.1.500 million were misappropriated by the staff. The embezzled material needed to be made good from the responsible persons.

The PAO informed the committee that the case is subjudice in the court of law.

PAC DIRECTIVE

The PAC directed the PAO to pursue the case vigorously in the Court of Law.

5. PARA NO. 2.8, PAGE NO. 39-40, AR 2009-10
NON-RECOVERY OF DEMURRAGE CHARGES RS. 11.530 MILLION

The Audit pointed out that in the office of the Chief Resident Representative WAPDA Karachi (CRRK), the demurrage committee in its meetings held on July 12, 2008, September 18, 2008 and February 19, 2009 decided that the supplier and WAPDA were responsible for demurrage charges of Rs.7.748 million and Rs.0.788 million respectively. Accordingly the amount of Rs.7.748 million was required to be recovered from suppliers and the responsibility for the loss of Rs.0.788 million was to be fixed. Similarly an amount of Rs.3.174 million on account of demurrage and detention charges against L/C No. ILC1242 566930906 dated December 4, 2006 was paid on December 4, 2006. Responsibility was needed to be fixed besides recovery of loss of Rs.3.174 million from the defaulters. The requisite action was not taken.

The PAO informed the committee that information is being from WAPDA, GENCO-II, GENCO-III, GAPCO, LASCO and its outcome will be shared with the committee.

PAC DIRECTIVE

The PAC directed the PAO to reconcile the record and Report to PAC/Audit within 15 days.

6. PARA NO. 18.1, PAGE NO. 251-252, AR 2009-10
FORGERY IN SUKUK BONDS RS. 180 MILLION

The Audit pointed out that the WAPDA Bond Cell issued six (6) original physical certificates valuing Rs.180 million to the Swift Engineering Solutions (SES), in exchange of seventy two (72) forged/fake physical certificates worth Rs.180 million, without seeking confirmation from NFC, the bonafide/registered holder of the certificates. Later on SES sold/transferred the six original certificates of Rs.180 million to Meezan Islamic Income Fund (MIIF).

On complaint of NFC regarding short receipt of semi annual profit on Rs.180 million for the period ending on 22.04.2009, WAPDA stated that the short fall of profit was due to sale of 36,000 units of Sukuk worth Rs.180 million to SES by NFC vide their letter dated February 12, 2009. Thereupon NFC clarified that they had not sold the said certificates to any such company and their reference dated February 12,2009 was fake. Proper verification of Sukuk certificates was not made on both the occasions i.e. transfer of certificates to the fake company i.e. SES and further transfer to MIIF. Audit desired to report the fraud to the concerned federal agencies and take administrative action.

The PAO informed the committee that FIA is already conducting the inquiry in this case and probing the matter internally. The representative of FIA was present in the meeting and he was asked to provide report/requisite documents

of the case on 26-04-2016 which would be examined by the convener, Shaikh Rohale Asghar, MNA and Dr. Azra Fazal Pechuho, MNA and decision would be made accordingly.

On 26th April 2016 the convener examined the inquiry report of FIA on the above para. The committee was of the view that all concerned officer/officials might not be cross examined during the whole inquiry proceeding of the FIA. However, The director FIA briefed the committee regarding the issue of Sukuk Bond and stated that during investigation it was established that **Mohammad Naqi Riaz** B & AO Wapda was the master mind of the fraud. He alongwith his cousin Syed Ahsan Raza by impersonating themselves as Akhtar Saleem and Mohammad Fajid as CFO and owner respectively, established a fictitious firm M/s "SES". Syed Ahsan Raza as Mohammad Fajid opened Bank accounts in UBL & MCB, Main Market, Gulberg Branches, Lahore through which all the crime proceed was withdrawn through their employee Barat Ali.

After long trial for more than 03 years, Special Judge (Central) Lahore, convicted accused Riaz Ali Shah, Ahsan Abbas, Syed Mukkram Ali, Irfan Sohail (Banker) Muhammad Hummayun while acquitted Muhammad Saed Ran, Agha Ghazanfar Ali and Barat Ali. Similarly perpetual warrants against Muhammad Naqi Riaz and Ahsan Raza accused were issued. The main fraud was committed by Muhammad Naqi Riaz and Ahsan Raza while the above said convicted accused were their accomplices. It is also stated that Syed Riaz Hussain Shah was convicted U/s 409, 420, 468, 471 r/w 109 PPC for a maximum punishment of 35 years which are consecutive and not concurrent.

Anwar-ul-Haq General Manager was Incharge Wapda Finance Power Wing including additional responsibilities of Wapda Bond Cell, which was working under the supervision of Director, Wapda Bond Cell. He lodged complaint in FIA regarding Sukuk Bond Fraud. Fraudulent transfer of Sukuk Bond was made in March 2009 which was surfaced on 24-04-2009 on receipt of letter from NFC. Accordingly Wapda initiated departmental proceedings and penalized the above said Wapda officers.

It revealed that all concerned of the WAPDA regarding subject report were examined in inquiry process and every officer/official has been examined accordingly to his role. Mr. Anwar Ul Haq and Mr. Muhammad Naqi were also examined in the proceeding of FIA. They were awarded punishment by their department as per record of FIA. **(Copy of FIA report attached)**.

No further inquiry required on the part of department by FIA. The case ensure recovery.

PAC DIRECTIVE

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

7. PARA NO. 18.2, PAGE NO. 253-255, AR 2009-10
UNCOVERED RISKS IN THE SCHEME OF WAPDA SUKUK BONDS RS. 8 BILLION

The Audit pointed out that incorporation of WAPDA First Sukuk Company Limited was WAPDA's first ever experience to raise financing for its projects. This warranted serious deliberations on the risks involved. This new scheme should have been adopted taking extra care specially keeping in view the fact that WAPDA had successfully launched ten (10) series of conventional bonds over the last two decade. The foremost duty of WAPDA Bond Cell was that after proper risk analysis they should have chalked out detailed Standard Operating Procedures (SOPs) addressing the inherent and emerging risk factors, but no such SOPs were framed. In the absence of detailed SOPs it was the responsibility of the senior management of WAPDA to introduce sound internal checks to prevent fraud.

The PAO informed the Committee that SOP for issuance of sukuk bonds in future should be reviewed to avoid any such incident in future.

PAC DIRECTIVE

The PAC directed the PAO to hold fresh DAC and examine the present system of issuing bond and report to PAC/Audit within 15 days.

8. PARA NO. 18.3, PAGE NO. 255-256, AR 2009-10
LOSS ON ACCOUNT OF DOUBLE PAYMENT OF PROFIT (A RECURRING LOSS) RS. 13.641 MILLION

The Audit pointed out that the WAPDA First Sukuk Company Limited issued the schedule for 7th Ijara Rental Payment for the period ending on April 22, 2009 which showed holding of Sukuk units/ certificates by NFC and CDC Trustee Meezan Islamic Income Fund (MIIF) NFC vide their reference dated April 24, 2009 objected this schedule and clarified that they held investment of Rs.750 million instead of Rs.570 million.

Actually the short receipt of profit of Rs.13.641 million by NFC was owing to fraudulent act of Swift Engineering Solutions (SES) which got transfer / registration of forged 72 physical Sukuk certificates worth Rs.180 million and sold to the CDC Trustee MIIF after having their convertibility into 6 physical certificates of the denomination of Rs.30 million each.Upon clarification from NFC regarding non-transferability to any such company, WAPDA also made provisional payment of Rs.13.641 million to NFC against investment of Rs.180 million already paid to the CDC Trustee MIIF. This double payment of Rs.13.641 million was held irregular which is likely to have recurrence in the remaining seven (7) periods of rentals (payment of profit).

The PAO informed the committee that no payment has been made and we will discuss the issue with audit in DAC. He also stated that the matter is subjudice. The profit accrued is being deposited in the bank instead of being given to the parties concerned.

PAC DIRECTIVE

The PAC directed the PAO to pursue the case vigorously in the court of law.

9. PARA NO. 18.4, PAGE NO. 257-258, AR 2009-10
NON-APPLICATION OF SECURITY CHECKS FOR DETERMINATION OF GENUINENESS OF SUKUK CERTIFICATES

The Audit pointed out that Pakistan Security Printing Corporation (Pvt.) Ltd. to check the genuineness of the Sukuk certificates was a marker. Audit observed that this marker was not used by the WAPDA Bond Cell, as a result the fake certificates could not be detected. The failure of WAPDA Bond Cell to use the marker needs to be investigated.

The PAO informed the committee that WAPDA has devised a mechanism to deal with the transfer request in future to insure that transfer of sukuk is made genuinely. WAPDA has made efforts to raise future sukuk bonds to be maintained on CDC.

PAC DIRECTIVE

The PAC settled the para and directed the PAO to confirm the fool proof security measures in the issuance of security bonds in future.

GENCO-I

10. PARA NO. 3.7, PAGE NO. 50, AR 2009-10
LOSS DUE TO EXCESS RATE ALLOWED TO SUPPLIERS RS. 54.847 MILLION

The Audit pointed out that in Jamshoro Power Generation Company (GENCO-I) quotations for purchase of furnace oil were called for on fortnightly basis and the purchase orders issued to 2 to 3 suppliers at the negotiated uniform rates. But in the cases of thirteen (13) fortnights during 2008-09, the management could not bring uniformity in rates between suppliers. M/s PSO was allowed excess rates than those of M/s PARCO and Attock Petroleum Limited (APL). Resultantly, an excess amount of Rs. 54.847 million was paid against purchased quantity of oil from PSO.

The CEO GENCO apprised the committee that the rate of Attock Oil Company was less than the other companies but he could not meet the quantity required to

GENCO. Due to this oil was purchased from PSO on higher rates on credit basis. He also stated that the Government has bound the GENCO to purchase oil from PSO for the generation of electricity.

PAC DIRECTIVE

The PAC settled the para subject to verification of record by Audit with report to PAC/Audit.

GENCO-I

11. PARA NO. 3.8, PAGE NO. 50-51, AR 2009-10
LOSS DUE TO PURCHASE OF FURNACE OIL AT HIGHER RATE - RS. 7.795 MILLION

The Audit pointed out that in GENCO-I Jamshoro, PSO supplied 10,731.659 Metric Ton (MT) furnace oil against the ordered quantity of 15,000 MT in the purchase order for the 1st fortnight of January, 2009. The quantity of short supply was 4,268.34 MT which was 28.46% of the quantity of purchase order. After deduction of acceptable variation of 10%, the remaining 18.46% involving short supply of 3,841.51 MT was not completed.

Similarly, TOTAL, PARCO also made short supplies of 1,458.161 MT. In both the cases, extra expenditure of Rs. 7.795 million (Rs. 6.843 million + Rs. 0.952 million) million was incurred due to increase in rates of furnace oil by Rs. 2,342.04 MT in one case and by Rs. 1,202.72 per MT in other case of succeeding fortnight purchase orders. This extra expenditure was loss to the company due to the reason that there was no provision of penalty for short supply in the purchase order.

The CEO GENCO explained that the procurement of furnace oil on fortnightly basis is carried out. Some companies claim surcharges on daily payments which is a regular feature.

PAC DIRECTIVE

The PAC endorsed the Audit observation that management of GENCOs as well as the Oil Supply Companies to ensure that the ordered quantities are supplied at the rates agreed in Pos upto the ± 10 % of permissible limit irrespective of the fact whether the rates in subsequent fortnight/pos increase or decrease.

GENCO-II

12. PARA NO. 4.7, PAGE NO. 60-61, AR 2009-10
LOSS DUE TO CONSUMPTION OF EXCESS HEAT RATE PER KWH FROM THE STANDARDS FIXED BY NEPRA RS. 1, 145.704 MILLION

The Audit pointed out that NEPRA in its decision in case No. NEPRA/TRF-44/CPGCL-2005 has fixed plant Heat Rates standards to produce electricity per kWh for Thermal Power Station Guddu.In Northern Power Generation Company Limited it was observed from the Efficiency Form of Thermal Power Station Guddu for the period 2008-09 that Company did not generate its output as per standards of plant Heat Rate fixed by NEPRA. This had caused a loss of Rs. 1,145.704 million in the shape of excess fuel consumption.

The CEO GENCO informed the Committee that the work of re-habilitation of units is under process and will be completed till June 2016. The re-habilitation of units is carried out after every four years. We have installed two new units and have achieved the required heat rate for the generation of electricity.

PAC DIRECTIVE

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

HESCO

13. PARA NO. 10.14, PAGE NO. 135-136, AR 2009-10
FRAUDULENT DEPUTATION OF AN ASSISTANT (BPS-16) AS DIRECTOR (BPS-19) RS. 2.915 MILLION

The Audit pointed out that an office Assistant (BPS-16) of City District Government Karachi fraudulently availed deputation as Director Public Relation (BPS-19) in Chief Resident Representative, Karachi (CRRK) for a period of 3-years i.e. January 7, 2006 to January 6, 2009 and in HESCO WAPDA from February 18, 2009 to July 13, 2009 on production of fake and bogus letter/documents. During the period of deputation the official received Rs. 2.915 million on account of pay and allowances. The deputation was maneuvered fraudulently as such the amount of Rs. 2.915 million needs to be recovered besides taking legal and disciplinary action through the parent department.

The HESCO chief informed the Committee that the person got induction in BS-19 on fake documents and served for 3 ½ years. HESCO has already terminated his services and has no concern for regularization of his deputation which was got approved fraudulently.

PAC DIRECTIVE

The PAC pended the para and directed the FIA to submit the inquiry repot to PAC/Audit.

HESCO

14. PARA NO. 10.17, PAGE NO. 137, AR 2009-10
NON-RECOVERY OF SHORTAGE OF MATERIAL RS. 7.904 MILLION

The Audit pointed out that in HESCO the recovery of Rs. 7.904 million was imposed on a Senior Store Keeper on account of shortage of material. Appropriate action, however, was not taken to recover the amount.

The PAO informed the committee that the person was appointed on deputation in our department and his case was referred to us for deduction and more than Rs.800-/ is being deducted monthly.

PAC DIRECTIVE

The PAC directed the PAO to investigate all cases of misappropriation and report to PAC/Audit within one month.

MEPCO

15. PARA NO. 12.18, PAGE NO. 166-167, AR 2009-10
EXTRA EXPENDITURE DUE TO RE-TENDERING RS. 1.713 MILLION

The Audit pointed out that in LESCO, tender No. 799 for purchase of 5,000 pairs of insulated gloves was opened on March 24, 2008, five suppliers participated. M/s Continental Trading Corporation offered the lowest bid at the unit rate of Rs. 1,490/-. The tender was scraped and a fresh tender No. 853 was invited and opened on September 20, 2008 wherein only M/s Continental participated with new rate of Rs. 1,864/- per unit. After negotiation, Purchase order No. 2790 dated December 6, 2008 was issued for supply of 5,000 pairs @ Rs. 1,764/- per unit. The quantity was also increased by 25% for supply of additional 1,250 pairs with total cost of Rs. 11.025 million. Resultantly, MEPCO incurred extra expenditure of Rs. 1.713 million due to re-tendering which needs to be justified.

The CEO MEPCO informed the committee that primarily this is our law and there is no need for it's justification in PEPPRA rules. The tender under which the bid gurantees were sought has been scraped and when the tender was floated again just on bidder (lowest bidder III) made the offer. In the meanwhile the dollar appreciated Viz-a-Viz Pak Rupees. We have only 120 days and if there is only one bidder we have to accept his bid.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to hold a departmental inquiry into the matter and report to PAC/Audit within one month.

MEPCO

16. PARA NO. 13.11, PAGE NO. 178-179, AR 2009-10
UNDUE FAVOUR TO THE SUPPLIER DUE TO NON-FORFEITURE OF PERFORMANCE BOND UPON CANCELLATION OF PURCHASE ORDER RS. 1.374 MILLION

The Audit pointed out that in MEPCO, Purchase Order dated 12.12.2006 was issued to M/s Akhtar Enterprises for the supply of 21,000 Disc Insulators valuing Rs.13.741 million. Its delivery was to be completed within 150 days from the date of issuance of purchase order. Despite lapse of about 2 years and 10 months, neither the supplier delivered the material nor his performance bond valuing Rs.1.374 million was forfeited as required under the clause-15-A (i) despite the fact that C.E.O MEPCO accorded approval for its cancellation with forfeiture of performance bond.

The CEO MEPCO informed the committee that audit has recommended it on the grounds that there is no bad intention involved the MD has waved it off. The findings of the inquiry committee were also shared with audit.

PAC DIRECTIVE

The PAC settled the para subject to satisfaction of Audit on the findings of inquiry report.

PESCO

17. PARA NO. 14.13, PAGE NO. 196, AR 2009-10
LOSS DUE TO NON-RECOVERY OF MATERIAL COST AT THE TIME OF RCO RS. 1.247 MILLION

The Audit pointed out that in PESCO, Peshawar M/s Elahi Flour Mill was disconnected permanently on August 23, 2001 due to outstanding dues of Rs. 220,736/-. The mill remained closed for more than 6 years. The mill was re-energized under incentive policy vide RCO No. 23 dated 31.05.2008 without recovering the cost of material. The consumer applied for re-connection after six years. He was not entitled to incentive policy. As such capital cost of Rs. 1.247 million needs to be recovered.

The PAO stated that transformer could not be removed due to reason that it was locked within the compound by the consumer inside the main building since long. The premises was permanently locked.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to discuss the case in DAC and record be verified from the Audit.

PARAS REFERRED TO NAB

18. i. **PARA NO. 17.4, PAGE NO. 233-235, AR 2009-10 IRREGULAR AWARD OF RENTAL POWER CONTRACT RESULTING IN A LOSS RS. 3, 139.409 MILLION**

PARA NO. 17.5, PAGE NO. 235-236, AR 2009-10

ii. **LOSS DUE TO AWARD OF RENTAL CONTRACT WITHOUT COMPETITIVE BIDDING US$ 63.832 MILLION EQUIVALENT TO PAK RS. 5,425.72 MILLION**

iii. **PARA NO. 17.6, PAGE NO. 236-237, AR 2009-10 IRREGULAR AWARD OF RENTAL CONTRACT TO M/S YOUNG GEN LIMITED US$ 111 MILLION**

iv. **PARA NO. 17.7, PAGE NO. 237-238, AR 2009-10 EXTRA CONTRACTUAL FINANCIAL ASSISTANCE US$ 33.854 MILLION AND LOSS ON ACCOUNT OF INTEREST THEREON RS. 236.07 MILLION**

v. **PARA NO. 17.8, PAGE NO. 239-240, AR 2009-10 LOSS DUE TO ENHANCEMENT OF LIMIT OF ADVANCE PAYMENT FROM 10% TO 14% IN THE SHAPE OF MARKUP RS. 174.520 MILLION**

vi. **PARA NO. 17.9, PAGE NO. 239-240, AR 2009-10 NON-ENCASHMENT OF PERFORMANCE GUARANTEES RS. 90 MILLION**

vii. **PARA NO. 17.10, PAGE NO. 240-241, AR 2009-10 LOSS ON ACCOUNT OF RENTAL CHARGES DUE TO LESS/NON-SUPPLY OF GAS RS. 5, 749.492 MILLION**

viii. **PARA NO. 17.11, PAGE NO. 241-242, AR 2009-10 OVERPAYMENT DUE TO WRONG CALCULATION OF LC AND SBLC CHARGES RS. 2.081 MILLION**

ix. **PARA NO. 17.15, PAGE NO. 244-245, AR 2009-10 NON-RECOVERY OF GAS PIPELINE COST FROM THE SUI NORTHERN GAS PIPELINES LIMITED RS. 83.12 MILLION**

x. **PARA NO. 17.16, PAGE NO. 245-246, AR 2009-10 IMPRUDENT EXPENDITURE US$ 250.00 MILLION**

PAC DIRECTIVE

The PAC pended the above mentioned 10 paras and directed NAB to give comprehensive report to PAC/Audit.

PARAS SETTLED SUBJECT TO VERIFICATION OF RECORD

19. i. **PARA NO. 1.5, NON-ADJUSTMENT OF ADVANCES PAID ON ACCOUNT OF LAND ACQUISITION RS. 531.565 MILLION**

ii. **PARA NO. 8.10, BLOCKAGE OF FUNDS DUE TO POOR CONTRACT MANAGEMENT RS. 5.290 MILLION**

iii. **PARA NO. 8.12, LOSS DUE TO THEFT OF MATERIAL RS. 8.022 MILLION**

iv. **PARA NO. 8.13, NON RECOVERY ON ACCOUNT OF UN-AUTHORIZED EXTENSION OF LOAD RS. 58.661 MILLION**

v. **PARA NO. 8.14, UNDUE GENERATION OF REVENUE DUE TO OVER BILLING RS. 233.202 MILLION**

vi. **PARA NO. 9.10, LOSS DUE TO THEFT OF MATERIAL RS.14.390 MILLION**

vii. **PARA NO. 9.11, LESS RECOVERY OF SECURITY DEPOSITS RS. 4.680 MILLION**

viii. **PARA NO. 9.12, NON-REMOVAL OF MATERIAL RS. 2.476 MILLION**

ix. **PARA NO. 9.19, LOSS DUE TO MISSING TRANSFORMER OIL AND OTHER PARTS RS. 1.794 MILLION**

x. **PARA NO. 10.10, NON RECOVERY ON ACCOUNT OF UNAUTHORIZED EXTENSION OF LOAD RS. 6.548 MILLION**

xi. **PARA NO. 10.11, LOSS DUE TO LESS RECOVERY OF CAPITAL COST RS. 16.116 MILLION.**

xii. **PARA NO. 10.12, MIS-APPROPRIATION OF MATERIAL RS. 2.357 MILLION.**

xiii. **PARA NO. 10.13, LOSS DUE TO DAMAGED/NON-RETURN OF DISMANTLED MATERIAL RS. 7.248 MILLION**

xiv. **PARA NO. 10.16, LOSS DUE TO MISSING OF COPPER IN POWER TRANSFORMERS RS. 5.876 MILLION**

xv. **PARA NO. 12.12, OVERCHARGING ON ACCOUNT OF INSTALLATION CHARGES RS. 172.696 MILLION**

xvi. **PARA NO. 12.15, LOSS DUE TO THEFT OF MATERIAL RS. 26.040 MILLION**

xvii. **PARA NO. 12.16, NON REMOVAL OF MATERIAL RS. 16 MILLION**

xviii. **PARA NO. 12.17, NON RECOVERY ON ACCOUNT OF UN-AUTHORIZED OF EXTENSION OF LOAD RS. 258.288 MILLION**

xix. **PARA NO. 12.19, EXCESS WITHDRAWAL OF MATERIAL RS. 21.951 MILLION**

xx. **PARA NO. 12.20, NON RETURN OF DISMANTLED LINE MATERIAL TO STORE RS. 4.269 MILLION**

xxi. **PARA NO. 13.10, LOSS DUE TO THEFT OF MATERIAL RS. 13.268 MILLION**

xxii. **PARA NO. 13.12, NON-RECOVERY OF ARREARS OF TEMPORARY CONNECTIONS RS. 2.796 MILLION.**

xxiii. **PARA NO. 13.13, NON-SUBSTITUTION/ REPLACEMENT OF ELECTRICAL EQUIPMENT RS. 32.910 MILLION.**

xxiv. **PARA NO. 13.14, NON TRANSFER OF INTEREST EARNED ON BANK DEPOSITS TO GOVERNMENT RS. 155.316 MILLION.**

xxv. **PARA NO. 13.15, NON-DISPOSAL OF 66 KV & 132 KV REDUNDANT TRANSMISSION LINES RS. 11.303 MILLION.**

xxvi. **PARA NO. 13.16, NON RECOVERY ON ACCOUNT OF UN-AUTHORIZED EXTENSION OF LOAD RS. 60.165 MILLION**

xxvii. **PARA NO. 13.17, NON RECOVERY OF ENERGY LOSSES ON DEDICATED HT FEEDERS RS. 30.289 MILLION**

xxviii. **PARA NO. 13.19, LOSS DUE TO DAMAGE OF NEW POWER TRANSFORMER RS. 13.162 MILLION**

xxix. **PARA NO. 14.10, INFRUCTUOUS EXPENDITURE DUE TO UN-NECESSARY CONSTRUCTION OF FEEDERS RS. 3,329.520 MILLION**

xxx. **PARA NO. 14.11, LOSS DUE TO THEFT OF MATERIAL RS. 5.467 MILLION.**

xxxi. **PARA NO. 14.15, NON RECOVERY ON ACCOUNT OF UN-AUTHORIZED EXTENSION OF LOAD RS. 1.681 MILLION**

xxxii. **PARA NO. 14.16, UNDUE GENERATION OF REVENUE DUE TO OVER BILLING RS. 152.480 MILLION**

xxxiii. **PARA NO. 14.17, NON RECOVERY OF ENERGY LOSSES ON DEDICATED HT FEEDERS RS. 31.435 MILLION**

xxxiv. **PARA NO. 14.18, NON RETURN OF DISMANTLED TRANSFORMERS RS. 2.352 MILLION**

xxxv. **PARA NO. 15.10, NON RECOVERY ON ACCOUNT OF UNAUTHORIZED EXTENSION OF LOAD RS. 5.131 MILLION**

xxxvi. **PARA NO. 15.11, LOSS DUE TO THEFT OF MATERIAL RS. 7.983 MILLION**

xxxvii. **PARA NO. 15.12, NON RETURN OF DISMANTLED CONDUCTOR TO STORE RS. 2.005 MILLION**

xxxviii. **PARA NO. 15.13, SHORT RECOVERY OF SECURITY DEPOSIT AND CAPITAL COST RS. 1.317 MILLION**

xxxix. **PARA NO. 15.15, ANNUAL FINANCIAL LOSS DUE TO USE OF ENERGY BY ILLEGAL TUBE-WELL CONNECTIONS RS. 245.19 MILLION**

xl. **PARA NO. 16.9, LOSS DUE TO THEFT OF MATERIAL RS. 1.504 MILLION**

xli. **PARA NO. 16.10, NON RECOVERY ON ACCOUNT OF UN-AUTHORIZED EXTENSION OF LOAD RS. 5.962 MILLION**

PAC DIRECTIVE

The PAC settled the above mentioned 41 paras subject to verification of record by Audit.

PARAS RECOMMENDED FOR SETTLEMENT

20. i. **PARA NO. 1.7, NON-DEDUCTION OF INCOME TAX AT SOURCE RS. 1.117 MILLION**

ii. **PARA NO. 5.7, LOSS ON ACCOUNTS UNKNOWN WHEREABOUTS OF 44 NO. VEHICLES RS. 10.204 MILLION**

iii. **PARA NO. 8.11, SHORT RECOVERY DUE TO NON-ENHANCEMENT OF RATES OF SECURITY DEPOSIT RS. 77.340 MILLION**

iv. **PARA NO. 8.15, UNLAWFUL RELAXATION IN THE TARIFF OF STREET LIGHT CONNECTIONS INVOLVING SHORT ASSESSMENT OF RS. 27.091 MILLION**

v. **PARA NO. 8.16, VIOLATION OF GOVERNMENT POLICY FOR DEPOSITING FUNDS OF RS. 1700.321 MILLION**

vi. **PARA NO. 8.17, BLOCKAGE OF COMPANY'S FUNDS RS. 10.667 MILLION**

vii. **PARA NO. 9.13, LOSS DUE TO DACOITY IN CAMP STORE AT AROOP GRID STATION RS. 2.214 MILLION**

viii. **PARA NO. 9.14, EMBEZZLEMENT OF UNITS RS. 23.803 MILLION**

ix. **PARA NO. 9.15, LOSS DUE TO NON INSTALLATION OF CAPACITOR BANK AT THE GRID STATION RS. 6.496 MILLION**

x. **PARA NO. 9.16, UNDUE GENERATION OF REVENUE DUE TO OVER BILLING RS. 51.142 MILLION**

xi. **PARA NO. 9.17, UNLAWFUL RECOVERY ON ACCOUNT OF CONSULTANCY FEE RS. 7.100 MILLION**

xii. **PARA NO. 9.18, NON-RECOVERY OF ENERGY LOSSES ON DEDICATED HT FEEDERS RS. 58.003 MILLION**

xiii. **PARA NO. 9.20, LESS RECOVERY OF SECURITY DEPOSIT RS. 4.918 MILLION**

xiv. **PARA NO. 9.21, UN-JUSTIFIED RECOVERY ON ACCOUNT OF SHARING COST OF GRID STATION RS. 2.478 MILLION**

xv. **PARA NO. 10.15, NON-REPLACEMENT OF DEFECTIVE CIRCUIT BREAKER POLE RS. 3.500 MILLION**

xvi. **PARA NO. 11.10, LOSS DUE TO THEFT OF MATERIAL RS. 2.359 MILLION**

xvii. **PARA NO. 11.11, UNJUSTIFIED GENERATION DUE TO OVER BILLING RS. 43.304 MILLION**

xviii. **PARA NO. 12.10, UNDUE GENERATION OF REVENUE DUE TO OVER BILLING RS. 69.146 MILLION**

xix. **PARA NO. 12.11, LOSS TO LESCO DUE TO VIOLATION OF RECONNECTION ORDER (RCO) POLICY RS. 1.540 MILLION**

xx. **PARA NO. 12.13, NON RECOVERY OF ENERGY LOSSES ON DEDICATED HT FEEDERS RS. 28.036 MILLION**

xxi. **PARA NO. 12.14, LESS RECOVERY OF SECURITY DEPOSIT AND REHABILITATION CHARGES FROM INDUSTRIAL CONSUMERS RS. 2.284 MILLION**

xxii. **PARA NO. 13.18, UNLAWFUL RELAXATION IN THE TARIFF OF STREET LIGHT CONNECTION INVOLVING SHORT ASSESSMENT OF RS. 65.797 MILLION.**

xxiii. **PARA NO. 14.12, LOSS DUE TO NON-RECOVERY OF FIXED CHARGES RS. 4.709 MILLION**

xxiv. **PARA NO. 14.14, LOSS DUE TO MIS-APPROPRIATION OF MATERIAL RS.18.840 MILLION**

xxv. **PARA NO. 15.14, NON RETURN OF SHORT MATERIAL RS.2.885 MILLION**

xxvi. **PARA NO. 15.16, MIS-APPROPRIATION OF MATERIAL RS.1.606 MILLION.**

xxvii. **PARA NO. 17.12, NON-RECOVERY OF DEMURRAGE CHARGES RS.11.123 MILLION**

xxviii. **PARA NO. 17.13, LOSS IN THE SHAPE OF MARKUP DUE TO LESS DEDUCTION OF MOBILIZATION ADVANCE OF RS.7.470 MILLION**

xxix. **PARA NO. 17.14, PAGE NO. 244, AR 2009-10 IRREGULAR PAYMENT ON ACCOUNT OF GUARANTEED HEAT RATE BONUS OF RS.335.506 MILLION**

xxx. **PARA NO. 17.17, LOSS ON ACCOUNT OF COMMISSION CHARGES - RS.38.686 MILLION**

PAC DIRECTIVE

The PAC recommended the above mentioned 30 paras for settlement on the recommendations of Audit/DAC.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)
ACTIONABLE POINTS

Actionable points arising out from discussion of the of PAC meeting held on 10th November, 2016 under the convenership of Sardar Ashiq Hussain Gopang, MNA to examine the Audit Report for the Year 2009-10, pertaining to the Ministry of Water & Power are as under:

AUDIT REPORT FOR THE YEAR 2009-10
MINISTRY OF WATER & POWER

RENTAL POWER PLANTS

1. i. **PARA NO.17.10 PAGE NO.240-241AUDIT REPORT (2009-10) LOSS ON ACCOUNT OF RENTAL CHARGES DUE TO LESS/NON-SUPPLY OF GAS RS.5, 749.492 MILLION**

ii. **PARA NO.17.5 PAGE NO.235-236 AUDIT REPORT (2009-10) LOSS DUE TO AWARD OF RENTAL CONTRACT WITHOUT COMPETITIVE BIDDING US$ 63.832 MILLION EQUIVALENT TO PAK RS.5, 425.72 MILLION**

iii. **PARA NO.17.4 PAGE NO.233-235 AUDIT REPORT (2009-10) IRREGULAR AWARD OF RENTAL POWER CONTRACT RESULTING IN A LOSS RS.3, 139.409 MILLION**

iv. **PARA NO.17.16 PAGE NO.245-246 AUDIT REPORT (2009-10) IMPRUDENT EXPENDITURE US$ 250.00 MILLION**

v. **PARA NO.17.7 PAGE NO.237-238 AUDIT REPORT (2009-10) EXTRA CONTRACTUAL FINANCIAL ASSISTANCE US$ 33.854 MILLION AND LOSS ON ACCOUNT OF INTEREST THEREON RS.236.07 MILLION**

vi. **PARA NO.17.8 PAGE NO.239-240 AUDIT REPORT (2009-10) LOSS DUE TO ENHANCEMENT OF LIMIT OF ADVANCE PAYMENT FROM 10% TO 14% IN THE SHAPE OF MARKUP RS.174.520 MILLION**

vii. **PARA NO.17.6 PAGE NO.236-237 AUDIT REPORT (2009-10) IRREGULAR AWARD OF RENTAL CONTRACT TO M/S YOUNG GEN LIMITED US$ 111 MILLION**

viii. **PARA NO.17.9 PAGE NO.239-240 AUDIT REPORT (2009-10) NON-ENCASHMENT OF PERFORMANCE GUARANTEES RS.90 MILLION**

ix. **PARA NO.17.15 PAGE NO.244-245 AUDIT REPORT (2009-10) NON-RECOVERY OF GAS PIPELINE COST FROM THE SUI NORTHERN GAS PIPELINES LIMITED RS.83.12 MILLION**

x. **PARA NO.17.11 PAGE NO.241-242 AUDIT REPORT (2009-10) OVERPAYMENT DUE TO WRONG CALCULATION OF LC ANDSBLC CHARGES RS.2.081 MILLION**

The PAO apprised the Committee that though the cases are pending before the NAB Accountability Court, however, the said paras will again be discussed at DAC level to look for the other option of recovery, if any.

PAC DIRECTIVE

The PAC pended the above mentioned 10 paras till the decision of NAB Accountability Court, however, accepted the proposal of PAO to discuss at DAC level and look for the possible options of recovery in the above paras.

2. PARA NO.10.14 PAGE NO.135-136 AUDIT REPORT (2009-10) FRAUDULENT DEPUTATION OF AN ASSISTANT (BPS-16) AS DIRECTOR (BPS-19) RS.2.915 MILLION

The Audit pointed out that an office Assistant (BPS-16) of City District Government Karachi fraudulently availed deputation as Director Public Relation (BPS-19) in Chief Resident Representative, Karachi (CRRK) for a period of 3-years i.e. January 7, 2006 to January 6, 2009 and in HESCO WAPDA from February 18, 2009 to July 13, 2009 on production of fake and bogus letter/documents as pointed by Manager (HRA) HESCO vide letter dated 08.10.2009. During the period of deputation the official received Rs. 2.915 million on account of pay and allowances. The deputation was maneuvered fraudulently as such the amount of Rs. 2.915 million needs to be recovered besides taking legal and disciplinary action through the parent department.

PAC'S DECISION DATED 19th APRIL, 2016

The PAC pended the para and directed the FIA to submit the inquiry report to PAC/Audit.

The PAO apprised the Committee that the case has been registered in the Special Anti Corruption Court (Central) Karachi. The accused in on bail.

PAC DIRECTIVE

The PAC pended the para however, directed the PAO to pursue the case vigorously under report to Audit/PAC.

LESCO

3. PARA NO.12.18 PAGE NO.166-167 AUDIT REPORT (2009-10)
EXTRA EXPENDITURE DUE TO RE-TENDERING RS.1.713 MILLION

The Audit pointed out that in LESCO, tender No. 799 for purchase of 5,000 pairs of insulated gloves was opened on March 24, 2008, five suppliers participated. M/s Continental Trading Corporation offered the lowest bid at the unit rate of Rs. 1,490/-. The tender was scraped and a fresh tender No. 853 was invited and opened on September 20, 2008 wherein only M/s Continental participated with new rate of Rs. 1,864/- per unit. After negotiation, Purchase order No. 2790 dated December 6, 2008 was issued for supply of 5,000 pairs @ Rs. 1,764/- per unit. The quantity was also increased by 25% for supply of additional 1,250 pairs with total cost of Rs. 11.025 million. Resultantly, LESCO incurred extra expenditure of Rs. 1.713 million due to re-tendering which needs to be justified.

PAC'S DECISION DATED 19th APRIL, 2016

The PAC pended the para and directed the PAO to hold a Departmental Inquiry into the matter and report to PAC/Audit with one month.

PAC DIRECTIVE

The PAC recommended the para for settlement.

PARA RECOMMENDED FOR SETTLEMENT

PESCO

4. PARA NO. 14.13 APPROPRIATION 2008-09
LOSS DUE TO NON RECOVERY OF MATERIAL COST AT THE TIME OF RCO RS. 1,247 MILLION

PAC DIRECTIVE

The PAC recommended the para for settlement on the recommendations of DAC.

NATIONAL ASSEMBLY SECRETARIAT
(Public Accounts Committee)

ACTIONABLE POINTS

Actionable points arising out from discussion of the meeting of the PAC held on 14th March, 2017, under the Convenership of Sardar Ashiq Hussain Gopang, MNA, during examination of the Audit Report for the year 2009-10 pertaining to the Ministry of Water & Power are as under:

AUDIT REPORT FOR THE YEAR 2009-10
DIRECTOR GENERAL, AUDIT WAPDA, LAHORE

WAPDA

1) PARA NO.1.1 PAGE NO.15-16 AUDIT REPORT (2009-10)
NON-TRANSPARENCY IN AWARD OF A CONTRACT VALUING RS.2,439 MILLION

Audit pointed out that at Rainee Canal Project WAPDA Guddu, tenders for contract RC-6A were opened on April 10, 2008. The 1st and 2nd lowest bid prices were Rs. 2,509.737 million and Rs. 2,591.496 million. As a result of negotiation the 1st and 2nd lowest bidders brought their prices down to Rs. 2,471.632 million and Rs. 2,545.187 million respectively. The reduced bids were considered higher. Therefore, second time negotiations were made with the 2nd lowest bidder only by ignoring the 1st lowest bidder who reduced his bid upto Rs. 2,439 million. Accordingly, the contract was awarded at the cost of Rs. 2,439 million thereby reducing his bid by Rs. 152.496 million. The above scenario had defeated the spirit of competitive bidding as the 1st lowest bidder might have reduced the bid amount by more than Rs. 152.496 million if given an opportunity.

PAC DIRECTIVES DATED 19.04.2016

PAO informed the committee that the Audit was not satisfied with the inquiry conducted by WAPDA. There are three paras of the same nature and their inquiry is being conducted by the in charge of Engineer Cell of NESPAK. The PAC directed the PAO to finalize the inquiry and report to PAC/Audit within one month.

The Management apprised the Committee that contract was awarded to the 2nd lowest bidder as the 1st lowest bidder has refused to reduce his bid during the 2nd negotiation whereas, the 2nd lowest bidder M/s Ramzan has further reduced his big upto Rs. 2439 Million which was 32 Million below the bid of first lowest i.e Rs. 2471.632 Million. DG NESPAK had also held an inquiry into the matter. As per the conclusion of that inquiry, the accorded approval for negotiation apparently against the provision of PEPRA 2004, however, the facts indicates that the

actions in respect of this awarded were in the national and project interests, as the works were completed within the scheduled time.

PAC DIRECTIVE

The PAC directed the PAO to hold an inquiry in the matter, fix responsibility and submit report to PAC/Audit within 60 days.

2) PARANO.1.2 PAGE NO.17-18 AUDIT REPORT (2009-10)
EXTRA EXPENDITURE DUE TO NON INCLUSION OF CLAUSE OF RISK AND COST IN THE CONTRACT RS.2, 340.839 MILLION

Audit pointed out that at Rainee Canal Project Guddu, contracts RC-2, RC-3, RC-5 and RC-6valuing Rs. 1,988.262 million were awarded to a contractor M/s S. H. Haq Noor & Co during 2004-05. Due to slow pace of work, the contractor could only carry out the works valuing Rs. 762.102 million out of Rs. 1,988.262 million upto the extended period i.e. December, 2007. Resultantly these four contracts were terminated by the Employer under clause 63.1 of contracts. The remaining works valuing Rs. 1,272.161 million were grouped into two contracts i.e. RC-5A (remaining works of RC-2, RC-3 and RC-5) and RC-6A (remaining works of RC-6) and awarded to another contractor in June, 2008 at a cost of Rs. 4,329 million (RC-5A 1,890 + RC-6A 2,439) which was in excess of Rs. 3,056.839 million as compared to the cost of the original contracts. The excess cost could not be recovered from the earlier contractor due to non inclusion of 'risk and cost' clause in the terms of contract.

PAC DIRECTIVES DATED 19.04.2016

The PAC referred the para to DAC for consideration/reconciliation of record.

The management apprised the Committee that the clause of risk & cost was included in the original Contract, the Decision of the Authority to get the remaining works done through fresh award of contracts rather than at the risk & cost of the present contractors cost was in the best interest of the Project work, due to sad demise of the Contract and the fact that termination of the Contract was challenged in the court of law. Hence the Authority had decided through out of court amicable settlement, in which the Contractor has withdrawn all his pending claims of Rs. 720 Million & court case also etc. there was the only way out to complete the remaining abandoned works of the project. Therefore in the consequences of the aforesaid amicable settlement, project authorities were able to complete the remaining abandoned scatted work.

The PAO informed the Committee that in order to further investigate the matter, an inquiry committee under the chairmanship of Additional Secretary, M/o Water & Power, has been constituted. The said committee would finalize its recommendation in 60 days.

PAC DIRECTIVE

The PAC directed the PAO to finalize inquiry report within stipulated period of 60 days, the PAO was directed to fix responsibility against all those found involved, a copy of the report should also be provided to the PAC/Audit.

3) PARANO.1.3 PAGE NO.18-19 AUDIT REPORT (2009-10)
EXTRA EXPENDITURE DUE TO IN-ORDINATE DELAY IN TERMINATING A CONTRACT RS.798 MILLION

Audit pointed out that at Mangla Dam Raising Project, a contract for the construction of Bridge over River Jhelum at Dhangali was awarded to a contractor on May 18, 2004 at a cost of Rs. 214.335 million with the completion period of three years i.e. upto May 25, 2007. However, only 14% work was done in four years (May, 2004 to April, 2008). The employer terminated the contract on April 3, 2008 after delay of about three years. Subsequently, the work was awarded to another contractor on November 1, 2008 at a contract price of Rs. 1,012.365 million which was in excess of Rs. 798 million of the original contract. The excess expenditure was due to delay in termination of contract. Moreover, the excess expenditure could not be recovered from the defaulting contractor due to non-inclusion of 'risk and cost' clause in the contracts.

PAC DIRECTIVES DATED 19.04.2016

The PAC referred the para to DAC for consideration/reconciliation of record.

The management apprised the Committee that the extra remaining work done cost as WAPDA burden is of Rs. 745 million. Risk & Cost amount is worked out after completion of re-awarded contract. WAPDA Authority has approved Final Payment Certificate and discharge of contract for Shangali Bridge on 27th January, 2016. The Engineer (MD NESPAK) finally certified the whole contract on 15-03-2016. Moreover, an inquiry into the matter regarding delay in termination of contract be also conducted to fix the responsibility against the delinquents under intimation to this office.

PAC DIRECTIVE

The PAC directed the management to recover the amount from the contractor within 60 days under report to the PAC/Audit. The PAO was, however, directed to fix responsibility against all those involved in this negligence and submit report to the PAC/Audit.

4) PARA NO.1.4 PAGE NO.19-20 AUDIT REPORT (2009-10)
EXTRA EXPENDITURE DUE TO CONTRACT MISMANAGEMENT RS.574.915 MILLION

Audit pointed out that at Rainee Canal Project WAPDA Guddu, tenders for 2 contracts RC-5A and RC-6A were invited on April 10, 2008. In bidding of contract RC-6A, four bidders participated. As a result of negotiation with the lowest bidder, contract was awarded at contract price of Rs. 2,439 million i.e 78.56% above the engineer's estimate. In RC-5A, only single bidder (the first lowest bidder in contract RC-6A) participated in the bidding. The work was awarded to him at contract price Rs. 1,890 million i.e. 156.62% above the engineer's estimate instead of bringing his bid at par with the RC-6A. The contractor, time, site and nature of work was almost the same hence the acceptance of higher bid by 78.06% involving an amount of Rs. 574.915 million in contract RC-5A amounts to extending undue favour to the contractor and disregarding norms of good contract management and transparency.

PAC DIRECTIVES DATED 19.04.2016

The PAC referred the para to DAC for consideration/reconciliation of record.

The management apprised the Committee that an inquiry committee under the chairmanship of DG Contracts NESPAK was appointed as Inquiry officer by the Ministry to look into irregularities mentioned in the Audit paras.

PAC DIRECTIVE

The PAC pended the para and directed the PAO to inquire the matter personally, fix responsibility and submit comprehensive report to PAC/Audit within sixty days.

5) PARANO.2.8 PAGE NO.39-40 AUDIT REPORT (2009-10)
NON-RECOVERY OF DEMURRAGE CHARGES RS.11.530 MILLION

Audit pointed out that at in the office of the Chief Resident Representative WAPDA Karachi (CRRK), the demurrage committee in its meetings held on July 12, 2008, September 18, 2008 and February 19, 2009 decided that the supplier and WAPDA were responsible for demurrage charges of Rs.7.748 million and Rs.0.788 million respectively. Accordingly the amount of Rs.7.748 million was required to be recovered from suppliers and the responsibility for the loss of Rs.0.788 million was to be fixed. Similarly an amount of Rs.3.174 million on account of demurrage and detention charges against L/C No. ILC1242 566930906 dated December 4, 2006 was paid on December 4, 2006. Responsibility was needed to be fixed besides recovery of loss of Rs.3.174 million from the defaulters. The requisite action was not taken.

PAC DIRECTIVES DATED 19.04.2016

The PAC directed the PAO to reconcile the record and report to PAC/Audit within 15 days.

The management apprised the Committee that the NAB helped in the recovery of Rs. 6.8 Million and also informed that a Committee has already been constituted within the NTDC. The representative of NTDC informed that an amount of Rs. 3.17 Million is still under the process of recovery.

PAC DIRECTIVE

The PAC directed the PAO to make efforts for the full recovery with a report to PAC/Audit.

6) PARANO.18.2 PAGE NO.253-255 AUDIT REPORT (2009-10) UNCOVERED RISKS IN THE SCHEME OF WAPDA SUKUK BONDS RS.8 BILLION

Audit pointed out that at incorporation of WAPDA First Sukuk Company Limited was WAPDA's first ever experience to raise financing for its projects. This warranted serious deliberations on the risks involved. This scheme should have been adopted taking extra care specially keeping in view the fact that WAPDA had successfully launched ten (10) series of conventional bonds over the last two decade. The foremost duty of WAPDA Bond Cell was to chalked out detailed Standard Operating Procedures (SOPs) addressing the inherent and emerging risk factors. In the absence of detailed SOPs it was the responsibility of the senior management of WAPDA to introduce sound internal checks to prevent fraud. However the following risk factors were not appropriately addressed resulting a fraud in WAPDA Bond Cell.

PAC DIRECTIVES DATED 19.04.2016

The PAC directed the PAO to hold fresh DAC and examine the present system of issuing bond and report to PAC/Audit within 15 days.

The management apprised the Committee that WAPDA has now approved composition of Board of Directors of SUKUK Company by designation and is conducting regular internal as well as commercial audit of SUKUK Company. Moreover, a commercial professional trustee for SUKUK has been appointed to handle the business of Trustee and Paying agent.

PAC DIRECTIVE

The PAC recommended the para for settlement.

HESCO

7) PARANO.10.14 PAGE NO.135-136 AUDIT REPORT (2009-10) FRAUDULENT DEPUTATION OF AN ASSISTANT (BPS-16) AS DIRECTOR (BPS-19) RS.2.915 MILLION

Audit pointed out that an office Assistant (BPS-16) of City District Government Karachi fraudulently availed deputation as Director Public Relation (BPS-19) in Chief Resident Representative, Karachi (CRRK) for a period of 3-years i.e. January 7, 2006 to January 6, 2009 and in HESCO from February 18, 2009 to July 13, 2009 on production of fake and bogus letter/documents. During the period of deputation the official received Rs. 2.915 million on account of pay and allowances. The deputation was maneuvered fraudulently. Thus, the amount of Rs. 2.915 million needs to be recovered besides taking legal and disciplinary action through the parent department.

PAC DIRECTIVES DATED 10.11.2016

The PAC pended the para however, directed the PAO to pursue the case vigorously under report to PAC/Audit.

The management apprised the Committee that an office Assistant of (BPS-16) availed deputation as Director Public Relation (BPS-19) for a period of three years and in HESCO from February 18, 2009 to July 13, 2009 on production of fake letter.

PAC DIRECTIVE

The PAC pended the para till the decision of the Court and directed the PAO to pursue the case vigorously in the court of law under report to PAC/Audit.

8) PARANO.10.17 PAGE NO.137 AUDIT REPORT (2009-10)
NON-RECOVERY OF SHORTAGE OF MATERIAL RS.7.904 MILLION

Audit pointed out that at in HESCO the recovery of Rs. 7.904 million was imposed on a Senior Store Keeper on account of shortage of material. The matter was taken up with the management in November, 2009 and was discussed in DAC meeting held on February 9, 2010. The management explained that recovery was initiated, the official later on approached Federal Service Tribunal. DAC directed to follow up the case and intimate the latest status to Audit.

PAC DIRECTIVES DATED 19.04.2016

The PAC directed the PAO to investigate all cases of mis-appropriation and report to PAC/Audit within one month.

The management apprised the Committee Rs. 3,000/- per month was recovered from the senior store keeper on the account of shortage of material. The Official has filed appeal in the Hon. Sindh High Court. An amount of Rs. 0.321 Million has been recovered leaving there by Rs. 7.583 Million.

PAC DIRECTIVE

The PAC directed the PAO to submit a report of recovery of Rs. 3000/- per month to PAC/Audit.

NAB CASES

RENTAL POWER PLANTS

9) i. PARANO.17.4 PAGE NO.233-235 AUDIT REPORT (2009-10) IRREGULAR AWARD OF RENTAL POWER CONTRACT RESULTING IN A LOSS RS.3, 139.409 MILLION

ii. PARANO.17.5 PAGE NO.235-236 AUDIT REPORT (2009-10) LOSS DUE TO AWARD OF RENTAL CONTRACT WITHOUT COMPETITIVE BIDDING US$ 63.832 MILLION EQUIVALENT TO PAK RS.5, 425.72 MILLION

iii. PARA NO.17.6 PAGE NO.236-237 AUDIT REPORT (2009-10) IRREGULAR AWARD OF RENTAL CONTRACT TO M/S YOUNG GEN LIMITED US$ 111 MILLION

iv. PARANO.17.7 PAGE NO.237-238 AUDIT REPORT (2009-10) EXTRA CONTRACTUAL FINANCIAL ASSISTANCE US$ 33.854 MILLION AND LOSS ON ACCOUNT OF INTEREST THEREON RS.236.07 MILLION

v. PARANO.17.8 PAGE NO.239-240 AUDIT REPORT (2009-10) LOSS DUE TO ENHANCEMENT OF LIMIT OF ADVANCE PAYMENT FROM 10% TO 14% IN THE SHAPE OF MARKUP RS.174.520 MILLION

vi. PARANO.17.9 PAGE NO.239-240 AUDIT REPORT (2009-10) NON-ENCASHMENT OF PERFORMANCE GUARANTEES RS.90 MILLION

vii. PARANO.17.10 PAGE NO.240-241 AUDIT REPORT (2009-10) LOSS ON ACCOUNT OF RENTAL CHARGES DUE TO LESS/NON-SUPPLY OF GAS RS.5, 749.492 MILLION

viii. PARANO.17.11 PAGE NO.241-242 AUDIT REPORT (2009-10) OVERPAYMENT DUE TO WRONG CALCULATION OF LC AND SBLC CHARGES RS.2.081 MILLION

ix. PARANO.17.15 PAGE NO.244-245 AUDIT REPORT (2009-10) NON-RECOVERY OF GAS PIPELINE COST FROM THE SUI NORTHERN GAS PIPELINES LIMITED RS.83.12 MILLION

x. PARANO.17.16 PAGE NO.245-246 AUDIT REPORT (2009-10) IMPRUDENT EXPENDITURE US$ 250.00 MILLION

PAC DIRECTIVE

The PAC directed the representative of NAB to pursue the above mentioned 10 NAB court cases vigorously for prompt action under intimation to PAC/Audit.

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(PUBLIC ACCOUNTS COMMITTEE)
Briefing on "NADRA"

A meeting of PAC was held on 25th August, 2016 in the Parliament House, Islamabad to have briefing on NADRA. Sardar Ashiq Hussain Gopang, The Convener of the of PAC was in the chair.

Before taking the agenda of meeting, the Committee showed its serious concern over the absence of Chairman NADRA without any intimation/permission of the committee. Though the meeting was held in his absence. The Committee directed that a letter of displeasure may be sent to him.

However, keeping in view the importance of the matter, the Committee allowed Deputy Chairman NADRA to brief the Committee. The Deputy Chairman NADRA briefed on the working/ongoing projects of NADRA (copy of the brief/presentation is annexed). The Committee pointed out certain observations/recommendations during the briefing which are as under:

I) The committee expressed concern over the thumb impression difficulties faced by the people on verification system due to this CNIC of genuine applicants kept pending for a long time and recommended to improve the system.

II) The committee recommended that facilitation centers must to ensure the transparency by installing CCTV cameras indoor and outdoor at the facilitation centers. Keeping in view the long queues of male and female applicants, the number of facilitations centers should be enhanced.

III) The mobile vans should be deputed to the far flung areas, where the people do not have easy access to the main facilitation centers and system/criteria should be devised to allocate the mobile vans.

IV) The true Pakistanis living here for their ancestors are facing problems to obtain the CNIC due to complicated process of verifications initiated by the NADRA. The Committee directed to facilitate the people instead of complicating the system.

V) The committee further recommended that the NADRA should concentrate on its actual task of registering the people of Pakistan, as the people are facing sever difficulties to obtain the CNIC, and advised to improve the behavior of the staff in the facilitation center with applicants. There should be a centrally monitored and controlled system to oversee the improvement and the progress of the Facilitation center.

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(PUBLIC ACCOUNTS COMMITTEE)
Briefing on "Water & Power"

A meeting of PAC III of the Public Accounts Committee was held on 23-11-2016 in the Parliament House, Islamabad, wherein Additional Secretary/MD (PEPCO), M/o Water & Power, gave a detailed presentation on the affairs of Distribution Companies containing the issues/ problems being faced by the consumers.

Before taking the agenda of the meeting, the Committee showed concern over the absence of the Secretary/PAO, M/o Water & Power. The Additional Secretary / M.D PEPCO briefed the Committee (copy of the presentation is annexed at annex-A). The observations/decisions of the Committee are summarized as under:-

I. The Committee expressed serious concern over the fluctuation of voltage in far flung areas of Pakistan and directed the Ministry to update the Grid stations and to replace wires and transformers in those areas.

II. The Committee observed that the population, area and demand for electricity was increasing day by day, thus, suggested the Ministry to improve its system in accordance to the demand and supply of energy.

III. During the course of discussion, the Committee expressed concern over the non functioning of some of the power generating plant on account of non availability of sufficient funds to cater for their timely maintenance. The Committee directed that M/o Water and Power be provided adequate funds for the replacement/maintenance of old power plants with new ones enabling them to produce uninterrupted power generation.

IV. The Committee showed its serious concern over the swear power shortage in the country and recommended that taxes on the import of alternative energy sources, especially the material used in the Solar Energy System, may drastically be reduced/subsidized enabling it to be used by the common people.

V. The Committee showed serious concern over the delay of replacement of transformer in far flung areas of the country and directed the Ministry to increase the number of transformer trolleys, increase the percentage of transformers in store in accordance to the number of transformers installed in the division and review their policy of transformer replacement.

VI. The Committee showed serious concern over the policy for the transfer and posting of Line Superintendent, SDO and XEN and directed the Ministry to post Line Superintendent and SDO out of their sub divisions and adjoining sub divisions. Moreover, the XEN should be posted out of their home district.

VII. The Committee observed that since the XEN was himself reporting theft case which was leading to the apprehension for increase in corruption, therefore directed the Ministry to constitute a committee within the department which can

analyze the facts regarding theft cases. So that the chances of corruption may minimize to the greater extent, review the policy and compliance report be sent to the Committee / Audit within two months.

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